

# *ICSB Annual Global Micro-, Small and Medium-sized Enterprises Report*

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# DEDICATION

*to Every  
Micro Business  
Small Business  
Medium-sized Business  
Entrepreneur*

*This Global Report is in  
Recognition of Your Efforts*



DEDICATION

# INTRODUCTION

The International Council for Small Business (ICSB), in June 2016, convened a small business panel at its 61st World Congress at the United Nations, in New York City. This was no ordinary event. The panel consisted of seven small business government ministers from six different continents representing billions of people. This was an inaugural event for ICSB and was co-chaired by the Honorable Maria Contreras-Sweet, Administrator, United States Small Business Administration (SBA) and the Honorable Dr. Young-Sup Joo, Administrator; Republic of Korea, Small and Medium Business Administration (SMBA). Each speaker was asked to share what were the barriers for entrepreneurs and small business owners in their respective countries. The panel moderator, Dr. Winslow Sargeant, also asked each panelist to provide examples of best practices and what were big ideas that should be considered to help small and medium enterprises (SMEs). The outcome of the event was the recognition that support for SMEs must be elevated at higher levels.

In a historic move, ICSB Executive Director, Dr. Ayman El Tarabishy, read a proclamation: “Seeing the need for broad SMEs support, ICSB calls on the United Nations to establish a dedicated Name-Day for small and medium enterprises.” This proclamation was enthusiastically welcomed by the panelists and conference attendees. It was therefore adopted by acclamation. The journey to establish such a name day had begun.

In the coming months, Dr. Tarabishy deployed “shuttle” diplomacy to create a template that would be a starting point for discussion with the member states in the UN General Assembly. The Permanent Mission of Argentina to the United Nations led the proposal and negotiations with all UN country members that resulted in the creation and designation of the “Micro-, Small and Medium-sized Enterprises Day”. On April 6, 2017, the UN General Assembly adopted the resolution proposed for the designation of June 27 as “Micro-, Small and Medium-sized Enterprises Day or MSMEs Day”.

On May 11, 2017, ICSB held a MSMEs Knowledge Summit in the United Nations’ ECOSOC Chamber that provided the basis for the MSMEs day and how the day June 27th was selected. This summit was co-chaired by the Honorable Linda McMahon, Administrator, United States Small Business Administration (SBA) and the Honorable Mariano Mayer, National Secretary of Entrepreneurs and SMEs, Government of Argentina. The first ever MSMEs Day celebration was held in collaboration with the ICSB 62nd World Congress on June 27, 2017 in Buenos Aires, Argentina, the lead country in the establishment of the Name-day.

With support at all government levels, MSMEs are still in need of political and regulatory support that provides them with clear language, a transparent process, and a predictable outcome. These are the guiding principles that should be the foundation of support. These principles and best practices must be independent of administration or organization.

ICSB made a call to governmental, academic, entrepreneurs, small business owners, and advocates to convene at the United Nations on May 12, 2018 in support of the need for guiding principles for MSMEs. MSMEs are vital in the development of the world and the achievement of the 2030 UN Sustainable Development Goals (SDGs).

This report is the continuation of the ICSB’s MSMEs Forum held at the United Nations with the goal of bringing all stakeholders and partners together in one place, with one mission, and one focus: to help support MSMEs. In the following pages of this report and for the first time ever, many countries, institutions, organizations and individuals come together to pen reports about the status of MSMEs as part of the observation of MSMEs Day. It is ICSB’s plan moving forward that every June 27, ICSB will submit a Global Report on the status of MSMEs. We are proud to announce that this is the inaugural report published on June 27, 2018.

ICSB requested from every author of this report to submit an analysis that should be close to 1000 words, and simplified in a way that any reader can understand. ICSB asked countries like Brazil, Canada and China and institutions like the United Nations, International Finance Corporation and the Organisation for Economic Co-operation and Development (OECD), for their analysis. ICSB asked experts we believed spent their professional lives dedicated to researching and supporting MSMEs to tell us what they thought about how MSMEs were doing. Not a single country, institution or expert was paid a fee for their effort.



# INTRODUCTION

# TION

In the following pages, you have the first comprehensive analysis of the status of MSMEs around the world. The report starts with a summary of what was discussed at ICSB's MSMEs forum held at the United Nations on May 12th. Then the report presents analysis from various countries and organizations and finally from global experts.

We invite you to read the report and identify the similarities and differences. Try to understand the scope and magnitude of the challenges and opportunities that face MSMEs. Finally, take a note about how you feel about the well-being of MSMEs today and how you can help.

ICSB and MSMEs around the globe appreciate your support.

June 27, 2018 - International MSMEs Day.

*Thank you,*

***Dr. Ayman El Tarabishy***

***Executive Director of the International Council for Small Business (ICSB)***



*Dr. Ayman El Tarabishy, ICSB Executive Director*

# CREATING A SHARED FUTURE FOR ENTREPRENEURS AND MICRO-, SMALL AND MEDIUM-SIZED ENTERPRISES IN THE FRAMEWORK OF THE UN SUSTAINABLE DEVELOPMENT GOALS



The International Council for Small Business (ICSB) hosted a successful forum with over 400 attendees at the United Nations on Saturday, May 12<sup>th</sup> in partnership with the Permanent Mission of Argentina to the UN, the Permanent Mission of the Republic of Korea to the UN, the United Nations Conference on Trade and Development (UNCTAD), and the United Nations Office for Partnerships (UNOP). The Micro-, Small and Medium-sized Enterprises (MSME) Forum was centered on the theme “Creating a Shared Future for Entrepreneurs and MSMEs in the Framework of the UN Sustainable Development Goals”. 400 attendees represented entrepreneurs, researchers, educators and policy makers from over 40 countries.

The global outlook has changed dramatically for entrepreneurs, start-ups, Micro-, Small and Medium-sized Enterprises (MSMEs) worldwide. They now are the central economic topic for many governments around the world.

Governments are moving rapidly to shore up support for entrepreneurs, start-ups, and MSMEs through new initiatives. Policies are being formulated to help integrate entrepreneurs and MSMEs in the economic formula and to help equip them for the global integrated economy.

Yet, direct challenges from many fronts are increasing for entrepreneurs and MSMEs. These challenges include disruption by artificial intelligence, lack of skilled workers, and retail and service consolidation. The balance between the country’s economic well-being and social integration continues to widen as evident by the lack of inclusiveness of many groups within the economy. The Sustainable Development Goals (SDGs) are intended to both identify and kick-start much needed action on issues and in areas that are essential to the very future of both our planet and people. Considering that the SDGs effectively cover every human activity and habitat across the world, the role of MSMEs in achieving these goals needs to be further articulated and enhanced.

The launch of the successful MSMEs International Day was a powerful reinforcement of their global impact. However, divergent initiatives, programs, messages, and policies fragment the potential for a global movement led by MSMEs. This forum will lay the foundation for a common global narrative on how MSMEs can make their major impact in leading and achieving the SDGs

**Martín García Moritan**, Permanent Representative of the Mission of Argentina to the United Nations. Ambassador Moritan spoke of Argentina's support for the ICSB request to create a United Nations International Day dedicated to small businesses. Argentina led the proposal within the United Nations for the creation and designation of the "Micro-, Small and Medium-sized Enterprises Day" with all UN country members. On April 6, 2017, the UN General Assembly adopted the resolution proposed for the designation of June 27 as "Micro-, Small and Medium-sized Enterprises Day or MSMEs Day". Ambassador Moritan spoke of how micro and small enterprises are powerfully engaged participants with the Sustainable Development Goals (SDGs) to improve partnerships among organizations. He spoke of how these MSMEs can help empower women and girls, and promote innovation. It was noted that Argentina is highly entrepreneurial as most of its businesses are MSMEs. He mentioned that Argentina's President Macri had recognized the vital role that entrepreneurs play in the economy. It was stressed that in the next few years, many jobs would be replaced and SMEs are essential economic buffers. He reminded the audience about last years' ICSB conference in Buenos Aires that attracted more than 1000 participants, including authorities of finance and government. Ambassador Moritan ended his speech by reminding the participants that the future sustainability of the world depends on the ambitions and potential of small enterprises.

*Ambassador García Moritan highlighted the importance of MSMEs in Argentina, and how they will play a critical role in the future as a buffer as industries will realign.*

On April 6, 2017, the UN General Assembly adopted the resolution proposed for the designation of June 27 as "Micro-, Small and Medium-sized Enterprises Day or MSMEs Day".





**Cho Tae Yul**, Permanent Representative of the Mission of the Republic of Korea to the United Nations. Ambassador Cho Tae Yul spoke of how entrepreneurs play a crucial role in achieving sustainable development goals and how the UN seeks to build partnerships, especially with the private sector. He recalled the work of the former UN General Secretary Ban Ki-Moon, whose previous efforts to build partnerships between the UN and small businesses was still not finished, and encouraged the audience to continue these efforts. The many actors with financial resources and technologies now seeking to address today's global challenges were mentioned as important in moving forward. Specifically, technologies such as Blockchain and Artificial Intelligence are collaborating to help achieve the UN's sustainable development goals. Stating that the UN calls us to engage with the private sector and that we must see this as a window of opportunity, he encouraged the group to connect the dots. He noted that MSMEs are prominent drivers of innovation and inclusion with new technologies that create employment for women and youth.

*Ambassador Cho Tae Yul encouraged the group to move prior efforts forward, and highlighted the important role of new technologies like Blockchain and AI in achieving the SDGs.*





**Chantal Line Carpentier**, Chief of New York Office of the United Nations Conference on Trade and Development (UNCTAD). Carpentier reminded the audience of ICSB's long history working with entrepreneurs and how this is well aligned with UNCTAD's mission. She spoke of the importance of the Sustainable Development Goals in promoting policies that enhance the creativity and innovation of SMEs and encourage their growth. She noted the historical missteps of countries looking to change their economy without integrating SMEs. SMEs in developing countries can transform economies she said, and cited the potential of eCommerce and the digital world to provide an online platform to harness existing knowledge and create infrastructure. The UN and ICSB work with governments to coordinate efforts in the private sector with trade and investment policies. Finally, she stated that policies will not work if SMEs are not on the table.

*Chantal Line Carpentier affirmed that SMEs are an essential part of achieving the SDGs, and paid particular attention to the potential of the digital world and eCommerce to transform economies.*





**Lise Kingo**, CEO and executive director of the UN's Global Compact. Director Kingo affirmed that SMEs are vital in connecting business with government and civil society in reaching the 2030 Agenda. They have the tools, resources, and knowledge skills to help provide opportunities in the global economy. She spoke of the sustainability of SMEs, noting that no large company can be truly sustainable. The United Nations Global Compact is helping to transform global goals into business opportunities and translate sustainable development objectives into businesses. Kingo highlighted Global Compact's many concrete offerings for companies across the world, using innovative platforms in areas of finance, climate, and gender equity, and working toward providing decent working conditions. Global Compact offers learning platforms for everybody to internalize the meaning of global goals. She announced the launch of a global academy in this initiative but reminded the audience of the many obstacles that remain, including barriers to women, who currently own less than 1% of businesses. Closing the gender gap and giving women equal opportunities is vitally important, she said.

*Lise Kingo spoke of the unique and sustainable properties of small businesses, and focused on gender inequity, and unlocking the potential of women, giving them the same opportunities as men, worldwide.*





**Mohamed Edrees**, Permanent Representative of the Arab Republic of Egypt to the United Nations. Ambassador Edrees lauded the participation of more than 50 countries from all regions of the world, making this conference a landmark achievement for the support of MSMEs. He stated we can create an enhanced and integrated SMEs environment to create a better future, following the framework laid out in the sustainable development objectives.

*Ambassador Edrees drew connections between the ICSB, the SDGs, and SMEs in making a better world, and affirmed Egypt's support for these initiatives.*



**Geralyn McClure Franklin**, Incoming President of ICSB. Franklin reminded the audience of the founding of ICSB in 1955 and how ICSB works with policy-makers and educators to assist SMEs in succeeding. She recognized that the establishment of MSMEs day was a landmark achievement, involving more than 50 countries, but cautioned that a single day is not enough. She called for the creation of more entrepreneurship ecosystems, and aligning SMEs with sustainable development objectives. She stated that ICSB embraces the idea that sustainable development goals provide the needed guiding principles. She noted the size of the task ahead, and called for innovation and creativity, leaving no SME behind.

*Franklin cautioned against complacency, noting the magnitude of the challenge, as well as the rewards. She stressed the importance of sustainability.*

**Mohamed Erfan Gamaledin**, Chairman of the Administrative Control Authority of the Arab Republic of Egypt. Mr. Gamaledin spoke of the increase of investment and employment opportunities through microfinance and cash support. He cited that SMEs will compose 90 percent of the Egyptian economy by 2020. He mentioned that Egypt is working on developing the framework to support small businesses and entrepreneurs; the central bank has assigned \$200 million for small business, with 30% connected to education. Mr. Gamaledin spoke of how Egypt is providing support to national universities and institutions to develop and build entrepreneurial capacities, believing that SMEs are the ultimate way to develop this century's economies. He made the links between hope, prosperity, peace, and love.

*Mr. Gamaledin spoke of the specific efforts to support SMEs in Egypt, and cited the importance of youth and education in achieving the SDGs.*





**Alejandro Gonzalez**, Chair of the OECD Working Party on SMEs and Entrepreneurship at the event. Mr. Gonzalez congratulated the UN for its recognition of the role of SMEs in achieving the SDGs. He noted the similarities between the transformation of society brought about by the industrial revolution and today's new economy. He stated that combining SMEs and technology is the key to strengthening productivity and transformation of the economy. The gap between large companies and SMEs are exceptionally large, he said, and recommended that policies be put into place to narrow this gap. Mr. Gonzalez said that coordinated and individual national efforts to support SMEs can contribute to appropriate actions to eradicate poverty and protect the environment. He recalled the OECD Ministerial Meeting in Mexico City in February 2018, where the ministers of 66 different organizations, including the ICSB, got together to increase production and improve the success of SMEs. They discussed the importance of scaling up SMEs and affirmed their vital role in the global economy. Mr. Gonzalez said that to succeed, we must include diverse social groups, youth, and women at all education and training levels, and that understanding specific national settings is crucial for the participation of SMEs in global markets. He also stated that discussions should focus on financial sectors, delivering policies, understanding synergies, and effectively monitoring policies. He noted that one of the ICSB's key roles is to enhance the understanding of the implications of policies on SMEs across all partners.

*Dr. Gonzalez spoke of the interconnection of SMEs to economies and called for addressing a variety of global challenges from traditional standards to the disruptive revolutions of the digital age.*



**Brian Brault**, Chairman of the Global Board of Directors for the Entrepreneur's Organization. Mr. Brault spoke of the difficulties some families have with affording to send their children to school. Promising young people, especially girls, may find themselves staying home to clean the house or care for the farm. He noted that the problem is particularly acute in Africa; in Mali, 69% of children go to primary school, but most girls do not continue to high school. This was linked to gender inequality. Mr. Brault told of an entrepreneur's success story; in 2013, funds were raised to help school children in Mali. Over the past five years, entrepreneurs have built six schools in Western Africa. He noted that the ICSB includes more than 45,000 members from all over the world. He categorized entrepreneurs like Uber or Airbnb as disruptors. He said that ICSB believes in the disruptive power of SMEs, and with disruption comes opportunities for entrepreneurs to collaborate in the economy, reduce poverty, reduce gender inequity, and address climate change. Mr. Brault then affirmed the United Nations support for the idea that SMEs must join together to face the challenges ahead to make a better world. Uncoordinated enterprises around the world make progress disjointed and difficult. He made the connection that ICSB can provide the tools required to meet global challenges, one business at a time, uniting entrepreneurs as a force to be heard. He spoke of service to others driving our vision for sustainable development by 2020 and reminded the audience that visionary entrepreneurs like Steve Jobs have changed our world.

*Mr. Brault first spoke of financial challenges to education in Africa, and of entrepreneurial school-building efforts there. He called for the unification of SMEs, assisted by the ICSB.*





**Sahar Nasr**, Minister of Investment and International Cooperation, Arab Republic of Egypt. Mrs. Nasr observed that even though they represent a dominant component of the global economy, SMEs don't have enough support. This lack of attention is surprising since over 90% of all companies are SMEs, which provide 75% of the jobs. She spoke of how in the past, this segment had to grow and expand without coordinated organizational or government support, and how we now have a window of opportunity for supporting SMEs. She noted that President Abdel Fattah al-Sisi declared 2017 as the "Year of the Egyptian Woman," and in keeping with this sentiment, called for ICSB to pay particular attention to youth and women. She also called for better support for people with special needs in their efforts to start enterprises, stating that diversity in SMEs is an engine of growth for the economy.

*Minister Nasr spoke of historical neglect for SMEs and how they now need support. She made specific mention of how diversity could strengthen the economy.*





**Peter Cazamias**, Associate Administrator for the Office of International Trade with the U.S. Small Business Administration. Mr. Cazamias highlighted the recognition by the UN of the contributions of SMEs as an important first step. He noted the benefits to everyone, including increased transparency and economic growth. He stressed that SMEs are diverse, and many are unique. SMEs prosper when the environment is based on these two key factors. Mr. Cazamias mentioned the Argentina Secretary of Entrepreneurship and SMEs, Mariano Mayer, and how they promote transparency and good practices and welcome the opportunity to share these experiences with other countries.

*Mr. Cazamias linked transparency and growth, and Argentina's efforts to promote transparency.*

**Patricio Gigli** (representing **Mariano Mayer**, National Secretary for Entrepreneurs and Small & Medium Enterprises, Argentina Republic). Mr. Gigli spoke of change and growth in Argentina. Argentina's ministry of production supports the impact of local actors in creating quality jobs. However, Mr. Gigli noted problems with the microeconomic environment for SMEs: Argentina has seen no real recent growth, suffers from high inflation, and has an economy that is relatively isolated from the rest of the world. All this combined with high taxes and high local expenses. On the brighter side, he noted that there is an opportunity for Argentinian enterprises to develop international competitiveness through digitalization and investment in human capital. He credited success to organizational and academic support, with multiple inputs making a positive impact on the ecosystem. Mr. Gigli said that regardless of prior achievements and setbacks, SMEs are crucial to the growth of jobs and key to Argentina's future economic transformation. The goal is for more Argentines to be able to create the life they want to live.

*Representative Gigli addressed the characteristics of the Argentinian economy that provides both challenges and opportunities for SMEs. He suggested that international competitiveness could be accomplished through digitalization, and investment in human capital.*



**"... INTERNATIONAL COMPETITIVENESS COULD BE ACCOMPLISHED THROUGH DIGITALIZATION, AND INVESTMENT IN HUMAN CAPITAL."**



**Datuk Hafsah**, Chief Executive for SMEs of Malaysia. Ms. Hafsah spoke of the need to hear the power of small voices. She drew a link between entrepreneurship, ideas, innovation, and creativity and the need to integrate SDGs with strategies. She reminded the forum that Malaysia made the first commitment to the 2030 agenda back in 2015. Malaysia believes in the vital role played by SMEs and their contribution to the economy, transforming job seekers into job providers through collective initiatives. She reiterated that entrepreneurship brings dynamism to any country, and aligned the broad goals of the SDGs to Malaysia's innovation programs. Stating that SMEs are the pillars that create jobs, it is small businesses that can transform lives, families, and the world. She highlighted the importance of entrepreneurship to empower women and youth.

