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**Digital Infrastructure, policies and the productivity of SMEs –
The emerging market’s perspective**

by

Mr. Olutunmbi Idowu
Chief Compliance Officer and Global Head of Government Engagements
Digital Software Solutions



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The views expressed are those of the author and do not necessarily reflect the views of UNCTAD.

Digital Infrastructure, Policies and The Productivity of SMEs

The Emerging Markets' Perspective



Tunmbi Idowu
Global Head of Government Engagements
Paymenta



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“The Smart Africa Manifesto...”

- To put ICT at the center of our national socio-economic development agenda;
- To improve access to ICT especially Broadband;
- To improve accountability, efficiency and openness through ICT;
- To put the Private Sector First;
- To leverage ICT to promote sustainable development

.....Kagame

The Transform Africa Summit organised in Kigali in October 2013.



SME



SMEs...Their Value



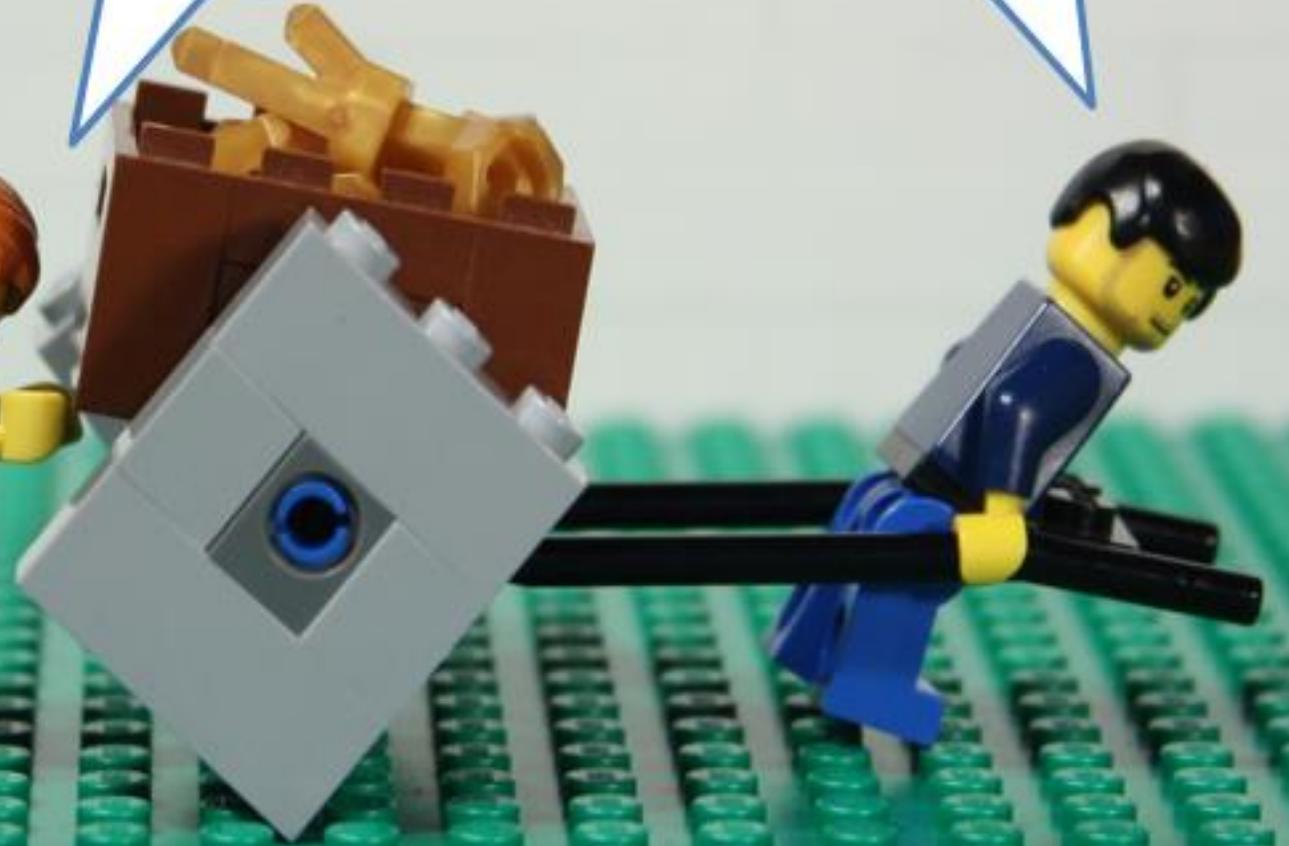
- **SMEs play a major role in most economies, particularly in developing countries.**
- **Formal SMEs contribute up to 60% of total employment**
- **40% of national income (GDP) in emerging economies.**
- **These numbers are significantly higher when informal SMEs are “included”.**
- **In emerging markets, most formal jobs are generated by SMEs, which also create 4 out of 5 new positions**
- **Promote innovation, help deliver goods and services**
- **A powerful force for integrating women and youth into the economic mainstream.**

