



ENTREPRENEURSHIP FOR SUSTAINABLE DEVELOPMENT

FOSTERING SMALL ENTERPRISES AS ENGINES OF INCLUSIVE GROWTH



GLOBAL CONTEXT

Small and medium-sized enterprises (SMEs) are key engines of sustainable and inclusive growth. They make significant economic contributions through outputs, employment, new job creation and innovation. In most countries, they account for over half of the total share of gross domestic product. Their share in the number of registered companies is typically much higher, reaching 90–95 per cent in nearly all countries. The importance of SMEs for large companies, both as subcontractors and sellers of their products, has been constantly increasing. However, for SMEs to become internationally competitive so that they draw greater benefits from globalization and contribute to inclusive growth, they need assistance to create or enhance an enabling entrepreneurship environment and to contribute to entrepreneurship skills facilitation.

UNCTAD is a recognized global leader in the area of entrepreneurship promotion. In its resolution 73/225, adopted on 20 December 2018, the United Nations General Assembly acknowledged the role of UNCTAD in entrepreneurship for development within the United Nations system and encouraged UNCTAD to continue leading the work on entrepreneurship policy promotion and expanding the outreach of the Empretec programme as an effective tool for fostering a mindset change in entrepreneurs.

Concretely, UNCTAD work on entrepreneurship consists of the following three components:

- **Empretec** (Entrepreneurship Development Programme of UNCTAD). This is a capacity-building programme that promotes the creation of a one-stop centre for enterprise creation and development, in particular for SMEs in developing countries and countries with economies in transition. Since 1988, the Empretec Programme has helped to foster entrepreneurship capabilities and the growth of internationally competitive SMEs in these countries.
- **Business Linkages Programme**. This multi-stakeholder initiative that grew out of Empretec, goes a step further for SMEs by transforming linkages between SMEs and multinational enterprises into sustainable business relationships.
- **Entrepreneurship Policy Framework**. This UNCTAD tool provides a basis for the provision of technical assistance and building capacity in a number of developing economies to inform and guide the development and implementation of national entrepreneurship policies, strategies and action plans.



HOW IS ENTREPRENEURSHIP PROMOTED?

The *Empretec* Programme operates through a network of centres in more than 40 countries. Certified local trainers ensure that training is delivered on the ground in Arabic, English, French, Portuguese, Romanian, Russian, Spanish, Swahili and Vietnamese. The Programme encompasses the following elements:

- Establishment of self-sustained, local market-driven entrepreneurship development centres (Empretec national centres) and follow-up technical assistance.
- Provision of entrepreneurship development training and follow-up services to entrepreneurs.
- Transfer of Empretec training methodology to local training teams and customization of training and non-training services in the local context and local languages.
- Promotion of networking and establishing associations of entrepreneurs.

Entrepreneurs benefit from follow-up services provided by established Empretec centres, which offer assistance with business health checks, business plan formulation, public–private sector partnerships and business linkages with multinational enterprises.

By means of the *Business Linkages* Programme, UNCTAD plays the role of intermediary, improving the productivity and efficiency of local suppliers through training, mentoring, information exchange, quality improvements, innovation and technology transfer. Thanks to UNCTAD assistance, local suppliers and domestic SMEs can be better integrated into global value chains, thus providing them with an opportunity for internationalization. In addition, UNCTAD assists Governments and other stakeholders in building an enabling policy environment and supports networks of business development and other service providers.



The *Entrepreneurship Policy Framework* identifies policy objectives and outlines options in the form of recommended actions designed to aid Governments in the practical formulation of national entrepreneurship strategies and action plans. Advisory services are delivered to facilitate efforts to implement the Entrepreneurship Policy Framework. To date, nine countries are successfully utilizing the Framework in the implementation of national entrepreneurship policies. The Framework is also adapted to specific target groups and is assisting countries in implementing the UNCTAD–Commonwealth *Policy Guide on Youth Entrepreneurship* and the *Policy Guide on Entrepreneurships for Migrants and Refugees*, a joint publication of UNCTAD, the International Organization for Migration and the Office of the United Nations High Commissioner for Refugees through capacity-building workshops for policymakers and practitioners.



RESULTS AND IMPACTS AT A GLANCE

- Business performance indicators applied in Jordan showed that 72 per cent of participants started a business within the eight months following attendance of an Empretec training course and, within the same time frame, the number of jobs created by participants in the survey was on average 2.6 per business.
- During the first year of Empretec installation in Angola, 15 per cent of the entrepreneurs that received training opened a new business or expanded existing ones, and 30 per cent of the entrepreneurs had reported sales growth.
- A sustainable institutional framework to monitor the implementation of a national entrepreneurship strategy and related action plan was developed in Ecuador with an online tool; core indicators show that 300 new firms were established, 1,000 jobs created and \$9 billion in exports generated.
- In the United Republic of Tanzania, the national business linkages programme has assisted 1,200 farmers in tomato, coffee, passion fruit, vegetables and dairy value chains. An assessment conducted on various groups of beneficiaries of Empretec and farming-as-a-business workshops in Moshi and Morogoro showed that their business turnover increased on average 78 per cent in 2018, compared with 2017, while the average productivity per acre among women farmers in Moshi rose from 10,000 kg to 30,000 kg of selected types of vegetables.



“Under the framework [of] Entrepreneurship Policy Framework implementation, two important elements have been identified as best practice: first, the involvement of the private sector in implementing entrepreneurship policy; second, the creation of a venture capital fund aimed at strengthening the competitiveness of SMEs and their participation in value chains.”

Eduardo Egas, Minister of Industry and Productivity, Ecuador, 2017

“From what I have learned from the Empretec workshop, I have managed to get more customers, improved on diversity and moved on a number of projects that previously I could not attempt. I was very motivated when I won the first prize at the Empretec workshop, having the highest profits in the business creation exercise.”

Davies Mendulo Sinyinza, Empretec graduate, Zambia, 2017



PROGRAMME FACTS AND FIGURES

Scope: all regions

Start date: 1988

Activities per year: 850 Empretec workshops, 20,000 entrepreneurs trained

Countries assisted: More than 40

Persons trained: 480,000

Website: empretec.unctad.org



Sustainable Development Goals addressed:

Directly: 4, 8

Indirectly: 1, 5, 9, 12, 17



DONORS/FUNDING SOURCE (2014–2019)

China, Ecuador, Finland, Norway, Saudi Arabia, Sweden, Switzerland, International Labour Organization, One United Nations funds, United Nations Development Account, United Nations Institute for Training and Research, United Nations Office for Project Services, Multi-donor/ Cross-cluster Trust Fund on Capacity-building in Investment for Development