*Datuk Hafsah stressed the importance to listen to SMEs and drew links between SDGs, SMEs, and how Malaysia supports the UN's goals through the support of small businesses.*

**Jose Ricardo Vega**, Secretary of SMEs of Brazil. Mr. Vega noted that each locality, city, and village has micro-enterprises that often fulfill a critical role within the community. He stressed that Brazil's support for MSEs is a national policy that is part of the federal constitution. This policy emphasizes de-bureaucratization, and access to credit, technology, information, and markets, and presupposes an alignment between public and private actors. He explained that his role was to develop strengthening synergy. In that sense, the industry confederation of Brazil has an organization that is increasingly aligned with this effort. Citing statistics, Mr. Vega said that about 70% of Brazilian companies opt for the national program. Mr. Vega stressed the importance of education for entrepreneurship, and noted that Brazil has made this a part of the school curriculum and teacher training. He spoke of plans to create an academy to guide small entrepreneurs as well as the Brazilian government's plans to encourage women entrepreneurs to reduce gender inequality. He discussed Brazil's sustainable development plans and support for green micro-enterprises including wind and renewable energy as a growing part of the country's energy matrix.

*Secretary Vega talked about the political strides taken by Brazil to support the SDGs, pertaining to financing, education, gender equity, and sustainable development.*



**“... SUPPORT FOR GREEN MICRO-ENTERPRISES INCLUDING WIND AND RENEWABLE ENERGY AS A GROWING PART OF THE COUNTRY'S ENERGY MATRIX”.**



**Oh Joon**, Ambassador, Former President of ECOSOC, and Former Permanent Representative of the Republic of Korea to the UN. Ambassador Joon discussed that on September 20, 2015, the SDGs were adopted by the United Nations, including 17 main SDGs and 169 SDG targets that offer both great promise and challenges. In the third year of SDG implementation, Ambassador Oh Joon sees the positive results from efforts to strengthen small and medium economies. It is essential to realize a world with no one left behind, assisted by SMEs as a major contributor to job creation to reduce income inequality as stated in SDG number 10. SMEs are an essential component to multi-stakeholder partnerships. Achieving growth without inclusion is impossible. SMEs are a major contributor to employment and decent work as mentioned in SDG number 8. SMEs promote sustainable industrialization and foster innovation in line with SDG number 9, hence the importance of capacity-building and financing is needed to enable SMEs to become more competitive. Finally, SMEs can contribute to the SDGs through Corporate Social Responsibility (CSR). CSR is no longer a domain of large enterprises. SMEs can help with human rights and environmental protection through awareness and support.

*Ambassador Oh Joon talked about how SMEs can be a driver for innovation, inclusion, and decent work. SMEs are a key facilitator of corporate social responsibility.*



**George Solomon**, Editor, The Journal of Small Business Management. Dr. Solomon stressed the importance of coordinating government, academic, and business sectors in an entrepreneurship/ education ecosystem that supports growth. This is a major undertaking involving long-term sustained investment. He noted that not all content is right for every business, so a diversity of strategies is necessary, including the development of college entrepreneurship programs. He stated that measures of success must include more than simply economic growth, but also social impact, and stressed the importance of incorporating new technologies that bring disruption and innovation.

*Dr. Solomon talked about long-term, coordinated, and diverse ecosystems that support growth.*

**Jeffrey Alves**, Past President of ICSB. Dr. Alves couched the discussion in terms of new concept proposed by ICSB in the last three years and terms as “Humane Entrepreneurship” that empowers people and produces extraordinary results. He provided an example of how one organization uses food waste to create meals, and simultaneously takes at-risk people off the streets and gives them new skill sets and careers. Now with the hope of a better future, employees not only stay out of trouble with the law, but provide service to the hungry. Dr. Alves mentioned that Humane Entrepreneurship will only increase in adoption as many companies and governments see its great potential.

*Dr. Alves gave examples of humane entrepreneurship and how social enterprises can empower people and produce extraordinary results.*



“ICSB IS PLEASED TO WORK WITH PARTNERS THAT RECOGNIZE THAT MSMEs ARE CRUCIAL IN ENABLING THE FULFILLMENT OF THE UNITED NATIONS SUSTAINABLE DEVELOPMENT GOALS.” – WINSLOW SARGEANT, ICSB SVP OF PARTNERSHIPS.



**Winslow Sargeant**, Senior Vice-President of Development of ICSB. Sargeant spoke of a world in transition, experiencing the fourth industrial revolution. Unemployment, under-employment, and income inequalities are common realities in the new economy, with jobs being a major political issue in advanced economies. 40 million new jobs must be created yearly to keep pace with what is needed for robust global employment. He warned that tensions will increase with a growing population, and that AI and machine learning have the potential to both replace low-skill jobs and create opportunities in the tech industry. With this new industrial revolution, we have both job creation and anxiety related to technological disruption. He suggested the need to embrace technological innovations to increase productivity and focus on job creation, and the possibility that we may need to revisit the concept of universal basic income as human jobs are replaced by machines. He noted that while we may treat human capital as other capital, human capital should not depreciate over time. He supported the need for an evolved educational system with the private sector driving training.

*Dr. Sargeant spoke of our need to pay attention to the future, with AI and automation both taking and creating jobs. Education must be relevant because we cannot discard our people the way we discard old machines.*

**Cono D'Elia**, Mayor of City of Di Morigerati, Italy. Mr. D'Elia said that the best investment is to pay particular attention to local people and their cultures. Combining culture with tradition, the Italian Comune Di Morigerati encourages the world of entrepreneurs with an economy driven by hotel services, pasta, bread, and oils, invigorated by the recognition that Mediterranean diets combat cardiovascular disease. His region produces virgin oils, salami without preservatives, and cultivation without chemical fertilizers. He spoke of organized workshops of Italian landscape photography, a museum that provides special exhibitions, and an annual festival of traditional cuisine. These unique products and attractions invigorate the economy by attracting both locals and tourists. He mentioned it is a simple way of life, but, simple is also effective and powerful.

*Mayor D'Elia spoke of his home, and the unique opportunities provided by paying attention to culture and tradition. These will vary by place, but attention to local culture can drive success in business and society.*



**Regis Labeaume**, Mayor of Quebec, Canada. Mr. Labeaume noted that globalization replaces the old competition among countries and replaces it with competition among cities. He explained that to jump-start entrepreneurship and innovation, Quebec City provided \$60M of support over ten years up to 2017, increasing to \$97M by 2022. Quebec City started by identifying areas of weakness and meeting all stakeholders in the ecosystem. He said that expanding a company's reach through exports is especially difficult for startups, and many companies were not investing in innovation. Mr. Labeaume explained that they had to showcase Quebec's products in real life situations, using innovation as a marketing tool in 24 projects. Youth entrepreneurship was taught in Quebec high schools. Emphasizing the importance of local situations, Mr. Labeaume noted that Quebec has strength in mathematics, electronics, and engineering, and is among the top cities in health and sciences.

*Mayor Labeaume stressed that in this changing economy, cities are now taking on roles once occupied by nations. He highlighted what Quebec City has done to support entrepreneurship, both in terms of helping businesses recognize problems, and supporting educational programs.*



**Hasto Wadoyo**, Mayor of Kulon Progo Indonesia. Mr. Wadoyo pointed out the many ways that business and public services are similar and linked happiness as an important indicator in human entrepreneurship. Happiness is more important than the simple fulfillment of physical needs. People are more willing to participate in entrepreneurship in their local communities with family close by. Wadoyo outlined the positive impact of agricultural programs in Indonesia, and how production at home can reduce costly imports. For example, Indonesia plans to expand its coffee production and compete in international markets.

*Mr. Wadoyo first linked business with happiness. Happy people work harder. He then provided examples of Indonesia's efforts to support agricultural programs.*





**Patrick Leahy**, President, Wilkes University. Dr. Leahy outlined how higher education can support the creation of SMEs and how the SDGs are aligned with entrepreneurship. He noted that ending poverty by 2030 will require the creation of millions of jobs, which will require the unleashing of the entrepreneurial spirit that lies inside many of us. President Leahy suggested three ways: graduate more students in entrepreneurship, study what works, and increase financial support, and these three things come naturally from universities. He also pointed to the work of Egypt, they are building an education system designed to promote the economy. He also discussed how in the U.S., there is a higher need to produce more graduates in business over the next few years to fill the jobs of tomorrow. He noted that the jobs of the future would require new skills, and every university must be prepared to teach for the new economy. Institutions of higher education need to promote research, particularly in science and engineering. Collaboration among universities is making great strides in producing effective treatments for cancer and dementia. Citing the expense of research, which may run into the billions of dollars, President Leahy advocated for support and recognition that technological and medical advances benefit small business.

*President Leahy highlighted three ways for universities to advance the agenda of the SDG: graduate more students in entrepreneurship, study what works, and increase financial support.*



“... TALENT, KNOWLEDGE, INFRASTRUCTURE, AND A CULTURE OF INNOVATION ARE THE SIMPLE INGREDIENTS TO BUILDING SUCCESSFUL RELATIONSHIPS BETWEEN UNIVERSITIES AND ENTREPRENEURS”.



**Joel Bloom**, President, New Jersey Institute of Technology. Dr. Bloom talked about the four ingredients that the New Jersey Institute of Technology (NJIT) has discovered in building relationships between universities and entrepreneurs; talent, knowledge, infrastructure, and a culture of innovation. Talent is probably the most important. Knowledge comes from research, and five years ago, NJIT invested \$5M in research to support infrastructure and innovation. He noted that infrastructure is necessary to conduct research, and this infrastructure is both an ecosystem and a platform. President Bloom said that students must understand the importance of innovation and entrepreneurship.

*President Bloom shared that NJIT finds that talent, knowledge, infrastructure, and a culture of innovation are the simple ingredients to building successful relationships between universities and entrepreneurs.*



**Caryn Beck-Dudley**, Dean, Santa Clara University Leavey School of Business and Chair of the Board of Directors of the Association to Advance Collegiate Schools of Business (AACSB). Dr. Beck-Dudley introduced Santa Clara University as the oldest university in California. At Santa Clara University, Dean Beck-Dudley, stressed keeping up with rapid changes, students are asked to reinvent themselves every two or three years. Artificial intelligence (AI) is transforming many industries like retail, banking, and healthcare. Employers are already using AI to replace workers with machines. She noted that finding a job in this economy can be difficult, and business schools must not be blind to these revolutionary disruptions. Schools must be a canvas for innovation; co-creators of knowledge. Dean Beck-Dudley noted the connection between innovation and entrepreneurship, and encouraged schools to provide operational models and to create agile knowledge ecosystems. She said that business schools must build leaders to address social challenges. Citing Forbes, by 2020, 50% of jobs will be what we once called “freelance.” This is the new gig economy, and soon most people will be entrepreneurs. She stated that the future of work requires resilience and continued learning. Also, the human aspect of MSMEs cannot be underestimated, and we need to develop guiding principles about human behavior. Finally, she stressed that both individuals and organizations must be learning machines.

*Dean. Beck-Dudley talked about the rapidly changing economy, and the need for both individuals and universities to keep learning and innovating.*



**Michel Patry**, Director HEC Montreal, the Montreal Business School, Canada. Dr. Patry spoke of the changing nature of business, and the accelerating innovation in business schools. He supported encouraging startups in growing sectors like AI. He advocated rethinking and reinventing ourselves: the way we teach and the way we learn, to be successful in dealing with the new realities. Noting that while business schools have trained people to start businesses, he said that the next generation must think out of the box and develop higher level creativity.

*Dr. Patry spoke of change and innovation in business schools.*





**Rico Baldegger**, Director of the Fribourg School of Management (HEG-FR), Switzerland. Dr. Baldegger supports the need for more faculty who can integrate education with technology. He wants students to be ready to change the world when they graduate. The main customer of the university is society itself. He noted that too often, professors and students are living in a comfort zone, but the comfort zone impedes innovation, creativity, and entrepreneurship. He also drew a link between successful business and the emotional needs of people.

*Dr. Baldegger advocated change and growth in university programs. Comfort is an impediment to creativity and growth.*



**Ruben Ascuá**, Rector, National University of Rafaela, Argentina. Rafaela, one of Argentina's most entrepreneurial cities, is known for its support of SMEs. Dr. Ascuá proposed that universities must think about the future, offering academic courses that will have a positive impact in the years ahead. He mentioned a strategy of transferring technology from the university to the people. Dr. Ascuá noted that revolutionary industries, digitalization, efficiency, and renewable energy all create opportunities for SMEs. Dr. Ascuá explained how the National University of Rafaela, started only three years ago, is proposing new courses in green technologies.

*Rector Ascuá talked about the role of the university in transferring technology to the people, and how developing new courses in new technologies can help.*



**Julie Goonewardene**, Associate Vice Chancellor, The University of Texas System. Dr. Goonewardene countered the idea that universities are condescending and out of touch but recognized the need to teach about the practical conditions in which we live. She encouraged us to generate an atmosphere of success, supported by conviction and perseverance, to allow us to accomplish what may seem impossible. Students now are better educated than ever, but the pace of change is great, and we must move quickly, listen, and collaborate. Dr. Goonewardene sees entrepreneurship as an exercise of social responsibility and supports the creation of a new academic model, based on enablement with entrepreneurship as a state of mind involving improvement and growth.

*Dr. Goonewardene recognized the challenges in education but presented a positive outlook on how universities can adapt to new technologies and serve society.*





**Khalid Shams M A Al-Abdulqader.** Dean of College of Business & Economics, Qatar University. Dr. Khalid Shams M A Al-Abdulqader spoke of the government efforts between 1997 and 2008 to promote the private sector in Qatar. After studying the private sector, they found that success was concentrated in a few small sectors such as construction. Creativity was lacking, and people believed that the highest salaries were in the private sector. From this study came a vision for Qatar to build on pillars of human development. Dr. Khalid Shams M A Al-Abdulqader noted that entrepreneurs and the private sector working together in a diverse economy are the factors that promote success. He advocated the promotion of awareness of the importance of SMEs, and the creation of centers of innovation for the young. These centers can provide consultation services, workshops, training, and research. Dr. Khalid Shams M A Al-Abdulqader also recognized the importance of financing entrepreneurship.

*Dr. Khalid Shams M A Al-Abdulqader outlined how prior efforts in Qatar had resulted in success concentrated in a few sectors, but had left other sectors behind. This self-examination resulted in a correction that now supports human development and creative SMEs.*



**Abby Daniell**, Business Development Manager for Latin America, Canada and Caribbean Public Sector Amazon Web Services. Ms. Daniell related how Amazon is supporting millions of SMEs around the world by connecting customers with products. SMEs selling on Amazon has generated a million jobs and boasted billions in sales in 2017. She cited programs dedicated to producing handcrafted goods and bringing them to a worldwide market, with 18 regional customer support centers. Amazon's web services share the sustainable goals of the UN and offers a variety of products from MSMEs. Ms. Daniel is encouraged by how Amazon can help entrepreneurs. She spoke of an online program for students in Argentina that provides front-line experience with lab work and experiments on the cloud. She also mentioned that Amazon supports research with grants in biotechnology, encouraging global research.

*Ms. Daniell spoke of the synergy between entrepreneurs and customers, made possible by Amazon's web and delivery infrastructure.*



**Ahmed Shalaby**, Vice President of ICSB and Managing Director, Tatweer Misr. Dr. Shalaby talked about the need for sustainable innovation, supported by governments that understand the importance of entrepreneurship. He related that Egypt had developed strategies with the private sector to support SMEs, with an eye on social responsibility; traditional capitalism should be considered a concern for society. Dr. Shalaby talked about how his company is changing hearts and minds to bring entrepreneurship to Egyptian society, highlighting opportunities, and working with public and political sectors to showcase talent. Egypt has seen an exponential growth of MSMEs that has come about through educating youth in entrepreneurship. Dr. Shalaby stated that business can no longer act in isolation; there is a need for discussions between the public and private sectors to accomplish sustainable goals.

*Dr. Shalaby talked of the partnerships between governments, the private sector, and entrepreneurs in Egypt.*





**Laura Heisler**, Director of Programming and Director of Outreach, WARF. On behalf of my colleagues, I want to extend my gratitude. We face many challenges and we support many categories, involving areas of education. We take the inventions from the lab to the market and we partner with universities. These inventions involve technology areas including clean energy and medical technology. In particular, want to recognize the social impact of profit and non-profit organizations. We have to reinvent ourselves in order to stay impactable. I thank ICSB for addressing this challenges.





**Andrew Finke**, Chief Operating Officer, DC Central Kitchen. I am humbled to receive this award. To Dr Tarabishy and the women and men at DC Central Kitchen, a place of redemption and opportunity and hope, thank you. 80 percent of the people who come through DC Central Kitchen graduate and 60 percent are employed. Food is offered free of charge across the city and our social enterprise includes providing meals to DC Public students. We are also proud to offer fully paid medical and dental insurance to our employees. The jobs at DC Central Kitchen provide meaningful careers to the marginalized and under served.

**Roberto Parente**, Professor, Salerno University, Italy. MSMEs are not abstract. If entrepreneurship is the engine that can change the world, our leadership is extended to create decent jobs and to use our creativity and innovation to change local communities. Many goals can be accomplished with a sustainable approach. We, as ICSB, are committed. Today and everyday, we think of the millions of entrepreneurs around the world.





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# COUNTRY AND INDIVIDUAL MSMEs EXECUTIVE REPORTS



## BRAZIL

### Global Development through support to MSMEs



*Ricardo Veiga, Secretary of Small & Medium Enterprises, Brazil*

The notion that micro, small, and medium enterprises (MSMEs) are relevant to the development and economic dynamics of cities, countries, and economic blocs has been enthusiastically embraced and rapidly expanded.

The increase is apparent in citations, studies, and events on MSMEs (English), MPyMEs (Spanish), MPMEs (Portuguese) as well as acronyms in other languages. More recently, the world's largest organizations for global development have made small businesses and entrepreneurship a high priority in their agendas. It is now clear to public managers and parastatal organizations that these small businesses occupy a fundamental position in microeconomics and can induce economic warming on a pyramid basis, from bottom to top. This understanding is supported by serious research and the diligent work of entities dedicated to institutional articulation at the global level in favor of MSMEs. The International Council for Small Business (ICSB) has highlighted the role of micro and small enterprises and their relationship with the environment in which they live.

Paradoxically, what gives power to small businesses as a whole is precisely what weakens them individually. The large number of micro and small companies, which represent more than 90% of the world's companies, together with their enormous capillarity give this segment a leading role as a pillar of development and promoter of social justice, with a far-reaching distribution of income. Conversely, this fragmentation and lack of unity neutralize the potential strength of this segment. In analogy, we might think that a single ant is nothing to think about, but we all respect the anthill. Business advocates and policymakers for MSMEs must build the prestige of small businesses, and work from theory to develop sound practice.

As vital participants in the GDP of all countries, MSMEs are responsible for most of the jobs generated. However, because they lack a coordinated central organization, they cannot effectively communicate their needs with municipal, state, and national governments. Therefore, they receive less support than sectors that express their needs but contribute less.

MSMEs are now recognized as first-line stakeholders in the implementation of global agendas, such as the Sustainable Development Objectives (SDG). MSMEs are uniquely suited to this role. Just as they are agents of the SDG implementation process, they are also prime beneficiaries of the results. This integration in the process of developmental objectives makes their engagement even more relevant.