SMEs... Main Challenges

- They remains severely constrained in many developing countries, restricting business growth.
- Owners and entrepreneurs report access to capital to be one of their toughest challenges.
- Overall, approximately 70% of all micro, small and medium-sized enterprises (MSMEs) in emerging markets lack access to credit
- They are less likely to be able to obtain bank loans than large firms
 - rely on internal funds
 - cash from friends and family
 - [Other means]
- Overall, approximately 70% of all micro, small and medium-sized enterprises (MSMEs) in emerging markets lack access to credit

No thanks!

We are too busy



SME AND DIGITALISATION

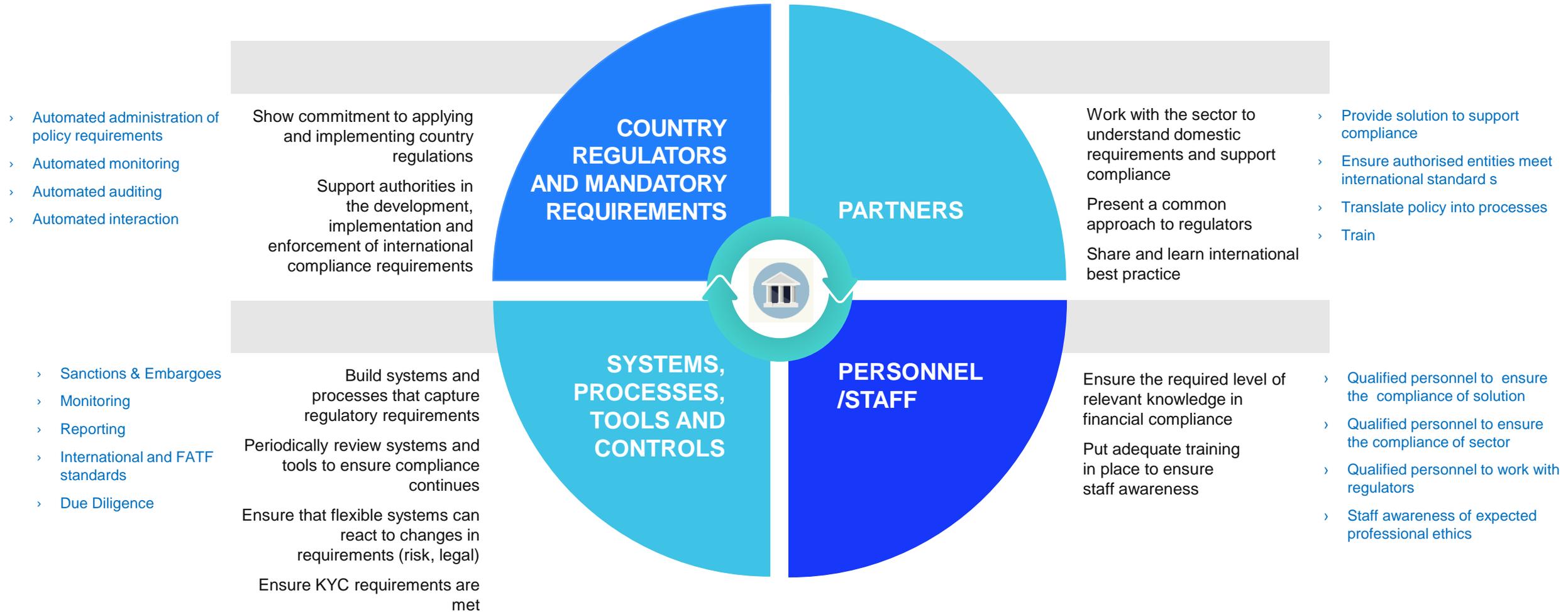
INTERCONNECTIVITY





Policies And Regulations

INTERNATIONAL REGULATORY STANDARDS

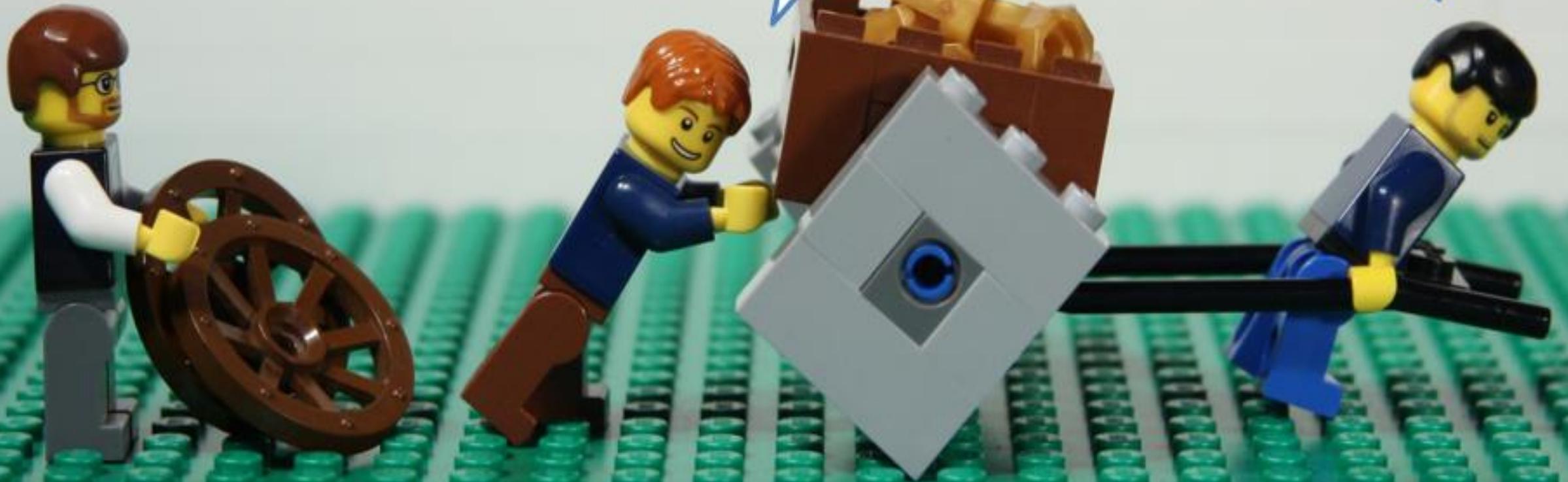


SMART DIGITAL ENVIRONMENT



No
thanks!

