Supporting SMEs and Innovation: Creating an Enabling Environment for Inclusive Regional Economic Growth.

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Outline

- Characteristics & Importance of MSMEs
- A Brief Appreciation of challenges of MSMEs
- Proposed Solutions
- Conclusion
Characteristics & importance of MSMEs

- The definition of Micro, Small, and Medium (MSMEs) varies by country
- MSMEs are extremely diverse (by Sector)
- Women constitutes a large proportion in business especially at micro level and the informal sector
- MSMEs create the largest proportion of jobs and consequently their growth is important
- Generally, their performance often lags behind compared to larger organizations
- MSMEs create the largest proportion of jobs, and hence contribute to economic growth
- MSMEs are an important source of export revenue and ultimately regional integration
MSME Challenges

- Poor profiling of MSMEs
- Inability to leverage regional value chains (as well as national value chains)
- Limited resources (financial, human, physical, technology etc.) for instance digital skills in particular are of growing importance, as an increasing number of activities and transactions in the value chain are digitized, finance has been identified as a major enabler for MSME success and expansion thereof
- Administrative, legislative, security, and language barriers/impediments (women, youth and the informal sector)
MSME Challenges

- Low penetration to regional (and global) markets
- Poor strategies for expanding, creating and diversified new breed of these Enterprises
- Poor Coordination at national and regional level–
  - Constraints around the movement of business people, cross-border trade (including Informal Sector)
- Poor Innovation and workmanship
- Inability to meet standards, the cost of certification
- Lack of knowledge
Proposed Solutions

▪ Targeted support and interventions for MSMEs by sector
▪ Product and Service diversification strategies
▪ Prioritizing MSMEs at national level and in the regional integration agenda
▪ Change in attitudes for both MSMEs and stakeholders (there is a need for stakeholders to be brave enough to address inclusion and make commitment towards supporting MSMEs)
▪ Facilitating meaningful growth and development and or inclusion of the informal sector, to micro, small and ultimately medium enterprises - this needs a multi faceted approach
Proposed Solutions Cont’d

▪ Gender mainstreaming of MSME development strategies and programs nationally and regionally
▪ Social protection/security schemes directed to MSMEs
▪ Trade documents should be simplified
▪ Increased protection of traders (personal safety, extended banking services like mobile money and mobile banking)
▪ Equity funding and buy out facilities (Funding of DFIs especially for PPPs)
Proposed Solutions Cont’d

- Institutionalised collaboration and multi-sectoral support by the stakeholders (government, Multi Nationals, Diaspora, Financial Services Providers, Diaspora)

- Inclusive programs for empowerment for different sectors especially women, youth and people with disabilities and the informal sector
Proposed Solutions Cont’d

- Interchange of ideas, best practices, information gap management
- Strengthening and recognition of the role of Business Federations at national and regional level - especially those involved with MSMEs
Proposed Solutions Cont’d

- Capacity building using simplified terminology and local language, twinning, monitoring and evaluation (impact assessment)
- Mainstreaming research, science and technology including not just innovative ideas but the protection of intellectual property
- Effective government and private sector dialog and partnership
Proposed Solutions Cont’d

▪ Affordable quality, standards and certification of goods must be services for MSMEs

▪ Establishment of affordable commercial dispute resolution structures at national and regional level

▪ Facilitating mechanism to assist the migration from the informal sector, to micro, small and ultimately medium enterprises

▪ Profiled (by sector) data base for MSMEs
Conclusion

This Sector needs special and urgent support to drive the industrialisation agenda

The youth, women, people with disabilities and the informal need special targeted programs to enable these enterprises to grow and diversify into all sectors of the economy
THANK YOU