Cities may occupy a small percentage of a country's land, but they are where businesses are located and most people live. Therefore, for full development of MSMEs, public policies need to be developed such that cities offer a business environment conducive to entrepreneurship. Cities must empower small businesses with simplified local legislation, adequate infrastructure, and appropriately stimulate access to innovation and capital. They must train the workforce and provide other determinants of business success that are more difficult to access for small business owners.

Brazil has embraced this convergence for some time and written it into its constitution. Our National Policy for the Development of Micro and Small Enterprises is based on the favored treatment of MSMEs. Covering regulatory actions and specific support projects, the pillars of the policy are de-bureaucratization and simplification; entrepreneurship training; access to finance and credit; the promotion of technology and innovation; and facilitating access to markets, including the insertion of MSMEs into global value chains. All of these topics are discussed in the National Forum of Micro and Small Businesses.

Brazil's policies presuppose an intense alignment between the different actors, public and private. The role of the Federal Government is to develop the synergy necessary to build a business environment conducive to the strengthening of SMEs, enhancing actions and resources.

Brazil not only recognizes the current importance of entrepreneurship and micro and small businesses, but is looking to the future. As governments promote entrepreneurship they must welcome the profound changes that have been taking place in the labor market. Traditional employee-employer relationships are being replaced by innovative startups and tech companies. Young people are increasingly detached from formal and traditional jobs. When we invest in policies

to support MSMEs we are directly dialoguing with the young and helping them to succeed by converting their dreams into applicable and integrated global ideas.

There is much work to be done on critical issues such as facilitation and reduction of financing costs, technical and managerial training, and rationalization of the tax burden. MSMEs must be constructed to integrate into external markets, with emphasis on global value chains. The burden of bureaucracy, especially for the export of MSME products and services, must be reduced. Interest and access to technology and innovation must be enhanced, among other key aspects for the full functioning and growth of small enterprises.

Finally, to transform the entrepreneurship ecosystem and improve development conditions for small companies, governments and other stakeholders associated with MSMEs must focus on two main areas: education and simplification.

Education is by nature emancipatory. With a quality education, including the teaching of entrepreneurial thought adjusted to the present and looking to the future, individual micro-entrepreneurs will arrive at solutions to increase productivity and develop and finance their projects. By seeking to connect with innovative concepts they will enter markets around the globe, ahead of companies that will be born global.

The importance of simplification is even easier to understand. When it is easy and intuitive for an entrepreneur to open a company or branch, hire an employee, pay their taxes, associate with a university in a research project, or conduct a variety of other ordinary tasks without governments imposing heavy bureaucratic constraints, business initiatives will be much more abundant, assertive, successful, and profitable, increasing the efficiency of economies.

Several countries have an integrative view of international organizations such as the ICSB, and it is easy to conclude that the growing movement for the development of entrepreneurship and MSMEs is the right way to support high levels of economic development and social justice, providing the conditions for all peoples to live with abundance and dignity.

## CANADA Support to Micro, Small and Medium-Sized Enterprises (MSMEs)



*Minister of Small Business and Tourism Innovation, Science and Economic Development,  
Government of Canada*

Micro, small and medium-sized enterprises (MSMEs) are the backbone of the Canadian economy, accounting for 90 percent of the private sector workforce (10.7 million workers) and nearly 40 percent of the national GDP. Under the leadership of the Right Honourable Justin Trudeau, Prime Minister of Canada, and the Honourable Bardish Chagger, Leader of the Government in the House of Commons and Minister of Small Business and Tourism, the Government is committed to supporting the success and growth of Canadian MSMEs.

The Government of Canada lowered the small business tax rate from 11 percent in 2015 to 9 percent by 2019 – the lowest in the G7 and fourth-lowest among members of the Organisation for Economic Co-operation and Development. This will leave more money for small business owners – up to \$7,500 more per year – to reinvest in their business.

To better promote and support women entrepreneurs in starting and growing their business, the Government of Canada announced the first Women Entrepreneurship Strategy – a coordinated, national approach that will invest nearly \$2 billion over five years to help improve women entrepreneurs' access to financing, talent, networks, and expertise. It will focus on supports in four key pillars: (1) Helping women-led businesses grow; (2) Increasing women access to capital; (3) Improving access to federal business innovation programming; and (4) Enhancing knowledge, data and best practices for women entrepreneurs.

As part of the Women Entrepreneurship Strategy, the Government announced a bold new target for the Business Development Bank of Canada (BDC) to provide \$1.4 billion in loans to women-owned businesses, and increased from \$70 million to \$200 million the Women in Technology Fund, making it the largest venture fund for women in the world. The BDC is an arms-length federal Crown corporation that is Canada's only financial institution devoted exclusively to entrepreneurs and MSMEs.

Canada is a trading nation. With our ambitious trade diversification agenda, Canada is positioning itself for success today and for decades to come. To help small firms expand into new markets, the Government of Canada negotiated and signed two major free trade agreements: the Comprehensive and Progressive Agreement for Trans-Pacific Partnership (CPTPP) with ten other countries and the Comprehensive Economic and Trade Agreement with the European Union (CETA). Canadians now have preferential market access, through 12 trade agreements to 44 countries with almost 1.2 billion consumers. This represents over one-half of the world's output of goods and services. The help entrepreneurs leverage these new trade agreements, the Government continues to make enhancements to the Canadian Trade Commissioner Service to simplify the client experience, modernize tools, and offer innovative services to business. Through the Trade Commissioner Service, CanExport provides direct financial assistance to Canadian MSMEs that are seeking to develop new export opportunities and markets, especially high-growth emerging markets. Additionally, Export Development Canada (EDC), Canada's export credit agency, is also available to support Canadian small businesses respond to international business opportunities. EDC provides insurance and financial services, bonding products and small business solutions to Canadian exporters and investors and their international buyers.

Canada continues to seek ways to improve service delivery to business and reduce the administrative burden, so that business owners can spend more time running and growing their businesses. As part of this effort, the Government has been working to streamline innovation programming under one accessible suite, a commitment which will provide Canadian businesses more direct access to customized support to help them succeed and grow.

The Government of Canada launched a one-stop-shop online portal, Innovation Canada, for business owners looking for government services. Close to 150 000 people have used this new tool since its launch in January 2018. By having users fill out a quick,

interactive questionnaire, the portal offers a tailored list of recommended grants, expert advice, connections, and more to best fit the needs of Canadians. The process is quick, easy, and personalized. The portal's goal is to provide online resources to help Canadian businesses grow and prosper, including a wide range of information on services, programs, regulations, and financing options from multiple levels of government. Innovation Canada will save Canadian small businesses time accessing government supports, and provide seamless referrals between programs as their needs change. The Government will also make efforts to transform the way it serves small business through a new electronic procurement platform to help entrepreneurs better access opportunities to work with the Government.

Budget 2018 emphasized improving service delivery through digital transformation as a means to reduce burden for businesses across Canada, including SMEs. For example, the Government is streamlining and consolidating innovation investments into four key platforms: the National Research Council-Industrial Research Assistance Program; the Strategic Innovation Fund; the Canadian Trade Commissioner Service; and Regional Development Agencies.

The Government of Canada has also launched the Accelerated Growth Service to achieve the government's objective to scale-up 1,000 SMEs. The AGS is a new client-focused model of service delivery, which helps entrepreneurs in high-growth firms to navigate the government support available to them.

The Government of Canada provides funding to Futurpreneur Canada, a national not-for-profit organization that supports young entrepreneurs with mentorship, learning resources and start-up financing to help them bring their business ideas to market. Since 1996, Futurpreneur Canada has helped nearly 10,000 young women and men launch 8 159 new businesses, creating an estimated 39,000 jobs and an estimated \$244 million in tax revenue. About 40 percent of the young entrepreneurs who Futurpreneur Canada supports are women.

## CHINA

### Promoting Development through Quality Improvement, Achieving Win-win via Cooperation



*Mr. Fu Wenbiao, Director-General, Development Research Centre, State Administration for Market Regulation, China*

We would like to share with you China's policies about quality and MSMEs' development in China. The topic of my presentation today is "**Promoting Development through Quality Improvement, Achieving Win-win via Cooperation**".

China highly values the *2030 Agenda for Sustainable Development*. In March 2016, the Government of China published the *Guidelines for the Thirteenth Five-Year Plan*, which combines the 2030 Agenda with China's mid-to-long-term development plan. In September 2016, the Government published *China's National Plan for Implementing the 2030 Agenda for Sustainable Development*, specifying how China will implement the SDGs in the upcoming years.

In August 2017, China issued the world's first *Progress Report on Implementation of the 2030 Agenda for Sustainable Development*, of which was highly recognized by the UN Secretary-General António Guterres, as achievements demonstrate the great efforts and strong commitments made by the Government of China to achieving sustainable development within China and globally. China has been a true leader in promoting South-South cooperation for development.

On the 19<sup>th</sup> CPC National Congress held in October 2017, Chinese President Xi Jinping pledged that "by the year 2020, all rural residents living below the current poverty line will be lifted out of poverty; and that by the year 2035, solid progress will be made toward shared prosperity for everyone"; and that "China will contribute to an open, inclusive, clean, and beautiful world that enjoys lasting peace, universal security, and common prosperity." Such commitments offered China's wisdom and solutions to achieve sustainable development.

After 40 years of the launching of the Reform and Opening up policy, China has become the second largest economy and the country with the largest trade volume in the world,

contributing over 30% to the world's economic growth. In the past 5 years, more than 68 million people have been lifted out of poverty, and the poverty rate has dropped from 10.2 to below 4 percent out of the nation's population. All these achievements would not be possible without the great contribution made by numerous MSMEs.

Now 99.7% of enterprises in China are MSMEs. They offer over 80% of jobs in urban areas, and 90% of newly created jobs. They provide end products and services equivalent to 60% of GDP; and hold 65% of the patents for inventions, creating 75% of the technological innovation in enterprises and developing over 80% of the new products. Without doubt, MSMEs have made significant contributions to economic growth, job creation and innovation.

**Last year, in the congratulation letter sent by President Xi Jinping to the China Quality Conference, he wrote, "quality reflects people's hard work, innovation and wisdom. It shows people's yearning for a better life."**

Promoting MSMEs' healthy and sustained development is a long-term strategy of the Chinese Government. China supports MSME development with favorable policies for enhancing quality.

—**With regards to quality**, China has implemented a strategy called "Empowering the Country through Quality Improvement". The Government of China published *the Guidelines on the Campaign of Quality Improvement* and organized series of supporting activities. The Quality Month, for example, which takes place in September every year, has a history of 40 years in China and has many activities designed especially for MSMEs. For instance, there's an activity called the Quality Control Circle, which aims to promote advanced quality management methods and set up models of quality.

**China is making big efforts to build the National Quality Infrastructure, or NQI, which includes metrology, standard, certification, accreditation, inspection and testing, to help MSMEs improve their capacity and competitiveness.**

There is another national campaign called "Face-to-face Service, Zero Defects in Quality" to provide technology services to MSMEs. We've launched the "Chinese Brands Day" to protect China's Time-honored Brands. We are also improving the quality-related education and training system, advocating modern apprentice system, and paying more attention to vocational training and quality education.

With regard to **metrology**, we implemented Plans to Improve SME's Metrological Capacity to apply metrology to full life cycle of industrial products including design, research, testing, production and application, to improve product quality and contribute to innovative development.

In terms of **standards**, we are pushing forward reforms by boosting group standards and liberalizing company standards. Over 22,000 national standards have been disclosed for free. We make big efforts to develop standardization service industry and foster standardization service providers. We involve MSMEs in high-level standard-setting process so that companies can take the initiative. We also notice and magnify the spillover effect of standardization which acts as a pusher for poverty reduction in southwestern regions of China such as Guizhou and Inner Mongolia.

In regard to **certification and accreditation**, in order to improve MSMEs' capacity of quality management, we launched Actions to Upgrade Quality Management System to help MSMEs use the new ISO9001 system. We try to certify organic products and reduce poverty at the same time by having experts teach people in poverty-stricken area to grow organic products with increased added value, thus improving farmers' income level. Among 84 demonstration areas of organic produce plantation, 32 are poverty-stricken counties and some have already seen progress.

With respect to **testing, inspection and certification, or TIC**, we are now building 14 national demonstration areas of TIC public service platform, gathering around 2,000 TIC bodies. Such endeavors not only provide MSMEs with more convenient, efficient and quality services, but also benefit TIC bodies, most of which are also MSMEs. We integrate public testing bodies in pilot regions such as Jingshan County of Hubei Province, Dongshan County of Fujian Province and Wuhai City of Inner Mongolia, making it smoother for MSMEs to get services.

—**In the area of fair competition**, China advanced reform of business registration system to create a level playing field for MSMEs. In 2017, 6.1million new companies were registered, a year-on-year increase of 9.9%. Recently, the Chinese government officially required that company registration procedures should be further simplified and the registration time is expected to be cut to less than 8.5 work days.

In addition, the government also makes efforts to maintain a fair and just market order, creating a favorable environment for companies. In 2017, China handled 56,000 anti-trust and anti-unfair competition cases, with 580 million US dollars involved; 3,100 piracy cases with 6.05million pirated products captured; 19,200 batches of entry-exit infringing goods, concerning 41 million items and 28 million US dollars.

There is a new round of government restructuring going on in China, which gave birth to **the State Administration of Market Regulation, or SAMR**, the place that I am working at. SAMR is expected to be the cornerstone of fair competition and a strong supporter for MSMEs.

—**With regard to international cooperation**, the idea of “One Belt One Road (OBOR)” proposed by China was supported by over 100 countries, regions and international organizations, and was included in important decisions announced by the UN General Assembly and the Security Council. As the world is drawn closer than ever by China’s new four inventions (if I may)—high-speed railway, QR code payment, sharing bikes and online shopping, MSMEs in China and the world are making great contributions to exchanges of new products, new thoughts, new culture and new technologies.

There is a city in China named Yiwu in Zhejiang Province. The city is famous for its trading of daily-used commodities. In 2017, the e-commerce transaction value of Yiwu reached 34.7billion US dollars, a year-on-year increase of 25.3%, ranking first among China’s “top 100 e-commerce counties”. It is worth noting that 11.7billion US dollars came from cross-border transaction, an increase of 15.03%. Yiwu has become not only a bridge for Chinese MSMEs to reach the global market, but also the landing zone of beach for foreign MSMEs to access the Chinese market.

We have issued the *Action Plan of OBOR Standard Connectivity, Visions and Actions for OBOR Metrology Cooperation* and *Visions and Actions for OBOR Certification and Accreditation Services*, to lay a solid technology foundation for connectivity and cooperation in NQI area.

**The growth of MSMEs plays a key role in achieving SDGs.** Here I would like to share with you my thoughts in the following areas.

—Policy-making by the government on quality. The government should consider the role of quality-related policies in supporting MSME development, study and introduce policies favorable to MSME growth, especially policies on quality management and technical training.

—Standards. MSMEs should be encouraged to harmonize with international standards to keep up to the best and take part in international standard-setting process during further division of industrial chain to seek growth opportunities. It is suggested that the government make favorable policies for standardization service bodies so that they can better serve MSMEs.

—Technology bodies. Metrology, TIC and other technology bodies should be encouraged to provide technical support for the upgrading of MSMEs. It is suggested that the government build a platform of public technology and testing services, providing technical service for MSMEs with fee exemptions.

—A leveled play field for fair competition. The government should support MSME start-ups and fight unfair competition and trust, so that MSMEs can survive and grow; protect patents, trademarks and other IPRs of MSMEs so that companies can compete in a fair manner.

—Engage in international cooperation. Under the framework of United Nations and international organizations such as UNIDO, ISO, IEC and ITU, there should be effective information sharing mechanism, mutual recognition mechanism and supporting mechanism for MSMEs so they can gain opportunities to reach global market. Policy sharing on quality can be achieved through exchanges in both governmental and non-governmental ways. We welcome countries participating the OBOR initiative to build even closer cooperation with China to strengthen mutual recognition in metrology, standards and certification. Our goal is to have one standard recognized in the region and the world at large with one certificate, so that MSMEs can develop in a coordinated way.

The third China Quality Conference will be organized in Guangdong, China in September 2019. We look forward to receiving experts on researching and managing quality-related work from the whole world, and to further discussing how quality can promote development and how SDGs could be better achieved through contributions of MSMEs.

**In quality there lie prospects of the future.**

Ladies and gentlemen, achieving SDG is the common goal of the world. I sincerely hope that this symposium could be an opportunity for countries to seek common ground and share the fruits of innovation. I am convinced that a brighter future for MSMEs will be built through adopting wise policies on quality.

Thank you so much for your attention.



## ARAB REPUBLIC OF EGYPT Much work needed, but the path is clear and positive



*Ahmed Osman, ICSB Senior Vice President and President of the Middle East Council for Small Business*

With a predominantly young population and various organizations and government bodies around the region offering financial and strategic support, focusing on entrepreneurship has been a critical element for economic growth, social inclusion, youth engagement, and job creation in the Arab world in general, and Egypt in specific.

Entrepreneurial influence is strong among Egyptian youth who are overcoming financial, cultural, and legal challenges to maintain local sustainable business models that can improve the economy and help decrease unemployment rates.

We observed noticeable change in the government's vision recognizing entrepreneurship and SMEs. The Ministry of Trade and Industry has recently established a micro and SMEs development agency and is now developing a five-year national strategy to promote SMEs, especially in industry, to guide and train young people on how to start a business, fundraise, and work sustainably. On the social level, we have seen positive events in Egypt that support the entrepreneurship ecosystem, like the Rise Up and Egypt Entrepreneurship Summits.

Indicators for 2016 and 2017 show that entrepreneurship is in a positive position in the economy. A new \$50-million government-backed venture capital fund has been launched by the Ministry of Investment and International Cooperation, regulatory reforms enacted, new educational curricula piloted, and several support educational organizations launched according to the Global Entrepreneurship Monitor (GEM) and Egypt National report 2016/17.

Societal perceptions of entrepreneurship are highly favorable, as 83.4% of Egyptians perceive entrepreneurship to be a good career choice. In terms of age distribution, there is a noticeable increase in the percentage of youth who decided to start their own business, especially those in the age range of 18-24, constituting 16.2% of Egyptian entrepreneurs. This growth in youth entrepreneurship may be attributed to higher awareness and interest in having an independent career, or potentially an alternative path, given the high rate of youth unemployment.

The total early-stage entrepreneurial (ETA) activity rate, the primary metric used in GEM, is 14.3% in Egypt, which is higher than the global average of 12.3%. Female entrepreneurs globally have great potential to drive economic growth, and many of today's most widely recognized companies and brands are owned by women. However, in terms of gender distribution in Egypt, one in every four entrepreneurs is a woman, and two in every 10 established business owners is a woman, according to GEM.

Women-led businesses have a lower probability of continuation compared to male-led business, and the rate of female participation is much lower than global averages. We need to understand all the challenges women face and work on supporting those who have established businesses to sustain and grow, providing incentives for more women to be self-employed and support their communities.

The main challenges young entrepreneurs face when they start their own business is that they fall in love with their business idea without enough market research and effective, evidence-based decision-making to know if there are customers who would like to use their services or buy their products.

They also need access to finance, information, talent, education, and market means by which to sell their service or product, and then learn how to compete with the local and international market. Concerning the regulatory reforms, I hope the new law for SMEs would give the startups tax breaks and incentives. President Abdel Fattah El Sisi has spoken about entrepreneurship in several events, which is a great change in the government's mindset, which proves their belief in the role of young people to lead the economy.