We are
too busy





The Reality Of Emerging Markets' SMEs



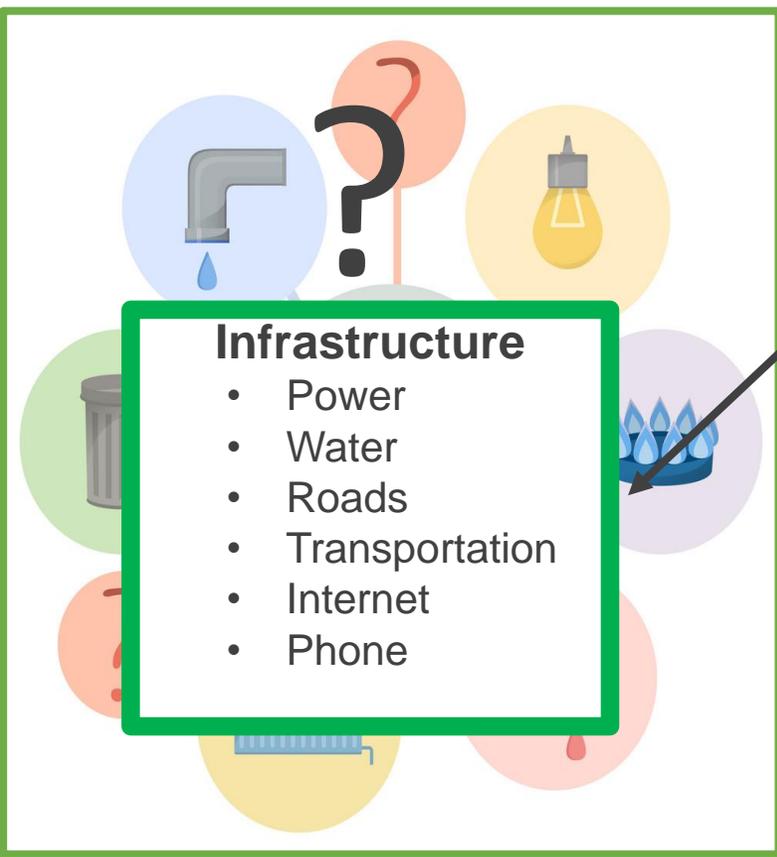
Support

- Personnel
- Training
- Grants



Legislation

- Policies
- Enforcement
- Guidelines



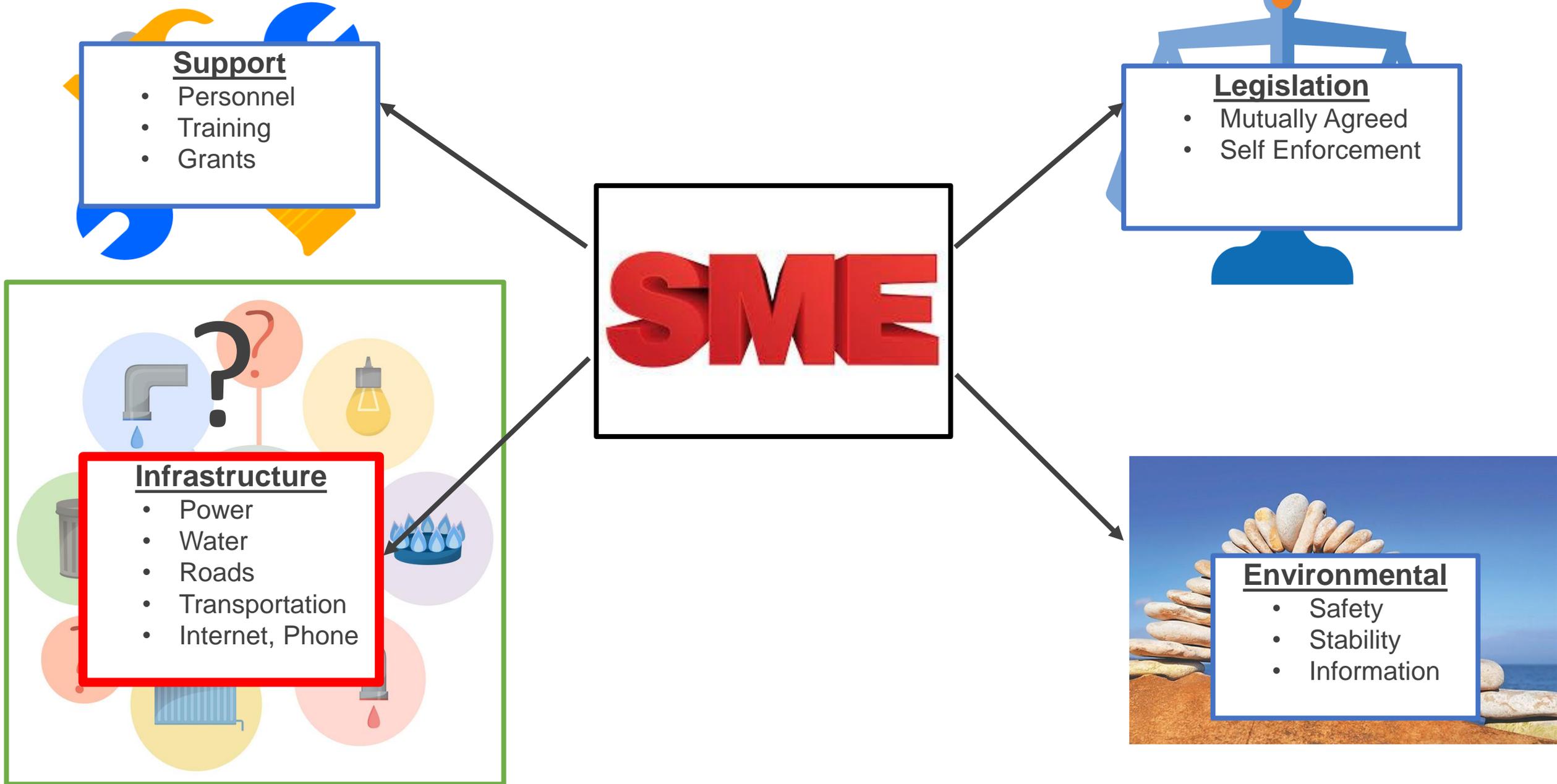
Infrastructure

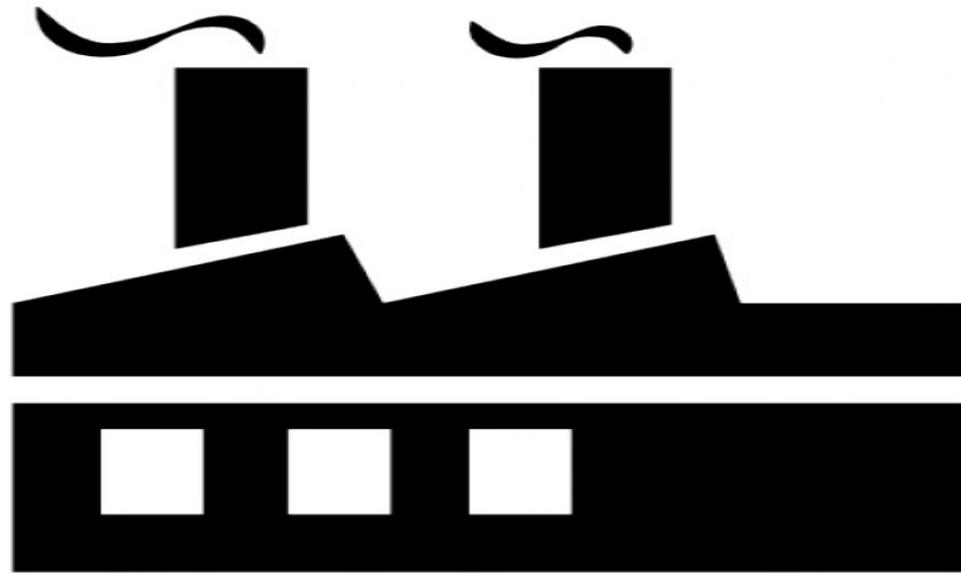
- Power
- Water
- Roads
- Transportation
- Internet
- Phone



Environmental

- Safety
- Stability
- Information





- Requires infrastructure electricity, water, gas, roads, internet
- Invests in infrastructure to ensure services for production
- Provides and maintains own infrastructure
- Pays rates and charges for government “infrastructure” in line with regulations
- Provides finished goods and services



Must Make Profit!!!