The Middle East Council for Small Business and Entrepreneurship is an affiliate of the International Council for Small Business (ICSB) covering Egypt, Jordan, Saudi Arabia, and Morocco. It is linked to the ICSB global network of affiliates and members from 70 countries around the world. Members include representatives from government bodies, universities, business associations, banks, venture capital companies, donors, consulting companies, large corporations and entrepreneurial companies, business development service (BDS) providers, and development NGOs.

We provide a platform to empower university students and researchers to build successful companies from their ideas. We focus on entrepreneurship as a practical discipline, exposing our participants to an extensive network of experienced entrepreneurs and professionals. There is a positive trend for entrepreneurship in Egypt, entrepreneurial intention is growing, and more individuals are expressing the initiative to start their own businesses. We should make good use of that.

Policymakers, the private sector, civil society, research educational institutions and business incubators should collaborate and work on improving regulatory barriers constraining the launch and growth of startups. Ideally, they should create new business incubators for SMEs to fund and guide startups in specific sectors targeting women entrepreneurs, especially in Upper Egypt and poor areas. An entrepreneurial culture could be supported by promoting successful entrepreneurship role models in the media, and by offering entrepreneurship curricula in schools and universities.

The private sector should engage small, local businesses in its supply chain, and out of their CSR budgets, help to train entrepreneurs and invest in startups. The Egyptian economy has faced many challenges this year, be it the effect of the devaluation of the local currency or energy subsidy cuts, but the economy remains functional and manages to survive.

We need to depend more heavily on industry and production to be self-sufficient and decrease our imports. Furthermore, we believe that the three industries which will flourish within the next three to five years include construction and real estate, as the government is building new cities, especially the promising New Capital project.

The third prominent industry is technology, where Egypt has an advantage given its young population. There is a lot to be done in the Arabic content domain on the internet, in the outsourcing industry, and in the value-added technology services to multinational technology. This is especially true since we are closer to Europe and more convenient than India.

There is demand for industries providing more long-term jobs for people, and now the government is putting restrictions on importing, so the public's attitude toward manufacturing and industry has to improve. Egypt's population of 100 million is the largest market in the Middle East, a great advantage to any investor.

One of our major events is the Egypt Entrepreneurship Summit (EES), which focuses on innovation, professional development, and networking. The summit offers a meeting point for entrepreneurs, businesses, educators, and policymakers to discuss how to overcome new challenges in business. It is held in partnership with the International Labor Organization and Egypt's Ministry of Investment and International Cooperation. We also hold youth competitions like the Nawah Social Entrepreneurship Competition we started three years ago, whereby teams compete with their brilliant ideas that have social impact and help their communities.

Egypt summary, much work needed, but the path is clear and positive.

## EUROPE

### From crisis to recovery: the role of the EU policies in supporting MSMEs



*Kristin Schreiber, Director of the COSME Program, European Commission*

In the last 4-5 years, SMEs in the EU have recovered impressively from the effects of the global financial crisis. As a result of the recovery, between 2012 and 2016, the value of SMEs increased by 13.4%. SME employment also picked up between 2013 and 2014 and increased by 5.1 % by 2016.

While there are clear signs of an emerging start-up culture in the EU, recent years have revealed a need for more fast-growing businesses or scale-ups. On average in the EU-28, 9.2% of firms in the 'business economy' were high-growth firms in 2014.

Overall, in 2016, 24 million MSMEs generated EUR 4,030 billion of value added and employed 93 million people. Thereby, MSMEs accounted for two-thirds of the total employment and 56.8 % of total value added generated in the EU economy.

When hit by the crisis, many EU MSMEs faced many simultaneous challenges. The recession in home markets meant that businesses had to quickly identify and tap into new markets, often abroad. Their traditional sources of finance dried up as banks struggled with their own financial problems. The difficulties in financial markets also stifled the emergence of start-up and scale-up firms in many EU Member States.

The European Commission acted immediately on the financial crisis. Against the backdrop of already existing initiatives such as the Small Business Act for Europe (SBA), which since 2008 has provided a comprehensive set of actions in ten different policy domains in support of MSMEs, a number of additional targeted and hands-on measures were initiated to address the biggest challenges for MSMEs in the EU:

1. Boosting start-up and scale-up firms
2. Improving access to finance
3. Improving access to markets – especially the single market

1. The Commission launched a dedicated start-up and scale-up initiative. The crisis further accentuated an existing challenge for the EU. Compared to important partner countries such as the US, the EU boasted fewer young, fast-growing firms, also known as 'scale-ups'. While in terms of the numbers of newly founded businesses, or start-ups, the EU holds up well to other regions, it needs more dynamically expanding firms that are dedicated to continuous growth.

The Commission reacted swiftly by initiating a targeted 'Start-up and Scale-up Initiative' (SUI) based on an EU-wide public consultation. On average, 6% of companies create more than 50% of all new jobs. Start-ups and scale-ups have a great potential to increase European productivity, creating innovation and jobs. To create more opportunities for start-ups and scale-ups, the Commission initiated actions that will help to connect European start-up ecosystems, support start-ups in finding the right business partners and skilled workers, and to encourage them to take part in public procurement. All of the 46 actions foreseen in the initiative have either been implemented or are in the process of implementation.

2. Access to finance became an overnight challenge for many MSMEs involved in the crisis. Complementing national actions to improve MSMEs' access to finance, the Commission swiftly provided much-needed support for MSMEs through its COSME financial instruments.

The COSME Loan Guarantee Facility helps provide low-amount financing to MSMEs via guarantees and counter-guarantees made available to financial intermediaries. COSME focuses on MSMEs that would normally have difficulties in obtaining financing.

Between 2014 and 2017 the COSME Loan Guarantee Facility helped almost 263,000 MSMEs from the EU. The average amount of guarantee in the EU countries amounted to €47,600 per SME.

Approximately, 50% of firms benefiting from the COSME loan guarantee in the EU are start-ups and 90% are micro companies with less than 10 employees. Between 2014 and 2017, around 263,000 MSMEs from 22 EU countries participating in the COSME program benefited from €12.5 billion of financing.

3. With 'traditional' and often domestic markets suddenly retracting, many businesses had to quickly identify and tap into new markets, either at home or abroad. The European Commission worked closely with national governments and stakeholders to facilitate the search for new markets and internationalization.

A cornerstone in this regard is the Enterprise Europe Network (EEN). The EEN helps firms to innovate, grow internationally, and find partners in other member states. During 2015-2016 it provided support to around 460,000 MSMEs in the EU; more than 300,000 of them benefited from information and advice services, about 100,000 received specialized expert support, and 46,000 MSMEs participated in international brokerage events. An external evaluation in 2015 found that MSMEs receiving EEN services have growth rates of 3.1% higher than non-EEN supported MSMEs.

Also, the Commission put the reduction of unnecessary bureaucratic obstacles at the center of its SME policies. The systematic implementation of the SME test on both the EU as well as on member state level is a successful example for this. As a result, all relevant EU legislative initiatives are now rigorously screened for their suitability for MSMEs before there are adopted and implemented. Simultaneously, the Commission is urging member states to stringently apply this practice on the national level, too.

The Commission is also taking a strict line on enforcing late payments legislation because of the detrimental effect that disruptions in cash flow can have on MSMEs.

Finally, the EU's New Skills Agenda is going to help MSMEs and start-ups to recruit the right-skilled employees they need to innovate and grow, addressing the issue of mismatch between education and training, and the skill needs of firms.

To increase the efficiency of its measures, the Commission intensified its cooperation with member states. An effective and speedy tackling of the crisis could only be achieved through even closer cooperation between the European Commission and national, regional, and local policymakers. A good example of this closer cooperation is the EU SME Envoy network. Put in place to steer the implementation of the SBA, it became a platform for hands-on policy dialogue and exchange of good practices for the SME policy coordinators in member states. Among other things, it yielded the 'European SME action program'. This program complements the Small Business Act for Europe (SBA) and contains a number of concrete novel actions to mitigate the negative effects of the crisis for EU MSMEs.

The Commission is aware that in the current volatile economic, political, and technological environment, its SME policy approach has to remain, above all, flexible and prepared to adapt to future challenges.

## MEXICO

### You Can't Always Get What You Want...or What You Need



*Ricardo D. Alvarez, Academic Coordinator of the MBA Program, CETYS University, Graduate School of Business Tijuana Campus.*

Over the last ten years, Mexican competitiveness and income inequality have remained at a long impasse. Currently, the nation ranks number 51 among 138 indexed nations.

Competitiveness refers to a nation's ability to compete for resources, increase investment and productivity, and generate growth and prosperity to improve quality of life. However, a better standard of living can only be achieved when domestic businesses can compete equally against businesses from other countries, sustaining themselves while increasing income and production efficiency. In other words, a business must manage skills, resources, and capabilities to prosper. Thus a nation's competitiveness depends on the collective competitiveness of its firms.

*Mexican MSMEs Relative Reality* - Mexico's prosperity is largely dependent on MSMEs, which account for 72% of total employment and 52% of GDP. According to Mexico's National Statistics Institute (INEGI) there are almost 4.2 million enterprises in Mexico, where microenterprises account for 94.4% of total economic units (4 million); small enterprises are 4.4% (174,800); medium size businesses 0.83% (34,960); and large corporations represent 0.19% (8,030).

The only way to make progress in advancing small business is to provide the necessary conditions to support entrepreneurship and the generation of new venture capital. Progress toward full employment and job creation are always at the forefront of political agendas. Over the last three decades, Mexican governments have struggled to create new jobs and nurture business development. In the current administration, several public initiatives, like the National Entrepreneurship Institute (INADEM), which has offered grants and support to new business ventures and SME startups since it was established in 2012, were implemented to promote MSMEs creation and reduce the unemployment rate.

Absolute numbers so far show a positive effect on new enterprises and job creation, but in relative terms, productivity and competitiveness are not as promising. World Bank figures show that the number of newly registered businesses between 2012 and 2016 went from 31,028 to 45,256; an impressive 45.8% increase, but similar to the 45,321 that were registered in 2010. According to INEGI, the annual growth in the number of newly employed persons in Mexico over the last ten years increased by almost 18% from 4.5 to 5.3 million new jobs (2008-2018), and almost 40% from a low point of 3.8 million in 2000.

Although it is expected that for the first half of 2018, between 550 and 600 thousand new formal jobs will be created under a 12% annual growth, we must consider the kind of jobs that are being lost and created. During 2017, 1.1 million low-paying jobs were created with an estimated average salary of \$7.39 US dollars per day, while 1.6 million high-paying jobs were lost (average daily pay of \$21.54 US dollars). This means a 31% reduction on best paying jobs against a 15% increase in low salary jobs.

OECD Policy Briefs states that among OECD countries, Mexico has the widest labor productivity gap between large firms and MSMEs. While the number of MSMEs has been increasing in recent years as well as the number of new jobs, these jobs are non-technical and low-quality, and will eventually reduce overall productivity and the nation's competitiveness.

**Mexican MSMEs life expectancy has a weighted average of 7.7 years, ranging from 6.9 years for micro enterprises to 22.0 years for medium companies. This survival rate is almost 22% lower than the global MSMEs life expectancy average of 9.8 years.**

*MSMEs Future Challenges* - Organizational competitiveness is the result of a virtuous cycle, where customers push companies to seek innovative and efficient ways to meet their demands. This cycle requires new sophisticated, technical, operational, and managerial skills to improve, re-engineering current processes and deliverables. Eventually, new offerings will result in new consumer preferences that will transform into new knowledge, new social behaviors and again, over time, into new customer demands. Thus to be competitive regardless of circumstance, organizations need to strategically transform key resources into new advantageous capabilities and value propositions. But lacking these vital resources impinges on their capacity to react and satisfy customers' demands and reduces their potential productivity.

A 2014 publication by McKinsey Global Institute, "A Tale of Two Mexicos," explains how the country's economy moves at two different competitive speeds; between a small highly productive modern sector comprised by large and medium enterprises and a vast, less competitive, less dynamic, and less productive traditional economy led by small and micro, and most often informal enterprises. This dual asymmetry also appears in the geographical

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Retrieved from: <http://www3.weforum.org/docs/GCR2017-2018/05FullReport/TheGlobalCompetitivenessReport2017-2018.pdf/>

2 *Encuesta Nacional sobre Productividad y Competitividad de las Micro, Pequeñas y Medianas Empresas (ENAPROCE)* (2016). INEGI. Retrieved from: [http://www.inegi.org.mx/est/contenidos/proyectos/encuestas/establecimientos/otras/enaproce/default\\_t.aspx](http://www.inegi.org.mx/est/contenidos/proyectos/encuestas/establecimientos/otras/enaproce/default_t.aspx)

3 *Number of Business Registered by Country* (2018). World Bank Bank Data. Retrieved from: <https://data.worldbank.org/indicator/IC.BUS.NREG?view=chart>

4 *Employment Rate in Mexico* (2018). Trade Economics. Retrieved from: <https://tradingeconomics.com/mexico/employment-rate>

5 *Más empleos para México pero con salarios que no superan los 5 mil pesos* (Martes 13 de marzo de 2018). Publimetro. Retrieved from: <https://www.publimetro.com.mx/mx/noticias/2018/03/13/mas-empleo-2018-salarios-no-superan-5-mil-pesos.html>

6 *Mexico Policy Brief. Raising Productivity in Small Traditional Enterprises* (2017). OECD Policy Briefs. Retrieved from:

distribution of both large and MSMEs, where the Central and Northern states, most of which share borders with the U.S., contribute 41.7% of the nation's GDP, almost double that of the Southern states, which represent 21.5%. The disparity is explained by the fact that most of the large and highly productive manufacturing plants, along with most foreign direct investments, excluding mining and oil extraction, are located either in highly competitive hubs and logistics corridors along Central and Northern regions of Mexico, or tourism centers and infrastructure developments in the Southeast, while traditional commerce and service MSMEs are located in the south of the country.

*Business Culture and Finance Access* - If we analyze Mexico using Hofstede's national cultural dimensions, we find high levels of uncertainty avoidance (82/100), which equals risk aversion, along with high marks for power distance (81/100) and indulgence (97/100), meaning that Mexicans tend to be overly optimistic and respectful of the *status quo* and differences among social classes. This probably explains why MSMEs owners tend to be more conservative in their decision making, favoring business ventures that are apparently less risky even if they show worse future revenue prospects with no scalability.

This narrow mindset also affects how MSMEs are financed. A recent study by Konfio Bank on MSMEs access to credit shows that in 2017, only 19.9% of small and medium businesses had access to a bank loan or microcredit. Importantly, more than 50% of all Mexican MSMEs don't have access to any type of finance. Specifically, 89.4% of micro businesses, 72.2% of small, and 60.2% of medium enterprises can't get financing and don't know where to look for it.

*Collective Support is Needed* - There are too many things that Mexican MSMEs are lacking; financial support, technical training, strategic management skills, executive competency, market sense and quality certifications. They also lack access to highly-productive value chains and clusters. These needs must be met for Mexico's future growth and the survival of its small businesses.

Small business owners must also develop an entrepreneurial and innovative mindset, which is impeded by traditions that outnumber new paradigms, with deeply embedded social values dictating business behaviors and strategy.

It is imperative for the Mexican government to align itself with private investors, banks, financial companies, business associations, and academic institutions to try to find ways to promote and articulate not only new MSME creation, but also to help existing MSMEs be more productive, competitive, and sustainable. We must do this as a nation if we want to prevail.

Frustration abounds when people can't get what they want. But frustration turns desperate when they can't get what they need.

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# MSMEs and their contribution to the Sustainable Development Goals



*Ambassador Martín García Moritán, Permanent Representative of Argentina to the United Nations*

On April 6th 2017, the United Nations General Assembly adopted the resolution to establish June 27th as the Micro, Small and Medium-sized Enterprises Day.

The United Nations designates specific days, weeks, years, and decades as occasions to mark particular events or topics in order to promote and raise awareness about these issues. Usually, it is one or more Member States that propose these observances and the General Assembly establishes them with a resolution.

As most of you know, Argentina introduced and lead the negotiations. But the spark that initiated all this process came from ICSB, which held its 61st Annual World Conference at the United Nations in 2016 with the support of the Republic of Korea. On that occasion, with authorities from over 55 countries, ICSB made a declaration about the urgent need to have a day to recognize the important role of micro, small, and medium enterprises in the development of economies as a whole.

That is when the authorities from Argentina, with the support of ICSB, especially its Executive Director, Dr. Ayman El Tarabishy, decided to step forward and promote this important initiative in the General Assembly.

The draft resolution was presented in January and immediately garnered a lot of support among Member States. Nonetheless, there were some negotiations which extended until February to adjust the language and make it acceptable for everyone. Finally, on April 6th, the draft resolution was adopted by the General Assembly by consensus, with the co-sponsorship of more than 50 countries from every region of the world.

This widespread support is a product of the recognition of the importance of these enterprises in the future of the world. Since the adoption of the 2030 Agenda for Sustainable Development, all the countries have been working in its implementation and in finding ways to ensure that every actor could contribute in the best possible way.

Micro, Small and Medium-sized Enterprises are one of these actors and they are mentioned in the SDG 8.3., which consists in promoting development-oriented policies that support productive activities, decent job creation, entrepreneurship, creativity and innovation, and encouraging the formalization and growth of micro-, small- and medium-sized enterprises, including through access to financial services.

These enterprises have the potential to make a long-lasting positive impact on the world's development needs, since, by number, they dominate the world business stage. Estimates suggest that more than 95% of enterprises across the world are Micro, Small and Medium-sized Enterprises, accounting for approximately 60% of private sector employment.

These enterprises can in fact become the engines that sustain growth for long-term development in developing countries. When growth becomes stronger, micro, small and medium-sized enterprises gradually assume a key role in industrial development. They can satisfy the increasing local demand for services, which allows increasing specialization, and furthermore support larger enterprises with services and inputs.

Micro-, small and medium-sized enterprises are powerful partners. They can have great impact in embedding responsible business practices and sustainability in today's complex global value chains. Engaging with the SDGs can contribute to MSMEs improving long-term returns and redefining Public-Private Partnerships with governments and organizations.

Also by aligning their sustainability strategies with the SDGs, these enterprises can help achieve many of them, since they can contribute to the improvement of the quality of the environment and mitigation of climate change impacts, the achievement of gender equality and the empowerment of all women and girls, the reduction of inequalities, the promotion of innovation, and many other goals.

In the case of my country, Argentina is a very entrepreneurial one; we are very highly ranked in that respect. But, regarding the doing of business, ecosystems, and other aspects, we were in a very bad situation, so when the new government took over on December 2015, it started to work on them. This included regulation, training, the development of ecosystems across

the country, and financing. All these issues were worked with the introduction of a new entrepreneur and MSME law.

Up until the approval of the law, the process of incorporating a company, registering with the tax agency, and opening a bank account took from 2-3 months up to a year or more, depending on the province. With the law, a company can be established and registered in 24 hours. This is local regulation, so the city of Buenos Aires is the only place you can do that right now, but the national government is currently working on helping other provinces to introduce this.

This is a vision that comes from President Macri, as he sees that entrepreneurs are the key to bringing Argentina into the 21st century. This is related to the first priority of the G20 Presidency of Argentina, which is the future of work and the challenges every country has. More than half of the jobs in Argentina will be replaced by automation in the next few years, so the development of high-impact entrepreneurs and MSMEs is vital.

The importance that the President assigns to this topic can be exemplified by his participation in a reception organized during the 62<sup>nd</sup> ICSB World Conference, held in Buenos Aires last June. On that occasion, which served to commemorate the first MSMEs Day, the government of Argentina and ICSB organized an event in one of the biggest venues in Buenos Aires, in which, among others, the Minister of Production and the Secretary of MSMEs and Entrepreneurship spoke in front of an audience of more than 500 persons.

The following day, the 62<sup>nd</sup> ICSB World Conference took place and included discussions and events with academia and the private sector, and also with authorities of the Ministry of Finance.

All these discussions and exchanges of best practices regarding MSMEs will be more necessary than ever if we want to achieve sustainable development and create a better future for all. When we drafted the resolution on the establishment of June 27 as the Micro, Small and Medium-sized Enterprises Day, we were hoping that it could serve as a platform for improving these discussions and unleashing the potential of these enterprises. We are delighted to see that only a year after the adoption, this is happening in a big way, with events in many countries in different regions of the world.

# What Did Research Tell us about MSMEs?



*George T. Solomon, Journal of Small Business Management, Professor the George Washington University*

As Editor-in-Chief of the Journal of Small Business Management (JSBM), I am privileged to edit one of the oldest and largest circulated academic journals in the world dedicated to exploring the successes, failures and interesting breakthroughs in small business management and entrepreneurship sector. Currently, JSBM's Impact Factor is 2.876, and it's ISI Journal Citation Reports © Ranking: 2017: 48/194 (Management). The primary purpose of the Journal of Small Business Management (JSBM) is to publish scholarly research articles in the fields of small business management and entrepreneurship

As the official journal of the International Council for Small Business (ICSB), JSBM is recognized as a primary instrument for projecting and supporting the goals and objectives of ICSB, which include scholarly research and the free exchange of ideas. The journal, circulated in 60 countries around the world, is a leader in the field of small business and entrepreneurship research.

## Gender

My top ten list of trends in no order of importance of trends starts out with examining the growing diverse gender issues impacting both the employment and ownership of micro and small and medium enterprises. Women today are seeking more flexibility, opportunities and variety in deciding on their career options. According to the US Small Business Administration, women are starting businesses at twice the rate of their male counterparts and are starting these businesses in non-traditional areas' such as construction, trucking and manufacturing. They are making major strides using social networking to share resources and information.

A large contingent of women entrepreneurs is coming from the under 25 years of age group primarily college graduates looking for a more fulfilling professional experience. JSBM will

publish in 2019 a special issue devoted to “High Growth Women Entrepreneurs.” The four co-authors have been involved in the Global “Diana Project.”

## Technology and the rate of change

Recent cover pages for Time and Business week show thousands of drone’s flying in precision to form the cover page for Time, and in the case of BusinessWeek’s cover page, artificial intelligence (AI) painted a highly complex forest scene. Although small and medium enterprises may not need these resources and skills it is important to understand that the increased use and diversity of task may require small and medium enterprises to seriously think which types of jobs in my businesses will be lost to the more efficient alternative, probably AI. Especially in labor intensive and customer services jobs. These jobs historically are where small businesses have started and thrived. The people occupying these jobs may not be able to be trained in the new digital age.

Moreover, as the rate of change accelerates the marketplace, new demands for more innovation, uniqueness and functionality is demanded by consumers for them get excited and purchase. Take the case of Samsung and Apple. Each seems to be generating new smartphones annually, and consumers cannot wait to stand in line for hours to get the newest model. Now enter a small business whose unique selling point is excellent customer service and knowledge of the newest and coolest technology. They would have to constantly retrain staff to keep up the new products which in turn would require many SMEs to find less technological industry’s which is highly unlikely. Small and medium enterprises are leaner with less historical precedent to get in the way.

As the millennials, projected to be over 50% of the active, consuming marketplace become more and more comfortable sharing all their personal data on Facebook, LinkedIn, Twitter and other social media, changing jobs, careers and multiple consumer items such as driverless cars, micro ,small and medium enterprises will have to adjust or discontinue operations. Today, Alexa, the AI manages our home environment. Tomorrow Big Brother will manage us. JSBM and Technovation realized the importance of the technology interface with micro, small and medium enterprises and co-published special issues in JSBM and Technovation within months of each issue so as to stress the importance of collaborating and sharing information

## Global refugees

“The man who built the country’s best selling Greek yogurt brand, Chobani, has made a point of hiring refugees in his U.S. plants. In an interview with CBS’s “60 Minutes,” Chobani founder Hamdi Ulukaya discussed the practice, which drew him into election-year politics and debate over the U.S. refugee policy.”

Hamdi has two major plants in the US, one in upstate New York and another in Twin Falls, Idaho. Both are staffed in part by refugees resettled locally.

“The minute they get a job, that’s the minute they stop being a refugee,” Ulukaya told Steve Kroft. “They are the most loyal, hard-working people right now in our plant here [in New York]. We have 19 different nationalities, 16 different translators.”

“I think his care about his employees, whether they be refugees or they be folks that were born 10 miles from where they’re working — I believe his advocacy for that person is no different. And there’s nothing wrong with that,” Otter said.

Refugees described as a “burden” for the countries they settle in. The usual thinking is that the refugees are consuming too much on limited government coffers and weight on sluggish economies, but that countries ought to take them in for moral and legal reasons. Even those in favor of expanding help for refugees, like the former British foreign secretary David Miliband and the executive director of Human Rights Watch for the Middle East and North Africa, have referred to sharing the “burden” of refugees.

However, research that has looked at the effect of refugees around the world suggests that, in the longer run, this view is often wrong. From Denmark to Uganda to Cleveland, studies have found that welcoming refugees have a positive or at least a neutral effect on a host community's economy and wages.

#### Human capital, Youth Unemployment and the “Millennials”

As in the past, micro, small and medium enterprises (MSMEs) will be faced with the challenge of attracting and keeping highly qualified staff. As in the past, MSMEs will struggle to grow their business due to a lack of available and affordable human resources. Among the young, especially the millennials unemployment worldwide is reaching almost fifty percent (50%).

However, the good news is that MSMEs have a distinct advantage over their larger competitors in that they can offer flexible work schedules, remote access to work via the internet and flexible hours for those individuals with family responsibilities. In addition, start-up founders can offer equity in the business in exchange for a minimum three years commitment. This would enable both the business and the staff person to mutually benefit from the arrangement.

#### Family Businesses, Globalization and Ecosystems and Resources

The final three trends: Family Businesses, Globalization and Ecosystems and Resources are fundamental trends that have existed from the later part of the 20th century and into the beginnings of the 21st century. Families for the most part are involved worldwide in over 90 percent of all businesses. It is a global phenomenon affecting all MSMEs. Families tend to stick together through good and bad times. They are more willing to sacrifice so all can earn and survive.

However, the dilemma facing families is that they tend to draw their knowledge from the collective. Thus limiting new ideas, techniques' and strategies to sustain and grow the business. More importantly, individuals outside the family, who may possess valued information and skill sets are generally relegated to minor position without any influence on procedures and strategies. Finally, transferring knowledge and authority from one generation to the next is extremely difficult which tends to limited second and third generation businesses.

Globalization is everywhere and MSMEs will need to compete locally, regionally and globally. The advent of the internet of needs means that a small business in rural Alabama maybe supplying peanut butter to a small convenience store in Ireland. China will be the largest trading market globally and both within and outside of China. The rest of the global market will need to adjust and develop new methods of doing business digitally.

Ecosystems and resource availability are by no means the least important of the ten trends. The truth is that without a supportive network advising and assisting the MSMEs, the probability of success is diminished. Governments must abandon old ideologies that money is the cure for all problems affecting MSMEs. What is needed is a coordinated long-term program of knowledge acquisition and resource networks that MSMEs can use. In addition, establishment of networks targeted to provide linkages to and among valuable resources should be undertaken immediately. “Knowledge is the key to success.”

## Do MSMEs have souls?



*Louis Jacques Filion is an Honorary Professor at HEC MONTREAL, the Montreal Business School.*

*The soul is the expression of profound individual and collective values - Some enterprises, especially MSMEs (Micro-Small and Medium Enterprises), seem to have a “soul.” There is an inexplicable, underlying factor that makes them appear more vibrant. Perhaps the best way of understanding this vibrancy is to observe the people and identify the values that underpin this organizational culture.*

An enterprise reflects the personality of its creator. As the enterprise grows, that reflection is generally diluted. However, in most organizations, some elements remain in the form of values that are deeply rooted in the company’s culture. In most cases, the soul of an enterprise will take root more easily and survive over time if the owner-manager has a more humanist outlook.

Some entrepreneurs, perhaps after creating their enterprise’s first product, continue to be highly focused on creativity. Their associates adopt the same outlook, generating what might be called a **creative soul**. In these companies, a new product is always under development, and the people who work there never stop talking about it. The owner-manager’s most fundamental value is that of creation and it continues to be reflected in the enterprise culture.

Other entrepreneurs focus on sales, and their enterprises will develop a **persuasive soul**. Everyone in the enterprise knows why clients should buy their products. There are also entrepreneurs who focus on social responsibility, and their firms will have a **generous soul**. Others want to initiate a revolution in their particular sector, through an enterprise that has a **revolutionary soul**. There are also enterprises with a **green soul**, where the entrepreneur pays particular attention to ecological values and sustainable use of natural resources. These entrepreneurs often pay particular attention to their employees’ personal fulfillment. In

social entrepreneurship and in foundations, where people are dedicated to a social cause, enterprises may have **humanitarian souls**.

*MSMEs and proximity management* - Whenever I visit or study a MSME, I can almost always identify its underlying dynamism. There is a groundswell of involvement and commitment among its people that is not usually found in larger organizations, and that appears to be conveyed by diffusion from the creator to his or her collaborators. There are many factors that explain this process. The team is built by the leader on the basis of a healthy psychological contract with team members to ensure that they will help to achieve his or her goals. The creator chooses people who share (or will share) his or her values. In concert, the people who apply to work with the creator do so because they recognize those values and goals as being meaningful to them.

In most MSMEs, team cohesion is based primarily on shared values. If we take the example of an MSME with a humanitarian soul, the team's members are not there just for the money; they want to provide a humanitarian service or defend a cause. The creator needs them not only for their expertise, but also for their values, to form a core of people who will work towards a common goal. The leader's proximity to the team members makes a difference. Proximity is also achieved through direct contacts between the leader and other elements of the ecosystem, such as suppliers, customers, partner firms, community members, different stakeholders and philanthropists.

The soul of an MSME differs from an absolute religious culture in that enterprises with souls usually have relationship systems within which individuals enjoy a great deal of flexibility. The strong social cohesion often observed in these companies is more akin to the type of society that exists in semi-rural communities or towns with fewer than 100,000 inhabitants, or in specific sectors, such as the arts or technology. Communities and sectors such as these provide fertile ground for the sharing of values that form the basis of group life. They help solidify interpersonal relationships. People tend to be more tolerant of other members' behavioral deviations because a deep relationship based on shared values has been forged. The cohesion within these communities is strong and conducive to the development of a well-integrated "soul."

*Soul and heart: Connected sides of the same process* - Entrepreneurship research has focused mainly on economic rationality. An entrepreneur's success is seen as depending on the ability to create an innovative opportunity and a coherent vision through a process that combines analytical skill with imaginative intelligence. Both the opportunity and the vision guide the construction of a social system that will eventually become an enterprise.

However, if we look carefully at the dynamics of MSMEs, the level to which the people concerned have assimilated the values underpinning the enterprise's soul appears to provide the motivation they need to express those values. If people really believe in their values and are convinced that they are doing something to improve the human condition, their belief will generate the energy they need to move forward. This is what is meant by "heart": the commitment, courage, determination, and energy that people poured into defending the values that make up the enterprise's soul.

The example set by the entrepreneur, as well as his or her proximity and communication skills, are the aspects that best explain why some MSMEs have more vibrant souls than others. Working in these MSMEs is very different from working in a big organization where people are motivated primarily by money. People who share the soul of an MSME become something more than themselves. This generates synergies that do not exist in organizations without a soul. In these MSMEs, it is not only the mind and body that are put to work; the heart and soul are also involved. This leads to greater self-fulfillment.

## Entrepreneurship Education in a RUDE environment



*Associate Prof HOOI Den Huan, Division of Marketing and International Business Nanyang Business School, Singapore*

Today's environment is **RUDE** (Rapidly changing; Uncertain; Dynamic and Engaging), because of ever-changing demographic, economic, technological, political/legal, and social/cultural factors. The changes are not only rapid, but at times, can be ruthless; they are not only uncertain but at times, unpredictable. They are not only dynamic but at times, disruptive, and are not only omni-engaging but also enabling. In such a **RUDE** environment, critical questions prevail, such as "how do you educate entrepreneurs from around the world?" and "how do you ensure what is taught is still of value and relevance for today and tomorrow?"

To continue to stay relevant, especially in such turbulent environments, holistic entrepreneurship education is needed to both develop the mindsets and skillsets of recipients, and to capture their hearts to further enhance their entrepreneurial spirit. Effective entrepreneurship education in my view is multi-dimensional and covers many areas as outlined below:

*Multi-disciplinary approach to the curriculum, staff, and students* - Diversity, when properly embraced, enriches creativity and innovation – the very elements that are so important for people to cope with a world that is witnessing rapid transformations in the Industrial 4.0 age. Diversity can be achieved in many ways, including a multi-disciplinary and multi-cultural approach to the curriculum, faculty, staff, and students from a wide spectrum of different disciplines and cultures.

The diversity and freedom from a single-disciplinary bias brings a richer flow and cross-fertilization of ideas, even though more efforts need to be infused to manage the conflicts and frictions arising from differing backgrounds and viewpoints.

Take for example a *technopreneurship* education program such as the Masters of Science in Technopreneurship and Innovation offered by the Nanyang Technological University in Singapore. A multi-disciplinary approach would mean teachers, staff, and students coming from different cultural and disciplinary backgrounds, with a diverse range of backgrounds including science, technology, engineering and mathematics, arts and humanities, architecture, design, business, and economics among others.

To facilitate such a strategic approach, there would be a stronger argument that the structure for an entrepreneurship education center is such that it should be at least a department by itself within a university rather than be a subset of another department, be it an engineering, science, humanities, or business school. Ideally, it should be an autonomous institution with its own mission, vision, goals, resources, and governance.

*Learning inside-the-classroom* - The curriculum necessarily needs to reflect on the type of entrepreneurship education that each institution wishes to focus on. It would be a mistake to believe that there is only one type of entrepreneurship education. Entrepreneurship education has its own segments, be it sports entrepreneurship, arts entrepreneurship, tourism entrepreneurship, or the like. For example, should the focus be on technopreneurship, the research and curriculum may be modeled after the technology venture creation cycle with emphasis not only core business theory and applications, but also on creativity, technology, and innovation as is the case with the above-mentioned Masters in Technopreneurship and Innovation programs. Inspirers (rather than lecturers) could be an appropriate mix of academics, professionals, public-sector officers, NGO volunteers, venture capitalists and start-ups, and established business owners. By themselves and collectively, they could provide a rich pool of expertise in both broad and specialist areas such as creativity.

*Learning outside the classroom* - Outside-the-classroom activities and interactions are very likely to be as important as, if not more than, inside-the-classroom activities. These may include activities such as participating in talks, seminars, conferences, workshops, business challenges, business incubation activities, immersion programs, scholarships, internships, community services, etc. It may also include activities that some academics may deem unconventional or frowned upon, such as Karaoke, dancing, golf, music, and arts classes and adventure camps. These are some of the very activities that real-life entrepreneurs may engage in. Engaging in such activities together would provide excellent networking skills and relationship building opportunities.

*Pedagogical methods* - The pedagogy should be relevant to the learning objectives and outcomes. A wide variety of methods should be employed, such as case-studies, computer simulations, seminars, role-plays, design-thinking, switching teacher-student roles, rocket-pitches, and overnight or short-period topic-specific compact courses.

*Facilities* - As the name suggests, facilities are intended to facilitate the learning experiences of the student. Some degree of investment would be necessary to provide the environment and equipment that is conducive to learning. Facilities may include walls covered with writeable and easy-to-erase paint, flip charts, white/blackboards, computers, projectors, screens, audio and video recording capabilities, relaxation rooms, design-thinking fixtures and fittings, free-flow innovation labs, mobile and online networking labs, seminar rooms, auditoriums, multi-media rooms with see-through and one-way mirrors, discussion rooms with structural flexibility, etc.

*Strategic Alliances (global and local network and support)* - Entrepreneurship education is such a fast-moving area that no one single institution can attempt to do it all alone. Hence whether this includes faculty exchanges and recruitments, joint courses, sharing of curriculum, or accommodating each other's staff and students' visits including immersion programs, for any institution to be world-class, it has to identify the right strategic alliance partner(s) to work with. Such partners should not be confined solely to educational institutions but the whole gamut of players in this area.

*Aims of an effective entrepreneurship education* - Effective entrepreneurship education includes enabling participants to develop the following:

Know-what: Business and innovation knowledge

Know-where: An enterprising mindset to know where to search for opportunities and resources

Know-how: Suitable entrepreneurship skill sets

Know-who: Entrepreneurship network

Know-I: Self-knowledge of one's purpose in life; strengths and weaknesses

Given that the landscape is ever-changing and where change is the only constant in this world, developing an effective entrepreneurship education may mean departing from conventional educational approaches. It will do well for entrepreneurship educational institutions to provide not just the tools but also the right learning environment and culture.

Students should also be encouraged to adopt the four Ps of entrepreneurship to think beyond just making profits and material success. They need to develop not just the skills and the mindset but also the heart and spirit of meaningful entrepreneurship. Hence, entrepreneurship educational institutions should also embrace the following four Ps and consider how best to help their students define and develop them:

- *Purpose* - do not just be different or do things differently; do things that can ultimately make a meaningful difference to humankind, whether it is job creation or solving a social problem.
- *Passion* - do what one likes to do; try to like what one has to do
- *Perseverance* - when the going gets tough, the tough get going
- *Principles* - without integrity, all else falls apart, and without a sense of social responsibility and contributing back to society, the fruits of success may not be all that meaningful.

# The Future of Work and Economic Growth



*Dr. Winslow Sargeant, ICSB Senior Vice President*

The advent of technology in the workplace or in society in general is not new. The 1<sup>st</sup> industrial revolution transformed an economy based on agriculture to one that was based on machines and mechanization. The 2<sup>nd</sup> industrial revolution extended the 1<sup>st</sup> industrial revolution's influence on society by reshaping the workplace with the oil-powered internal combustion engines and electrical communication. The effective distance between cities and communities were shortened which allowed pioneers to explore new regions for development. The use of digital technology in the 3<sup>rd</sup> industrial revolution provided advanced computation and insights using information and communication technology.

The 4<sup>th</sup> industrial revolution represents new ways that technology will interact with the human body and how convergence will take place across biological and the physical worlds. What is not known is how the work relationship of employee and employer will be affected. The future of what is called work of employment is undergoing a paradigm shift. The use of artificial intelligence (AI) has the potential to eliminate a significant portion of the jobs that are currently done by people. Some have estimated that by 2030, as many as 30% of the jobs currently available in 2018 will be eliminated. If these predictions are only half correct, every nation will face a crisis of not enough jobs for their population. The result would be a job market that may increase inequality in society because there would be strong demands for the highly skilled and educated but low demand for those lacking such skills.

Creative destruction has been the driving force behind innovation and entrepreneurship in the American economy. Entrepreneurs and small business owners recognized that the consumers ultimately determine who are the winners (and losers) in the marketplace. By appealing to the need for better offerings in the marketplace, whole new industries have been created and have generally given rise to an increase in the nation's gross domestic product (GDP). This has been the creation part. The loss of established businesses, who may have been around for more than a century, were the casualties of this process.