- Prices reflect the cost of infrastructure rather than investment
 - Passes the cost to consumer within the same environment
 - Target group of consumer with adverse spending power
- 

Solution

- Stops Production and/or Services
- Limits Products and/or Services
- Compromises Quality of Products and/or Services



Impact

Profitability

Investment
Loans
Finance

Standards

Trust
Reliability
Confidence

International

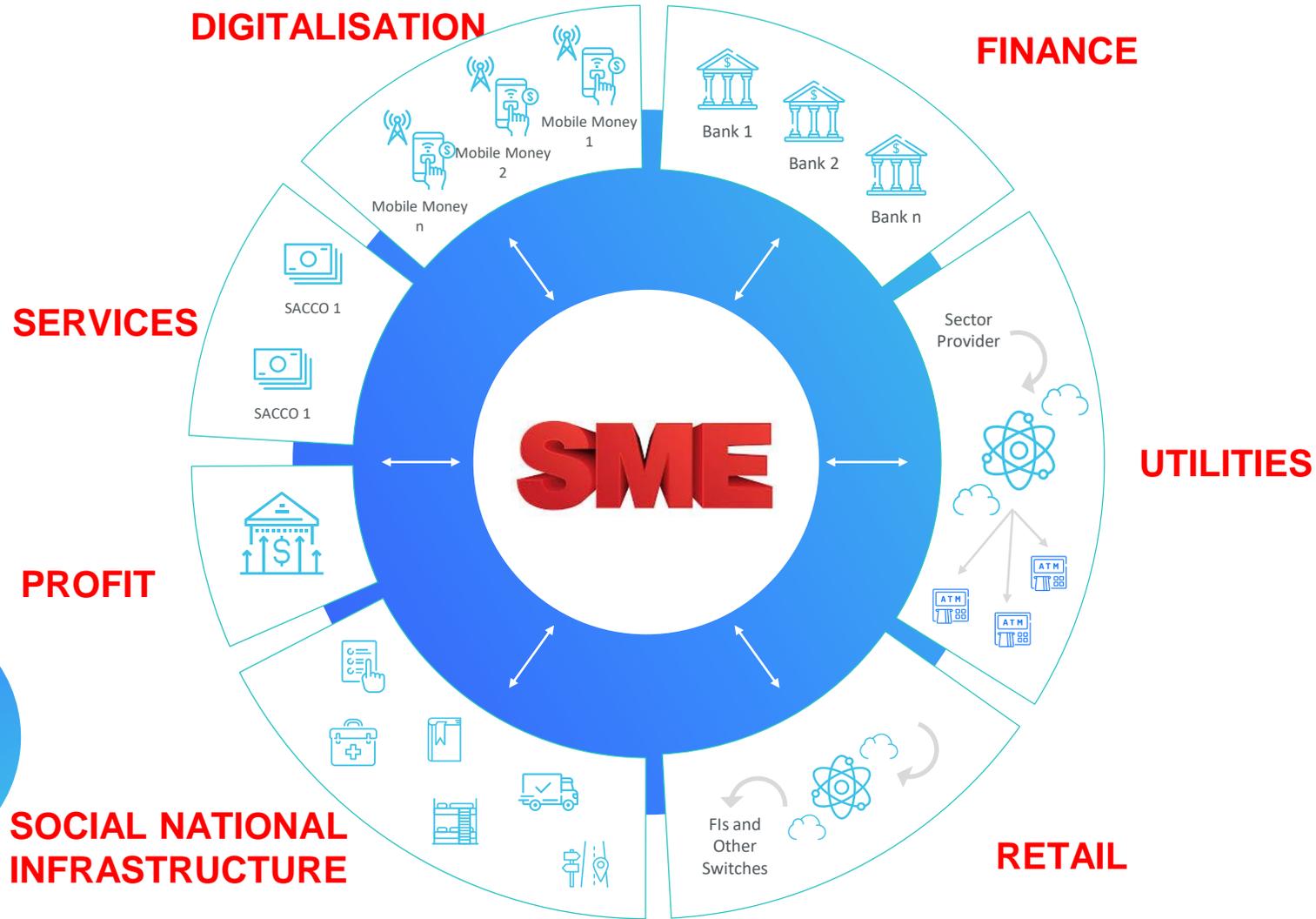
Competition
Compliance
Partnerships

Sustainability

Individual
National
Industry

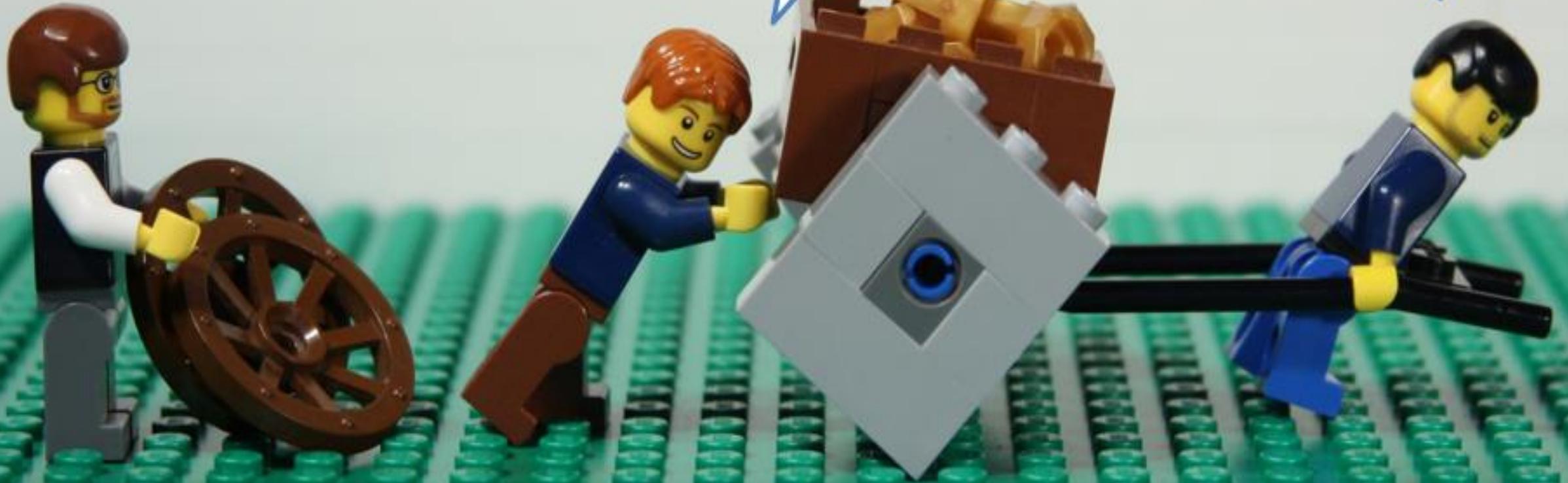


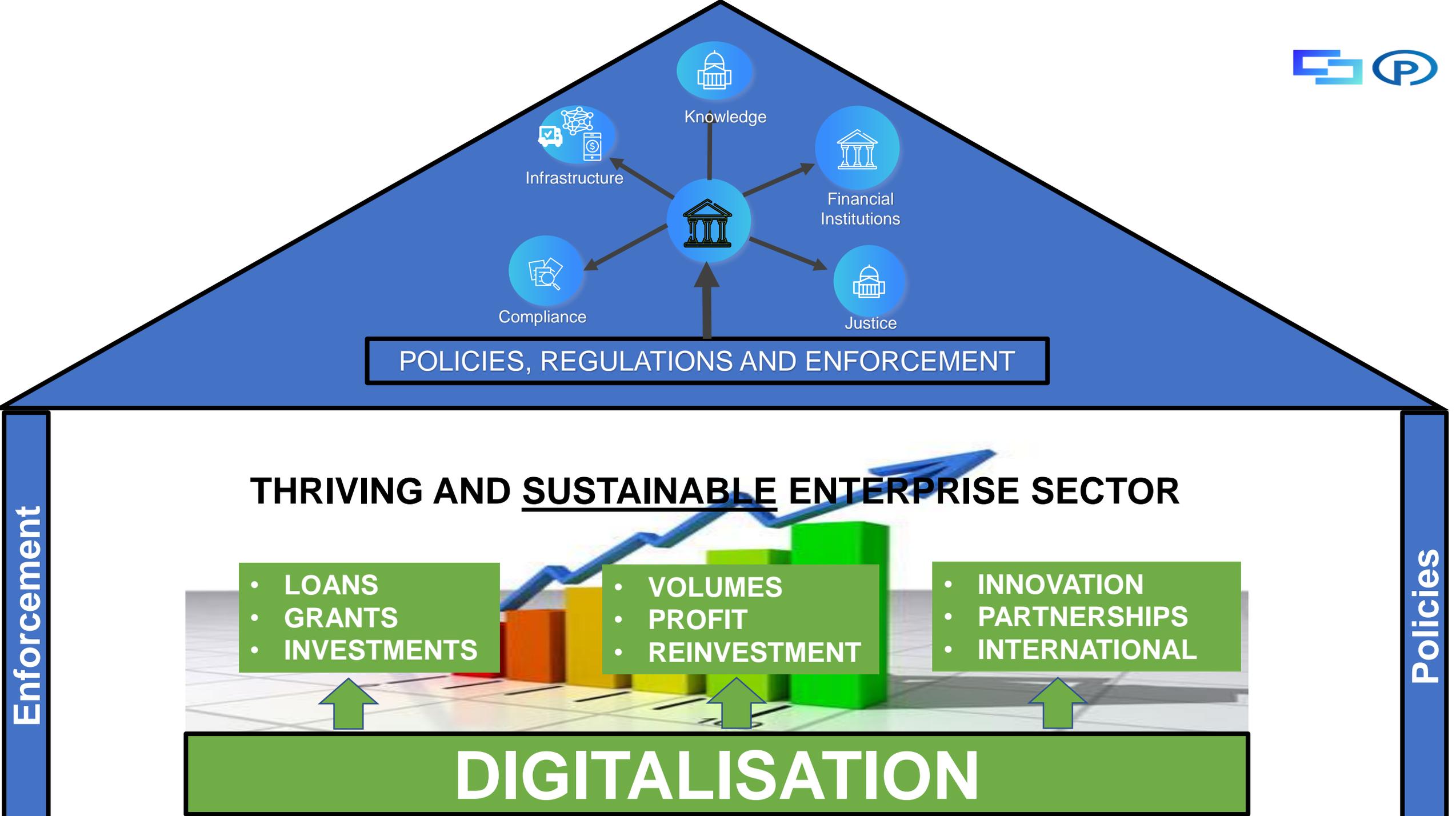
EMERGING MARKETS' SME AN OVERVIEW



No thanks!

We are too busy





POLICIES, REGULATIONS AND ENFORCEMENT

THRIVING AND SUSTAINABLE ENTERPRISE SECTOR

- LOANS
- GRANTS
- INVESTMENTS

- VOLUMES
- PROFIT
- REINVESTMENT

- INNOVATION