With this in mind, on May 10, 2018 at the United Nations, the International Council for Small Business (ICSB) convened a gathering of government officials, academics, entrepreneurs, small business leaders, and advocates to participate in working session titled “Creating Entrepreneurship Ecosystems to Support SMEs and UN Sustainable Development Goals.” This session was built to support the April 6, 2017 resolution passed by the United Nations General Assembly that recognized the crucial role MSMEs play in achieving the 2030 Agenda for Sustainable Development. This resolution was co-sponsored by 54 member states, representing over 5 billion people.

What does this mean for micro-, small, and medium-sized enterprises (MSMEs) if current industries go away? What will society look like when billions of people are connected by mobile devices and have unprecedented access to computers and processing power? MSMEs are expected to take up the slack that will develop from dislocations of employees due to AI. Small business, as a whole, are generally more adept at dealing with change. The need to create 40 million jobs per year worldwide to keep pace with population growth could be a bit much for MSMEs to take on. Looking at this problem through another lens, small business and entrepreneurs, because of the growth of technology globally, will be able to tap into markets that previously were only reserved for large enterprises. The ability to sell goods and services across regions, however, must still conform to international trade policies.

Technology and innovation remains central to how economies grow across all industries. Full scale adoption of AI will allow industries to connect with their customers and suppliers, provide action intelligence to be responsive to consumer needs, and customized automation and manufacturing to tailor products and services for individual tastes.

The important role that regulatory policy plays in creating a functioning entrepreneurial ecosystem is discussed at many levels and by various organizations. These stakeholders understand the urgency that employment will play in the economy and society as whole. What is not clear is a united set of guiding principles that will be used to set a roadmap for a successful outcome. There are differences in group participation by region where the role of technology-entrepreneurs, women, youth, and encore (aged 55+ and older) are expected to contribute more in coming years. Any policy that is focused on inclusion and diversity of the entrepreneurial experience must take into consideration the uniqueness of each segment of this group. Basically, the drive for self-empowerment and contribution to the whole society at large by people who could be marginalized by the coming AI creative-destruction must be acknowledged and planned for. Overlooking these constraints will inhibit growth and result in fits-and-starts of new ventures and small businesses who will not reach the potential for effective contribution in the economy.

In summary, the future of work will be shaped by many inputs and a one-sized solution is not possible globally. The advent of technology will allow the creative-class, which is not localized to any race, class, gender, religion, or region, to reshape the way people have engaged in work and employment. The focus of solving some of society’s most intractable challenges and problems have brought the entrepreneur and small business owners (MSMEs) within the goals established by the UN’s 2030 agenda for sustainability. Sustainability in employment will be crucial in creating an inclusive and diverse workforce that reduces inequality. Government, business, and society leaders must also discuss how education systems must be reshaped to train the next generation of workers and entrepreneurs to harness the disruptive change forthcoming as automation and artificial intelligence grow in daily use.

# Role in supporting entrepreneurs and MSMEs



*Laura Heisler, Director of Programming, Wisconsin Alumni Research Foundation (WARF)*

The mission of the Wisconsin Alumni Research Foundation (WARF) is focused on the University of Wisconsin-Madison (UW-Madison) and its connection to the state of Wisconsin, and we are the oldest university technology transfer organization in the US. WARF has more than 90 years of experience at UW-Madison as a partner advancing and commercializing research to benefit humankind both through licensing technologies to existing companies and, more and more over the past 20 years, through helping foster new company formation.

WARF can be thought of as occupying the space between the worlds of academia and business. The university we serve, UW-Madison, is one of the largest research universities in the world with more than \$1B in annual research expenditures with more than 2,500 research faculty in more than 100 disciplines.

We were established to help take UW-Madison inventions from the lab to the marketplace with the ultimate goal of benefiting people and planet. Every year we receive hundreds of inventions from the campus. We patent the inventions, license them to existing companies or help create new MSMEs, and then return the revenue from licensing to our investment portfolio and to the inventors. We then grant tens of millions of dollars from these investments back to the university to support further scientific research, thus creating a virtuous cycle. Because we have been successful in these efforts for nearly a century, we have built and currently manage an investment portfolio of \$2.6B and return between \$60-100M to the university each year to support research.

Millions of lives are improved by inventions arising from university research and licensed by WARF: Including inventions in several areas important in the achieving the UN SDGs including improved crops and livestock, pharmaceuticals, medical devices, diagnostics to improve human health, faster and better computers and clean and renewable energy.

As we look ahead to the next 90 years, we are renewing our focus on expanding the culture of entrepreneurship on the campus and in the community. We recognize that for many technologies, MSMEs are the best solution for realizing their impact. WARF is viewed as a key player in the local and regional economy to support faculty and student entrepreneurs.

Indeed, UW-Madison is credited with having launched more than 135 companies, and the Madison region is one of the nation's leading entrepreneurial centers.

WARF's support of entrepreneurs can be viewed in three categories contributing to our overall goal:

- Educational initiatives
- Programs that accelerate technology development or company formation
- Funding in the form of capital to new companies

In each of these dimensions, we connect potential entrepreneurs to key resources, experts and community.

In the area of education:

We foster access to experts for the university community and the broader community as well.

We provide workshops and seminars on specific topics to students and researchers as well as to community members interested in starting a new business and, perhaps most important, give university researchers and business people a way to interact with one another. Over the past 7 years, we have welcomed more than 14,000 participants to these programs with equal participation from the campus and business communities.

We have also created programs to target women and underserved populations including an entrepreneurship program for women and minorities called Upstart that has provided hands-on entrepreneurial education and mentoring to more than 200 people and counting, and two-thirds of these participants have launched a company within a year of completing the program.

We also partner with the university and industry sponsors to introduce the community to the scientific research taking place on campus through a number of free science programs that welcome more than 60,000 people each year, especially youth from underserved communities, including many rural communities, across the entire state to engage in exploring the university's scientific research. Many of these people go on to attend the university and pursue STEM careers. These wide ranging educational efforts contribute to fostering the innovation infrastructure and sustainable communities contemplated in the UNSDGs.

In the category of acceleration:

WARF has begun to make direct investments in de-risking technologies by working with industry experts to identify key barriers to commercialization. We then help fund research and development to overcome these barriers and make the technologies more ready to move to the marketplace in areas relevant to the UNSDGs, including improved food production, clean energy, medical technology and information technology.

Of particular relevance to our support of MSMEs working to address the UNSDG is an effort that we launched in 2015. The Force for Positive Change competition and event recognizes both nonprofit and for profit entities that emphasize social impact along with financial sustainability, i.e. double and triple bottom line ventures in areas targeted by the UNSDGs—clean energy and water, environmental stewardship, education and workforce development, access to housing and sustainable urban development. In just two years, the program has convened more than 300 for profit and nonprofit entities from across Wisconsin. Participation in this program has led to new investments and new clients for a number of these social enterprises and to a new sense of shared objectives and opportunities.

In the category of funding:

WARF works to ensure that promising faculty and their startups have a seamless way to identify funding for their new ventures. Since the late 1990s WARF has made direct investments in MSMEs coming from the university in a wide range of fields including:

- Biotechnology: medical, agricultural
- Medical devices
- Telecommunications
- Small molecule pharmaceutical
- Software

All of these initiatives share a reliance on connecting innovators with experts, mentors and resources that can help them succeed. In addition, a key element in WARF's longevity is our recognition that, while we stay true to our core mission to support UW-Madison research by bringing the benefits of that research to the marketplace, we ourselves must continually reexamine and innovate in order to be impactful and look forward to engaging with the community participating in this event to help us do so.

## Middle East and North Africa: A NEW ENTREPRENEURSHIP DAWN



*Amr Aboelazm, Chairman, Tamweely Micro Finance, ICSB Vice President, Egypt*

The Middle East and North Africa (MENA), is one of the most problematic regions in the world. Eight of the nineteen MENA states are among the fifty most unstable countries globally. Four of them--Syria, Libya, Iraq, and Yemen--are "failed states". Demographics signify a phenomenon where the working-age group is growing faster than jobs. The MENA region has the second-highest unemployment rate across the planet (after Sub-Saharan Africa), and between now and 2035 almost six million additional individuals will be entering the labor market annually. At the same time, more children are attending school and educational standards have improved, and an entrepreneurship curriculum is available.

Educational standards may have risen, but the quality of education is not in conformity with the requirements of the twenty-first century. Vocational training is virtually nonexistent in all MENA countries. Although the proportion of graduates is increasing, there are too few skilled laborers with business-related qualifications, as most students choose courses which would enable them to become civil servants.

There is very little innovative private entrepreneurship in MENA countries in comparison with other economies. The region needs the successful small and medium-sized enterprises (SMEs) that drive growth and jobs in economies throughout the world. Instead, the majority are VSE and micro-enterprises with few employees and low productivity, offering simple goods and services. The rate of start-ups in MENA countries is lower than in any other region except Sub-Saharan Africa.

Women are frequently well-qualified though they remain challenged in the labor market. Less than one in three women between 25 and 34 is employed or looking for work. Egypt is the only country in the region where the rate of women and men in the workforce is increasing. What is more, very few women are entrepreneurs,

which means an enormous loss of potential for the region: according to estimates, the MENA gross domestic product in 2030 would be approximately three billion dollars over the predicted level if the current gender inequalities were eradicated.

The differences between the nineteen MENA states are in some cases considerable. The spectrum ranges from an extremely high standard of living in Saudi Arabia or the United Arab Emirates to widespread poverty in Yemen, with a medium standard in Egypt and Lebanon and from politically stable to unstable.

Among the more stable MENA countries are Bahrain, Egypt, Kuwait, Morocco, Saudi Arabia, and the United Arab Emirates. With a combined total of 158 million inhabitants, they comprise 40 percent of the MENA population. Around 260 million people live in these countries, and by 2030 this is expected to grow to 360 million.

The MENA region is witnessing a rapid social, political, and economic transformation. Signs of economic recovery post-2011 are prominently starting to show in many parts of the region, with a rapid growth in GDP of up to 13% in some countries. More importantly, we are now witnessing an unprecedented youth revolution in innovation and entrepreneurship. Unlike previous revolutions that took place, this revolution is taking place in universities, venture labs, and entrepreneurial hubs. This revolution has the support of governments, private sector investors, and the public sector. Perhaps the one commonality it shares with previous revolutions lies within its potential to generate a large positive socio-economic impact. But, instead of calling for the governments to change, entrepreneurs are advocating change by risk, venture spirit, and developing innovative solutions to some of the hardest problems society is facing. Here is where they are cooperating with governments to realize the MDGs.

The governments in MENA have also started to support MSMEs, and have taken steps in promoting entrepreneurship as a career option for students and the younger generations. With the combined efforts of the public and private sectors, major positive leaps towards the improvement of regulations on setting up businesses and bankruptcy laws have been made, such as the investment law in Egypt; making it easier than ever before for individuals to set up a company. Not only that, but legislative bodies are also slowly but surely adapting to be more accommodating of new technologies and business models, specifically in the areas of Fintech, Blockchain, and Venture Capital, such as the Egyptian startup financial legal support system and tax incentive structure for startups and informal turning into formal.

Some governments in conjunction with the private sector have even launched their own support initiatives. Area 2071 in the Emirates is a space availed to new initiatives with the objective of bringing some of the best minds in alignment to create a disruptive movement with the aim of serving the bottom billion. In KSA, the Public Investment Fund announced later in the year the launch of USD\$1B in funds being invested Venture Capital and private equity funds that target SMEs.

The Bahrain Economic Development Board also allocated a USD \$100M 'fund of funds' to support investing in local startups, as well as, the launch of Bahrain Fintech Bay. In Egypt, the Ministry of Investment launched a massive incubator called 'Fekretk Sherketak' that will incubate over 100 startups across the country providing financial, technical, and legal support. In addition to the MSME, authorities in Egypt are making available risk capital funds for start-ups. Egypt also is amending its MSMEs and the new proposed law in Egypt that will help startups and entrepreneurship through protective measures and collaborative actions amongst different government and public entities to help entrepreneurship and MSMEs. Acquisition of successful investments and startups has flourished in MENA, including Amazon's acquisition of Souq.com and Careem, becoming the region's first unicorn after closing its largest Series E round of USD \$500 million. Other large funding rounds including Fetchr's USD \$4M Series B and Paytabs \$20M investment round to support its global expansion are an indication of the region's potential to produce billion-dollar companies. Startups are not just increasing in value, but are growing. Last year Egypt Fawry invested in the Egyptian Based logistics startup Bosta, and Careem invested in the public transport app SWVL, and more recently acquired the online restaurant listing platform RoundMenue.

Nevertheless, one of the greatest barriers to the growth of startups is still in the bureaucracy and the complex procedures companies go through in multiple public buildings and places around the region. Most countries in MENA rank very low on the World Bank's Ease of Doing Business rankings, except for the UAE, which ranks 21st globally. Though Morocco and Egypt have improved their ranking, still, a lot remains.

On the human entrepreneurship path, countries like Syria, Libya, and Yemen remain war-torn and the refugee crisis is affecting resources of host countries. However, this crisis has a silver lining with many of the entrepreneurially-spirited population of the MENA. This has resulted in many innovative solutions to help refugees settle and integrate locally, and many have started their own businesses, especially in Lebanon, Egypt, and Jordan. Innovative initiatives such as MIT's Innovate for Refugees competition and the Refugees Code Week contributed to job creation and income generation, tackling the areas with the highest trouble through employing technology and support for entrepreneurship.

The MENA region's entrepreneurial ecosystem, which has been developing significantly over the years, is set to rapidly flourish. With key investments from major international players, the region is positioned to diversify product offerings and catapult entrepreneurship. Development of a sustainable start-up ecosystem can create a system which is conducive to entrepreneurs and investors. Egypt is a leading example according to the Global Entrepreneurship Monitor Report 2017; 73% of the population of Egypt find entrepreneurship a key career choice. Technology has a major role in MENA, especially in Egypt and the UAE, to further enhance the landscape for new start-up product developments and networking with global investors

# Halcyon Incubator and the Social Enterprise Ecosystem – A Global Best Practice with Heart



*Ryan Ross, Chief Innovation Office, Halcyon House*

The purpose of this paper is to help all stakeholders understand the activities surrounding social entrepreneurs and the current social enterprise ecosystem. To do this, the first part of this paper introduces our program, the Halcyon Incubator, as a case study. Followed by this, it glances at the status of social enterprise ecosystems in the United States and how these ecosystems fuel MSMEs.

Halcyon Incubator, the flagship program of Halcyon, equips early-stage social entrepreneurs with the support that they need to transform audacious ideas into scalable and sustainable ventures to solve 21st-century challenges throughout the nation and the world.

Halcyon's well-honed methodology fosters creativity through an environment of freedom, access, collaboration and support. It gives prospective impact leaders the physical and mental space to freely take risks and exercise their ingenuity. Fellows accepted into the program receive free residency for five months at the historic Halcyon House in Washington D.C., workspace, mentorship and leadership coaching, robust support from business, legal, and technology consultants, and a living stipend to develop their social entrepreneurial vision into reality.

Fellows live and work at the Halcyon Incubator with unfettered access to expert guidance. They also participate in core programming that includes pitch sessions, a skill development series and other events, ultimately taking part in a "Showcase" in front of partners and investors. After the 5-month residency program, Fellows continue to work at the Halcyon Incubator for 13 months, with free access to all resources to further build their networks, secure funding, and grow their venture. By removing barriers and supplying resources, Halcyon empowers visionaries regardless of their means or circumstances. In this way, it disrupts the status quo of who has access to entrepreneurship opportunities.

The Halcyon Incubator launched in September 2014 and has supported 69 ventures to date. These social entrepreneurs are building solutions to a wide range of challenges such as poverty, education, gender equality, health, energy, environment and climate action. The ventures have collectively raised \$37 million, created 460 jobs, and impacted the lives of almost half a million people around the world. The fellows are also quite diverse, with 54% of our ventures having a female founder and 59% of the ventures having a founder of color.

The Halcyon Incubator believes that we need to invest more of our time and resources as a society to fuel social entrepreneurs, as they are the people building MSMEs targeting some of the greatest challenges we face across the world. To put it bluntly: we have enough dating apps; we need our talented founders to solve for critical SDGs.

In addition to our work as practitioners, we also have developed the first framework for social enterprise ecosystems in the United States and have accordingly ranked the top U.S. ecosystems for social enterprise. The report, "A Deeper Dive: Social Enterprise Ecosystems in the US" aims to deepen and expand our analysis of social enterprise ecosystems across the country based on public data and survey responses from 416 individuals who are personally or professionally active in a social enterprise ecosystem. Social entrepreneurs identified four key pillars of an ecosystem: Funding, Human Capital, Quality of Life, and Regulation and Receptivity.

#### The Four Pillars of a Social Enterprise Ecosystem

- **Funding** - The fuel of the ecosystem: sources of capital including seed funding, grants and philanthropic and venture capital (representing both public and private sources).
- **Human Capital** - The engine of the ecosystem: finding great people – as team members, mentors, employees, and advisors.
- **Quality of Life** - The fabric of the ecosystem: everything from diversity, cost of living, and transportation that determines an entrepreneur's experience living in a region.
- **Regulation and Receptivity** - The operational environment of the ecosystem: regulations, market receptivity and even perception and attitudes towards a social enterprise can create an environment that either nurtures or stifles social enterprise.

Our research and our day-to-day practitioner knowledge in running the Halcyon Incubator has given us an in-depth look into how MSMEs develop and grow. Below we highlight a few of our key takeaways from this work:

1. The 'why' matters. People creating MSMEs are certainly driven by an entrepreneurial spirit, but increasingly people are aligning their values with their business. Social entrepreneurs, on the forefront of this new shift, blend the impact seamlessly into the fabric of their venture.
2. Founders are much more diverse than we think. In our operational experience, founders come from all walks of life. Gender and racial diversity have been an important focus, but we also see incredible diversity in professional background, age, and socioeconomic background as well.
3. The public sector has significant untapped potential. In Washington D.C. we see firsthand the alignment between the goals of social entrepreneurs and the public sector. However, we are just at the beginning stages of figuring out how to properly align the innovative potential of these MSMEs and the impact goals of public actors. Creating more pathways for public sector engagement to get to the level of MSMEs, particularly through intermediary organizations that support MSMEs, will be critical to unleashing innovation, economic opportunity, and social impact.

Halcyon enjoys serving as launching pad for talented social entrepreneurs, and we hope that our experience and research helps to launch innovative platforms for impact MSMEs across the world. Through a holistic approach from all stakeholders to support the impact ecosystem, we can achieve a beautiful symbiosis between profit and impact for a better world.

Small business owners must also develop an entrepreneurial and innovative mindset, which is impeded by traditions that outnumber new paradigms, with deeply embedded social values dictating business behaviors and strategy.

Frustration abounds when people can't get what they want. But frustration turns desperate when they can't get what they need

\*To learn more about Halcyon and our work, please visit [halcyonincubator.org](http://halcyonincubator.org)

# The Notion that Simply Encouraging More People to Start Businesses Isn't Necessarily the Most Effective Use of Resources



*Donna Kelley, Professor of Entrepreneurship at Babson College, and Frederic C. Hamilton Chair of Free Enterprise*

Governments, NGOs, businesses, and other stakeholders have, for some time, sought to encourage entrepreneurship in their communities or in other regions of the world where this activity is viewed as a solution to economic and societal challenges. As understanding about this activity has increased, so has the notion that simply encouraging more people to start businesses isn't necessarily the most effective use of resources. Initiatives instead focus on particular types of entrepreneurship or entrepreneurs: for example, growth-oriented entrepreneurs, women, youth, or technology ventures.

However, these initiatives often overlook the particular needs of their focal region. Some well-meaning interventions may not realize their objectives because they are constrained by unanticipated bottlenecks or they sideline some of the people they intend to help. Entrepreneurship can vary considerably around the world on a number of dimensions. Any program, policy, or initiative, therefore, needs to examine and address the unique profile of the targeted nation or region.

Differences in participation across entrepreneurship phases can be examined in Global Entrepreneurship Monitor (GEM) data. In France, for example, over 17% of adults expressed interest in starting a business in the next three years, but less than 4% are taking steps to do so. This is still the case when time lags are taken into consideration. A similar pattern can be seen in Iran, which is in the middle stages of economic development. There may be different causes for this, such as bureaucratic procedures, lack of a business support framework, cultural constraints, or high competitive barriers to entry. A solution that works in one country may not apply in another or may need to be applied differently.

In Peru, a slightly different issue arises around phases of the entrepreneurship process—25% of the adult population is starting a business, but less than 7% are running mature ones. This is a typical pattern across Latin America where most countries fall into the middle stages of

economic development. Among eleven countries in this region, there are an average of four established business owners for every ten people in the startup phase. This is a longstanding issue for this region; many people are starting up, but few have sustained their businesses into maturity. Necessity is a possible explanation; over one-fourth of entrepreneurs start up because they lack better job alternatives. It could also be due to the industry sector--over half of the entrepreneurs are starting low barrier-to-entry wholesale/retail businesses. Basically, though, people may not have the intentions or range of skills to sustain their ventures, or the environment may eventually erode their ability to keep their businesses going.

While France and Peru show potential issues across phases of entrepreneurship, Germany exhibits something different--a tradeoff between forms of entrepreneurship. In this country, more people are starting businesses for their employers than starting a new venture on their own. Other countries, such as the UK, Sweden, and Taiwan, show moderate rates of entrepreneurship with high levels of employee entrepreneurship. Conditions in these countries appear to encourage entrepreneurial activity among employees, while startup entrepreneurship is somewhat less attractive. Finding a job may be the most appealing choice in certain economies, even for the most entrepreneurial types. In contrast, countries like Australia, the United States, Estonia, and Canada show high levels of both startup and employee entrepreneurship, suggesting both types of entrepreneurs are prevalent and supported.

In some parts of the world, entrepreneurship favors specific demographics, overlooking the advantages of broader participation. There are only a few economies where women start businesses at a rate equal to men (for example, Brazil, Indonesia, and Ecuador). In contrast, women start businesses at less than half the rate of men in Egypt, France, Slovenia, UK, Morocco, and Italy. There are various reasons for this, such as the attractiveness of employment opportunities for women, cultural expectations, or other factors or conditions that enable or constrain the entrepreneurial ambitions of women.

In most economies, entrepreneurship is highest among those in early to mid-career, around 25-44 years of age. Conversely, the highest rates of entrepreneurship in Korea, UAE, and Qatar, occur among those 45 years of age and older. Some economies look to entrepreneurship to resolve high youth unemployment. There are also longer-term advantages: promoting entrepreneurship among young people allows them to build their abilities, which can benefit them as they recognize and capture opportunities throughout their careers. Younger people may pursue different types of opportunities than older demographics. The young are less bound by expectations of high salaries that can come with experience and are less likely to be constrained by obligations such as mortgages or kids in college, things that steer older people toward more predictable employment. Yet older entrepreneurs may leverage their experience, resources, and networks; entrepreneurship may represent an opportunity for them to pursue their dreams or to simply generate their own income.

Much of the intervention directed toward entrepreneurs target those with high impact potential, such as those with job creation potential and innovations. Given the range of conditions needed to foster such entrepreneurs, though, it's likely to require a dedicated, comprehensive effort to inspire and support this form of entrepreneurship in countries like Brazil and Indonesia, where less than 5% of entrepreneurs project hiring more than 5 people in the next five years, and less than 15% state that their products or services are innovative. Compare this to Taiwan and Qatar, where over 40% of entrepreneurs have the aforementioned job creation potential, and to Chile and Lebanon, where over half the entrepreneurs say they are introducing innovations.

This sampling of indicators demonstrates the extent and breadth in which entrepreneurship can differ around the world. The key effort we must undertake in each economy is to understand its unique entrepreneurial profile, determine where there are gaps, identify causes of success or failure, take action, learn, and adjust as we monitor progress.





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# PARTNER REPORT

*Small and Medium Enterprises (SMEs) play a vital role in ensuring sustainable and inclusive economic growth.*



## United Nations Conference on Trade and Development (UNCTAD)

Chantal-Line Carpentier, Chief New York Office of UNCTAD

*Policy Advocacy* - Small and Medium Enterprises (SMEs) play a vital role in ensuring sustainable and inclusive economic growth. In developing countries, they provide 60-70% of formal employment. In sub-Saharan Africa alone, the share of SMEs accounts for 80%. UNCTAD has continuously supported developing countries, including the Dominican Republic, Gambia, Tanzania, Ecuador, and Ethiopia in designing and implementing holistic entrepreneurship policies that encourage the foundation of new firms and the scaling up of existing businesses, linked to national economic development strategies. UNCTAD's assistance in policy formulation advocates a comprehensive, coherent, and coordinated

approach, based on its Entrepreneurship Policy Framework (EPF), to identify, formulate, and implement policy measures that are designed to promote entrepreneurship and SMEs. With the EPF, UNCTAD helps countries design initiatives and support institutions to promote entrepreneurship across six interrelated priority areas: formulating national entrepreneurship strategy, optimizing the regulatory environment, enhancing entrepreneurship education and skills development, facilitating technology exchanges and innovation; improving access to finance; and promoting awareness and networking. It also raises awareness of the need to engage representatives of the private and public sectors, academia, and civil society.

According to the World Bank (2018), around 600 million new jobs will be needed over the next 15 years. Most of the demand will be coming from youth in developing countries. In this context, youth entrepreneurship is widely regarded as an effective means to keep employment rates at their current level. Furthermore, entrepreneurship is often the only entry point for youth into the labor market and the only way out of poverty in many developing countries. Currently, among people between 18 and 24 years old, around 10% of those in Asia, 15% in Africa, and 17% in Latin America and the Caribbean are already engaged in entrepreneurship activities. UNCTAD is actively promoting youth entrepreneurship policies in collaboration with the Commonwealth. In this framework, two guides have been jointly developed, entitled “Policy Guide on Youth Entrepreneurship,” and “Policy Guidelines for the Blue and Green Economy” (forthcoming). UNCTAD and the Commonwealth regularly organize joint regional policy advocacy seminars to promote youth entrepreneurship among policymakers.

While SMEs and entrepreneurship play a major role in economic growth, their development has been significantly constrained by inadequate financing. The situation is especially acute in emerging markets, where according to the World Bank, 70% of SMEs lack access to credit. While the gap varies considerably from region to region, it’s particularly wide in Africa and Asia. The current credit gap for formal SMEs is estimated to be US \$1.2 trillion. The total credit gap for both formal and informal SMEs is as high as US \$2.6 trillion. To address the SME financing gap and form well-regulated markets with transparent and well-governed companies, UNCTAD has been increasingly supporting stock exchanges, including through the UN Sustainable Stock Exchanges initiative.

Since 2014, the GA has recognized the role of entrepreneurship for sustainable development through a resolution of the same name supported by UNCTAD and DESA. Entrepreneurship is particularly important for the structural transformation of Least Developed countries (LDCs). An upcoming UNCTAD report on LDCs explores the linkage between entrepreneurship and structural transformation and their role in achieving the SDGs. It also investigates policies needed to foster the emergence of new firms and startups in sectors that are critical for structural transformation and to support the sustainability, survival, and expansion of the new enterprises.

In collaboration with the International Organization for Migration (IOM) and the United Nations High Commissioner for Refugees (UNHCR), UNCTAD has also developed a policy guide to provide a high-level framework for policies and programs to support migrant and refugee entrepreneurship. The objective of this initiative is to support the socio-economic inclusion of refugees and migrants and to maximize their contribution to home and host economies through entrepreneurial activities.

*Technical Assistance* - The second pillar of UNCTAD's assistance focuses on technical assistance and project implementation, working with national stakeholders to develop entrepreneurial skills and build local productive capacities of small and medium-sized enterprises through UNCTAD's Empretec, Business Linkages, and BioTrade programs.

Since its inception in 1988, Empretec has been installed in more than 40 countries and has been assisting entrepreneurs by establishing self-sustained, local market-driven entrepreneurship development centers (Empretec national centers). In 30 years of activity, more than 400,000 entrepreneurs have benefited from Empretec workshops and business development services available in the existing worldwide network of Empretec centers. The high impact of the Empretec program is demonstrated by the increased survival rate of participating SMEs; significant revenue growth, creation of new employment, and self-employment opportunities for participants.

The Business Linkages program seeks to upgrade the capacity of local suppliers and facilitate their integration into global and/or regional value chains through business links with large international or domestic companies. The program operates in nine developing countries and has created substantial and mutually beneficial results, both for small suppliers and foreign firms. The program is increasingly geared to contribute to the SDGs, leveraging the incentives and resources of the private sector to adopt environmental standards and ensure the beneficial inclusion of the poorest segment of the population, especially in rural settings.

As evidenced by several years of implementation, UNCTAD's business linkages country programs allow domestic SMEs, including rural enterprises, to diversify and add value to their production, thereby participating more effectively in international production systems. Country interventions provide support for small local suppliers, for instance, to meet the environmental standards of transnational corporations or develop the entrepreneurial mindset of poor rural entrepreneurs and marginalized urban producers. The most recent projects are aimed at promoting business linkages are sustainable tourism in Tanzania and green construction in Zambia.

As the only UN agency with an intergovernmental mandate on trade and biodiversity, UNCTAD has coordinated and facilitated the efforts of governments to ensure that communities and businesses seize and capitalize on trade opportunities by linking biodiversity and sustainable development through its BioTrade program. By matchmaking, pooling of partners' resources, sharing of information, systematic documentation of lessons learned and success cases, increased coordination, and aligned efforts to forge stronger partnerships along supply chains, BioTrade advanced enterprise development and implementation of SDG 15.

*The mindset has rapidly changed, with more youth now keen to start their own business [and] an increasing trend of youth interest in entrepreneurship.*

Amal Mowafi, ILO Egypt



## International Labor Organization (ILO) – Egypt Office

Entrepreneurship has become a crucial and vital component in the growth of national economies, with micro and small enterprises (SMEs) serving as the biggest employment creators in both emerging and developed economies throughout the world. SMEs drive the economy and are essential for enhancing innovation, competitiveness, and entrepreneurship. In the Middle East and North Africa (MENA), micro, small, and medium enterprises (MSMEs) account for the dominant share of private sector employment, particularly in countries like Egypt that have a large informal sector<sup>1</sup>. In Egypt, MSMEs comprise 75% of all private sector employment<sup>2</sup> and 80% of the national GDP<sup>3</sup>.

The International Labor Organization (ILO) considers promoting entrepreneurship and SME startups to be effective in creating employment, reducing poverty, and providing a mechanism for upward social mobility. Yet in Egypt, enterprises are often created out of economic necessity and face considerable barriers to growth and prosperity. Consequently, 90% of enterprises in Egypt continue to be micro businesses<sup>4</sup> that are often established in the informal economy. These entrepreneurs lack the necessary skills and knowledge to grow and significantly contribute to the country's GDP and economic and employment growth. The creation of start-ups and their transition into larger formal enterprises is hindered by a poor entrepreneurship culture, weak regulatory and legal frameworks that are not conducive to enterprise set-up and growth, and weak financial infrastructures with limited lending capacity.

Young Egyptians have traditionally been risk-averse, and have often preferred to wait for government employment rather than seek the opportunity to create decent jobs for themselves. However, this mindset has recently and rapidly changed, with more youth now keen to start their own business. According to Global Entrepreneurship Monitor (GEM, 2017), entrepreneurial intentions have increased in Egypt, with 65.5% of non-entrepreneurs surveyed in Egypt reporting an interest or intention to start a business within the next three years. This score was found to be the highest among all GEM countries surveyed and more than 2.5 times the global average. Egyptian youth are increasingly interested in entrepreneurship. Often, however, they do not know how to take the first step in successfully starting a business, or how to grow an existing one.

To assist young Egyptian entrepreneurs in overcoming these challenges, the ILO has developed vital and targeted training that has been tested and proven successful. The ILO's Canadian-funded 'Decent Jobs for Egypt's Young People' (DJEP) project is a prime example of having achieved successful interventions through national partnerships in the area of MSME development. The DJEP project has specifically adapted the ILO's entrepreneurship and enterprise development training to fit an Egyptian context to assist youth in understanding local and international markets, finance, business operation and growth, and provide essential linkages to business support services. These toolkits include the 'Know About Business' (KAB) training, the 'Start and Improve Your Business' (SIYB) toolkit, and the 'Gender and Entrepreneurship Together' (GET Ahead) training package.

The KAB training has been adapted and promoted by the DJEP project to create youth awareness about entrepreneurship and self-employment as a viable career option for young Egyptians. Since 2016, the KAB has become part of the Ministry of Education's entrepreneurship curriculum with an outreach target of 2,000 Technical Secondary Schools, delivering to over 1.6 million students across Egypt each year. The SIYB toolkit, which is the largest global business management training program, focuses on starting and improving businesses as a strategy for creating more and better employment. Worldwide, over 100 countries are actively using the SIYB program through more than 3000 partner organizations

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1 Saleem, Q. 2013. *Overcoming Constraints to SME Development in MENA Countries and Enhancing Access to Finance*. IFC: Washington D.C.

2 In some non-agriculture sectors Egypt's share of MSMEs is as high as 99% (EMNES, 2017).

3 Euro-Mediterranean Network for Economic Studies (EMNES). 2017. *Micro, Small and Medium Sized Enterprises Development in Egypt, Jordan, Morocco and Tunisia: Structure, Obstacles and Policies*. EMNES Studies (3).

4 Achy, L. and Selim, R. 2017. *Micro and Small Enterprises in Egypt: Access to Finance and Job Creation Dynamics*. Economic Research Forum (ERF) paper: Cairo.

5 Based on a tracer study carried out by the ILO in 2016 using 2027 beneficiaries trained in the SIYB program up until the end of 2015.

that have trained over 15 million entrepreneurs and created more than 9 million jobs. Under the DJEP project, the SIYB training has been delivered to 5593 beneficiaries, of whom an estimated 36% have successfully started their own business<sup>9</sup>. The SIYB has further been institutionalized by the government's Micro, Small and Medium Enterprise Development Agency (MSMEDA), which now independently provides SIYB training and start-up loans to youth across Egypt. Finally, the 'Gender and Entrepreneurship Together' (GET Ahead) training package and resource kit is designed for low-income women who wish to start a small-scale business. This training differs from conventional business training, as it highlights entrepreneurial skills from a female perspective, specifically tailored to support Egyptian women. In 2017, the DJEP project successfully facilitated the institutionalization of the GET Ahead training by the National Council for Women, which is now ready to provide training to women through its ILO-trained facilitators.

The DJEP project has also collaborated with the Middle East Council for Small Business and Entrepreneurship (MCSBE) to enhance enterprise development in Egypt. Key joint activities include the annual Egypt Entrepreneurship Summit (EES), which provides an opportunity for national and international experts and practitioners to network, learn, and contribute to the growing understanding of how entrepreneurship and SME development can be improved in Egypt. In addition, the DJEP project and MCSBE jointly hold the annual Nawah Competition to promote youth social entrepreneurship by providing technical and financial support to aspiring young entrepreneurs across Egypt. The competition has been snowballing, attracting development and private sector partners with an outreach to 5.1 million young people in 2017.

Egypt's Sustainable Development Strategy: Vision 2030 aims to generate decent and productive jobs for all Egyptians. An integral part of this vision is fostering SME development for job creation and growth, and as a key path for youth to secure their livelihoods. The DJEP project has been instrumental in providing technical support to the government's MSME strategy, which aims to improve Egypt's business environment for local entrepreneurs in line with Egypt's Vision 2030. The ILO continues to work closely with the government of Egypt, private sector institutions and employers, and young people to ensure that enterprise development interventions are effective by linking policy reform, strengthening relevant institutions, and providing skills training and outreach to youth-led businesses.

*The MSME finance gap in developing countries is estimated to be \$5.2 trillion -- 1.4 times the current level of MSME lending. The SME Finance Forum's global network is working to close that gap through policy, innovative strategies, and partnerships.*  
Matthew Gamser, CEO, SME Finance Forum, International Finance Corporation



## International Finance Corporation – SME Finance Forum

The SME market is too small to serve with people-intensive approaches, too complex to operate with fully automated approaches, and too expensive for most banks to provide loans. Therefore, it is not surprising that most bankers do not feel comfortable operating in the SME realm. However, the world is changing, and SMEs are changing alongside it. This reinforces the importance of the SME Finance Forum's work in helping our members learn from each other, link to new business opportunities, and lead a constructive industry dialogue with policymakers.



The SME Finance Forum works to expand access to finance for small and medium businesses. The Forum operates a global membership network that brings together more than 140 financial institutions, technology companies, and development finance institutions to share knowledge, spur innovation, and promote the growth of SMEs.

Alternative lenders have led the way in showing what electronic data from emerging markets can facilitate in terms of SME finance. An even greater challenge than that from the alternative lenders is the entry of “the internet giants” into the financial services industry: Amazon, Apple, Facebook, Google, PayPal, and perhaps the biggest of all — Alibaba, and its banking subsidiary Ant Financial, who is a member of the SME Finance Forum. During the past year, the SME Finance Forum has helped Ant Financial to share its experience in global meetings such as the Business Information Industry Association’s Biennial Global Conference. The Forum has also worked with PayPal and the Asia-Pacific Economic Cooperation (APEC) Business Advisory Council on how regulators can create an open and enabling environment in which both the new and established players are motivated to compete for greater SME business.

SME Finance Forum webinars, study tours, and the Global SME Finance Forum are helping to accelerate the development of new partnerships, including the many individual introductions facilitated by the Forum for its members and the industry. The Forum also expanded to host its first Africa SME Finance Forum in Nairobi on May 14-15 and has released major research publications on the MSME finance gap and Alternative Data transforming SME finance.

In addition, the Forum’s learning opportunities expand beyond its member network to include more than 10,000 members in the SME Finance Forum LinkedIn discussion group and 3,500 publications, tools, videos, and SME data in its extensive online library. The Forum also invites innovative fintechs serving SME clients to demo their products and services while also organizing B2B marketplace sessions during its conferences.

*MSMEs have been recognized globally as a crucial force contributing to the achievement of the SDGs.*  
From: Department of Economic and Social Affairs/Division for Sustainable Development Goals (DESA/DSDG)



## United Nations - Department of Economic and Social Affairs/Division for Sustainable Development Goals (DESA)

The Department of Economic and Social Affairs/Division for Sustainable Development Goals (DESA/DSDG) at the United Nations is engaged in a project to support 9 pilot countries (Brazil, Peru, Cambodia, Fiji, Laos, Sri Lanka, Kenya, the Philippines, and Tanzania) to enhance the role of micro-, small and medium enterprises (MSMEs) to achieve the sustainable development goals (SDGs). The project is funded by the government of the People's Republic of China, and was launched with a global symposium on the role of MSMEs in achieving the SDGs held at the United Nations headquarters in New York on June 7-8 2018.