- PARTNERSHIPS
- INTERNATIONAL

DIGITALISATION

Enforcement

Policies

Sustainable National Development



Social Empowerment

+

Financial Inclusion

+

SME Development

+

Infrastructure Provision, Polices, Enforcement

Policy Recommendations

The need for digital solutions and how essential the ongoing revolution is for the realisation of a sustainable, profitable and empowering SME sector is not in question, at least in most quarters.

However, for this to translate into reality for the emerging markets, the key ingredient required is “Interconnectivity”

- Interconnectivity of digital solutions
- Interconnectivity of social amenities
- Interconnectivity of laws and regulations
- Interconnectivity that defines an enabling environment

Regulations and their enforcement must first look inwards and tackle the question of the creation of enabling environments and the provision of social services and amenities for the production and manufacturing sectors

Prevailing domestic regulations must reflect common purposes such that rather than conflict with or contradict each other they complement, hence creating an environment of certainty for sectors

Where there is transparency, especially in the enforcement of laws, there is confidence.

Laws and relevant regulations must, whilst ensuring standards, quality and security, must also be fit for purpose and take into consideration the reality of the environment in which they supervise.

More study on how to support government in the emerging countries or to fund the creation of environments that provide, nurture and support business initiation and development i.e. social infrastructure revolution

THANK YOU



**DSSC
PAYMENTA**



www.dssctech.com
info@dssctech.com