MSMEs have been recognized globally as a crucial force contributing to the achievement of the SDGs; from the perspectives of poverty alleviation, zero hunger, reduced inequalities, gender equality, economic growth, decent job creation, industry, innovation and infrastructure, and sustainable cities and communities. In emerging markets, 4 out of 5 new positions were created by MSMEs, which is about 90% of the total employment in the formal sector. Job creation through MSMEs leads to economic growth and directly benefits the poor and vulnerable, particularly women and youth. It reduces poverty, increases income, and positively impacts household investments in education and health, all of which bear tremendous potentials for fulfillment of multiple SDGs.

MSME entrepreneurs are an indispensable agent for change in their communities. MSMEs often spearhead the transformation of technical innovations into demand-driven development solutions in both urban and rural settings. Many women MSME entrepreneurs have exhibited outstanding performance in growing their business in the face of mounting challenges and nurturing confidence and self-reliance among poor women and youth.

Notwithstanding heightened global commitment to their growth, MSMEs are faced with multiple challenges, including limited access to finance and lack of capacity and knowledge, particularly with regards to business development, marketing, and strategic management skills. In addition, developing countries have not been able to fully tap the potential of MSMEs due to weak political, institutional and regulatory mechanisms. Regarding access to finance, MSMEs are less likely to secure bank loans than large firms, which hampers their growth, rendering them more vulnerable to market risks.

MSME entrepreneurs suffer disproportionately from asymmetric information, including lack of market information and limited support on strengthening business management skills such as financial planning and bookkeeping, which are crucial to formalizing their business operations, capturing market share, and coping with market fluctuations. Lack of professional business management skills may further limit appreciation of MSME entrepreneurs on the value of Research and Development (R&D) and innovation in promoting productivity and keeping a competitive edge within the global digitalized economy.

Both the potential and constraints in MSME development for SDGs require transformation in policy and how financial markets and institutions operate. These would not only reduce constraints of MSMEs in accessing financial resources, but also catalyze growth of informal MSMEs into formal MSMEs, generating multiple impacts, including unlocking sources of capital and providing additional economic growth and employment opportunities.

Some key messages that emerged from the global symposium on the role of MSMEs to achieve the SDGs included the following:

- Micro-, Small and Medium-sized Enterprises (MSMEs) have great potential for broad and long-lasting positive impacts on achieving SDGs globally. The vital role MSMEs play in driving sustainable livelihoods and creating a vibrant global economy was recognized.

- Promoting the growth of MSMEs in the informal and formal sectors will require harmonized policies to support MSMEs in adopting innovations, creating decent employment opportunities and gaining a stronger foothold in global value chains. Furthermore, it is critical to integrate MSMEs into the digital economy, which will require growth of open and safe business platforms that merge physical and virtual opportunities.

- Mechanisms to support the important contributions of MSMEs to the SDGs need to be mainstreamed into national development policies and plans. The voices and demands of MSMEs entrepreneurs need to be reflected in policy making processes at all levels. MSME entrepreneurs need to be fully informed on ongoing policies and strategies targeted at incentivizing growth. Collaboration and trade agreements across countries are encouraged to expand the access of MSMEs to market at the regional and global level.

- Access to finance remains a serious constraint for MSME growth. This requires the piloting and up-scaling of innovative financing solutions. Targeted capacity building and awareness campaigns should be undertaken to transform the mindsets and attitudes of commercial banks towards MSMEs.

- Countries need to create business ecosystems conducive to allowing MSMEs to access markets and financial resources. National governments need to take a leadership role in creating coherent and transparent regulatory environments. Public-private partnerships are also key, particularly in maximizing the role of trade facilitation to improve the capacity of MSMEs in the global value chain.

- Coherent efforts are needed to create incentives for MSME entrepreneurship, enabling their knowledge and skills to appreciate and adopt innovations and improving their access to knowledge and networks, such as business associations and chambers of commerce. The development community, including the UN, needs to build platforms to bring together all stakeholders to foster the exchange of good practices on MSME growth for SDGs.

- The capacities of MSME entrepreneurs need to be strengthened through demand-driven and tailor made training programs. The diverse demands across micro, small, and medium enterprises, and the differences between MSMEs from developed and developing countries, should be taken into account.

- There has been a clear shift in the global outlook for entrepreneurs, start-ups and MSMEs worldwide. They are now emerging as a central topic in sustainable development strategies for many governments around the world. Divergent initiatives, programs, messages, and policies further fragment the potential for a global movement led by MSMEs to achieve the SDGs.

The next steps will be implementation of the project in the 9 participating countries, determined in full consultation with the countries in the symposium. The project is setting up an advisory committee consisting of participants from a number of UN agencies and government officials from participating countries.

*The role played by SMEs in our economies and societies is colossal.*  
Alejandro Gonzalez, Chair of the OECD Working Party on SMEs and Entrepreneurship



## The Organisation for Economic Co-operation and Development

The role played by SMEs in our economies and societies is colossal. At a time of slow productivity growth and increasing or persistently high inequalities, SMEs are key to strengthening productivity, delivering more inclusive growth and adapting to the major transformations of our time, including demographic change, digitalisation and the new industrial revolution, the changing nature of work and the transition to a low-carbon economy.

However, the SME picture is not entirely rosy. Many SMEs, particularly micro-enterprises, struggle to rise from low levels of productivity, and are missing the opportunities of digitalisation and globalisation. In many emerging and developing economies, the productivity gap between large firms and SMEs – and the resulting income gaps – are

especially large, due in particular to a disproportionate concentration of employment in micro and small firms, often informal ones, with relatively little employment in medium-sized firms.

Good policies are essential to enhance SME contributions to inclusive growth. To start up, develop and grow, SMEs are more dependent than large companies on the business ecosystem. Despite wide-ranging reforms, in many countries regulatory complexities and high compliance costs remain a major obstacle to entrepreneurial activity and a source of competitive disadvantages for SMEs vis-à-vis large firms. Alongside framework conditions, policies targeted to SMEs can foster access to critical resources, such as skills, finance, technology and knowledge.

This is particularly important for MSMEs in Developing economies, where micro enterprises are a very substantive part of the total number of enterprises existing in such countries and can contribute, with the appropriate support policies, to solve many of the existing needs at the base of the pyramid, helping with the right actions to alleviate poverty and protect the environment.

At the third OECD Ministerial Conference on SMEs, hosted and chaired by Mexico City last February, Ministers, Vice Ministers and senior policy makers from 68 Delegations including, 12 international organisations and associations (including ICSB), discussed how to Strengthen SMEs and Entrepreneurship for Productivity and Inclusive Growth.

Ministers shared their priorities and experiences to enable SMEs to seize the benefits of a digital and globalised economy and discussed in particular the importance of enabling SMEs to scale up, access diversified financing instruments and fostering greater SME participation in a global integrated economy.

Ministers also acknowledged the role that entrepreneurship plays for strengthening social inclusion and explored policies to broaden entrepreneurship opportunities to different social groups, including youth and women. They also recognised the importance of strengthening entrepreneurship competencies at all education and training levels, including to address the entrepreneurship gap that, in some countries, with the ageing of entrepreneurs, puts many sound SMEs at risk of closure.

Ministers recognised that, while national settings are crucial for SME development, multilateral efforts are needed to foster a level playing field in global markets and to ensure that the benefits of globalisation and technological progress are fairly shared across firms of all sizes. The rise of Global Value Chains and digitalisation amplify the importance of rules of the game and business conditions that cut across national boundaries. SMEs and entrepreneurs stand to benefit from an open and interconnected economy, but coordinated policy efforts are needed for them to capitalise on these opportunities. In particular, greater international cooperation is needed to address global challenges for SMEs and entrepreneurs, from traditional standards to new regulatory issues in the digital age, from unfair competition and tax avoidance by larger groups to regulatory inconsistencies across countries.

Ministers also called for strengthening stakeholder engagement, including direct engagement with SMEs, which is often a challenge. In fact, the voice of SMEs is not always well heard in international discussions, such as in trade policy negotiations or discussions on financial sector reform.

Ministers also highlighted that delivering effective SME policies calls for breaking down policy silos, and understanding and managing trade-offs, synergies and complementarities,

including across levels of government. An integrated, cross-cutting policy approach is crucial to level the playing field, and effective monitoring and evaluation of policies are essential to deliver strong outcomes.

The Ministerial Declaration on Strengthening SMEs and Entrepreneurship for Productivity and Inclusive Growth, adopted by 55 countries, calls for the OECD to support countries in delivering more effective and efficient SME policies, toward fairer and more inclusive globalisation and growth.

The OECD Working Party on SMEs and Entrepreneurship (WPSMEE) is stepping up efforts to monitor SME trends and performance worldwide and enhance understanding about the implications of mega-trends for SME policy.

- In 2018, the WPSMEE will be launching a new SME and Entrepreneurship Outlook flagship report. This will provide a tool to benchmark SME trends and policies internationally and to better identify links between SME policies and performance.
- Discussions are also ongoing on the development of an OECD Strategy for SMEs, which would support domestic whole-of-government approaches to SME development. At the same time, it would provide a frame of reference to assess areas in which stronger international cooperation can favour a conducive environment for entrepreneurship and SME growth.

The 2018 SME Ministerial Conference has represented a new milestone in a journey that started in 2000, in Bologna, with the first OECD Ministerial Conference – and Declaration on SME. The Bologna Process is a dynamic political mechanism involving more than 80 economies around the world at different levels of development, and a large number of international organisations, institutions and non-governmental organisations (NGOs). It seeks to strengthen dialogue and co-operation to foster the entrepreneurship agenda and SME competitiveness at the global level, and encourages increasing cooperation in this area.

The UN-ICSB Conference today reflects very well this spirit and contributes to drive this agenda forward. You can count on the OECD in the next phase of this journey, to design, develop and implement better SME policies for better lives and contribute to the ICSB's Guiding Principles to support SMEs.

*There is growing consensus in theory and practice that a thriving private sector is crucial for poverty reduction and that an entrepreneurship business-friendly environment must be in place to unleash private sector dynamism.*



## United Nations Industrial Development organization (UNIDO)

There is growing consensus in theory and practice that a thriving private sector is crucial for poverty reduction and that an entrepreneurship business-friendly environment must be in place to unleash private sector dynamism. The 2030 Agenda calls explicitly for member states to implement policies conducive to entrepreneurship, creativity, and innovation. Entrepreneurship includes MSMEs. MSMEs are crucial for economic development, as they are key drivers of innovation in many economic sectors and are exhibiting high degrees of flexibility and capability to react to customers' needs, and less bureaucratic organizational structures. Often, however, their development potential remains untapped as MSME operate in isolation, locked into uncompetitive production patterns and are unable to approach dynamic business partners that could bring in new expertise and know-how. They often lack market intelligence, do not meet foreign regulatory requirements, nor produce products in quantities or quality needed to successfully integrate into global value chains.

A favorable entrepreneurship business environment encourages enterprises to start, invest and innovate, and is determined by the nexus of policy, legal, institutional, and regulatory conditions as well as by the governance mechanisms influencing the way key actors operate. An entrepreneurship business environment includes a legal and regulatory framework that encourages certainty, transparency, good educational systems, and training opportunities, access to capital and financing, a supportive culture for innovation and risk taking, political space for businesses to advocate for pro-entrepreneurial policies, and upholds the rule of law to ensure businesses operate with the same opportunities and the same set of regulations. Entrepreneurs need multi-faceted technical assistance and services to start and grow business; access to capital, technology, skill, information and markets, social protection for workers, and labour law compliance. Policy efforts to promote entrepreneurship need to be aligned with strategy to formalize informal jobs. In many developing countries and in Africa in particular, MSMEs are often in the informal economy.

UNIDO holistic approach in supporting MSMEs to enter global economy offers:

- Provision of tailored made training, which remains critical in least developed countries (LDCs). MSME managers and staff trained on entrepreneurship; food safety; social and environmental standards; p-marketing; and access-to-market strategies.
- Technical expertise in Industrial Upgrading and Modernization Programme (IUMP) based on UNIDO's recognized international experience in industrial upgrading and enterprise competitiveness in the priority manufacturing sectors/value chains. Projects nested under the IUMP deliver technical assistance in a variety of countries and industries, providing a package of services to beneficiaries. Feasibility studies examine the development potential of beneficiary enterprises, institutions, and intermediaries from which action plans relevant for the implementation phase can be deduced. Standards are promoted throughout the implementation of the project. Project beneficiaries are supported in their participation in fairs, conferences, and in sharing their knowledge.
- Services aiming at enhancing MSMEs competitiveness through clustering and networking (including export and origin consortia) cover: Analyzing and establishing the most effective industry cluster opportunities and policies; facilitating business linkages through cluster development including consortia, networks and supply chains; building institutional and enterprise-level capacity around stakeholder management, production technologies, marketing practices, human resources and financial management; modernizing MSME business operations to reduce operating and marketing costs and access new markets through collective actions with cluster members.
- The promotion of science, technology, and innovation through the UNIDO projects on national and regional system building to foster industrial diversification creates new jobs and enhances the competitiveness of SMEs.
- Programs on turning informal economy into formal economy. For instance, contributing to building the formal economy in Vietnam, UNIDO projects set up the national business registration system that benefited over 1.2 million commercial entities and resulted in the registration of more than 100,000 enterprises. They also enabled business registration offices in 63 provinces to provide accurate, legally-binding information on commercial entities to the business community, government agencies, and the public.
- Tools and methodologies for project appraisal and feasibility analysis—including UNIDO's Computer Model for Feasibility Analysis and Reporting (COMFAR) and training courses. COMFAR lite for small business was a useful tool of several UNIDO projects, in particular for women entrepreneurship in the MENA Region. The new COMFAR 4 is about to be finalized in 2018 and, together with COMFAR lite, will propose improved financial training solutions for project development.

- Programs promoting organizations operating in the social economy, the so-called “fourth sector” of the economy. For these organizations, social aims are more important than profit maximization. Many of these organizations foster the inclusion of vulnerable population groups in the real economy and provide products and services to the underserved. UNIDO programs aim to create a conducive business environment especially for this. This includes the mapping of social enterprises and providing recommendations and adaptations of targeted regulations and policies, impact assessment and measuring social performance, as well as awareness-raising activities. It further includes entrepreneurship training and mentoring activities and improving access to finance with a focus on impact investment.
- Programs helping entrepreneurs navigate bureaucratic complexity and access to important business information that helps them interact with the market more effectively. UNIDO assists governments and MSME support institutions by developing online portals that offer integrated access to information, as well as online business advice, which may encourage aspiring entrepreneurs to seek more specialized training and consulting services in the future.
- A focused approach to improving and sustaining manufacturing capabilities, proving conformity with market requirements, and connecting to markets, all of which are necessary for MSMEs to keep up with the rapidly evolving global manufacturing landscape. UNIDO programs assist countries in analyzing the trade performance of specific value chains for the exporting economy, offer advisory services to manage risks identified in the trade performance analysis, and assists conformity assessment entities to mitigate identified risks. To strengthen exports of developing countries, UNIDO supports mutual recognition of conformity assessment procedures between main trading countries. In addition, UNIDO’s programs directly support quality institutions through developing guidelines on Good Governance and Professional Practices and through building a capacity of personnel working in the field of National Quality Infrastructure.
- Programs addressing MSMEs facing opportunities and challenges of rapid technological change brought by Industry 4.0. Industry 4.0 integrates state-of-the-art technologies from ICT, 3D printing, robots, sensors, automation and, the Internet of Everything, to nano- and bio-technology, material sciences, and bio-manufacturing. New technologies hold great potential for MSMEs—notably in connecting with global value chains. Many large companies act as suppliers to MSMEs and/or have MSMEs as their suppliers. Thus, the adoption of new technologies by large companies affects their smaller supply chain partners, and the requirements of large firms influence the positioning of MSMEs in relation to the adoption of new technologies. UNIDO is instrumental in assisting developing countries in formulating innovation management standards for leapfrogging into Industry 4.0. These guiding frameworks are relevant for all types of organizations, including MSMEs.
- Over the past decade, UNIDO has increasingly focused on promoting foreign investment and technology transfer on the one hand, and on strengthening the technical and managerial capacities of MSMEs to respond effectively to challenges and opportunities posed by globalization and technological advances, on the other hand.

# SUMMARY



The world is at a tipping point. The levers and conventional wisdom that undergirded the 1st, 2nd, and 3rd Industrial Revolution no longer apply. A paradigm shift is underway and the pace of this shift is causing developed and emerging economies alike to be shaken.

The world also has an employment problem. Good jobs are not being created at the pace needed to keep with the growth of the global population. Large businesses are no longer a big part of net-new employment. Innovation and entrepreneurship has shifted to MSMEs. The gap between large companies and SMEs is exceptionally large and growing. Only constructive and inclusive policies can help make both large and small businesses contribute to overall growth.

For the first time ever, ICSB convened a summit on “Create a Shared Future for Entrepreneurs and Micro-, Small and Medium-Sized Enterprises in the Framework of the UN Sustainable Development Goals.” The broad mix of government leaders, small business owners, university administrators, and academics presented unique insights into why MSMEs policy is at a crossroads and the world economy is at juncture.

In Egypt for example, there is national focus on supporting SMEs. In the past, there was lack of attention where over 90% of all companies are SMEs, which provide 75% of the jobs. Her Excellency, Sahar Nasr, Minister of Investment and International Cooperation for the Arab Republic of Egypt spoke of how in the past, this segment had to grow and expand without coordinated organizational or government support.

Inclusive growth must address the disparities of participation based on gender and youth. Lise Kingo, CEO & ED, UN Global Compact, announced the launch of a global academy to support women entrepreneurs and small business owners. With this initiative, many obstacles remain. According to her data, barriers to women in business have resulted in ownership of less than 1% of businesses. Closing the gender gap and providing women with equal opportunities is vitally important.

There was also those who advocated for the promotion of awareness of the importance of SMEs, and the creation of centers for innovation for the young. These centers would provide consultation services, workshops, training, and research.

# SUMMARY

It was pointed out that there are similarities between the transformation of society brought about by the industrial revolution and today's new economy. Combining SMEs and technology should be recognized as the key to strengthen productivity and transformation of the economy.

Technological innovations should be embraced as part of the solution for MSMEs to increase productivity and focus on job creation. Developed countries are also exploring the possibility that we may need to revisit the concept of the digital universal basic income as human jobs are replaced by machines. It was noted that while we may treat human capital as other capital, human capital should not depreciate over time. We need to support an evolved educational system with the private sector driving training.

The human aspect of MSMEs cannot be underestimated, and we need to develop guiding principles about human behavior. The concept of Humane Entrepreneurship presents a new way of how employee and employer can work together more efficiently and sustainably.

Happiness in the end is more important than the simple fulfillment of physical needs. People are more willing to participate in entrepreneurship in their local communities and contribute to a sustainable world.

This report advocates for the need of the creation of Guiding Principles to support MSMEs worldwide.

Sincerely,

*Dr. Ayman El Tarabishy*  
*Executive Director of the International*  
*Council for Small Business (ICSB)*



*The human aspect of MSMEs cannot be underestimated, and we need to develop Guiding Principles to support MSMEs globally. The concept of Humane Entrepreneurship presents a new way of how employee and employer can work together more efficiently and sustainably.*







