

Investment, Enterprise and Development Commission
5th session

29 April, 2013
Geneva

High Level Segment: Entrepreneurship for Development
Opening Remarks

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

Excellences,
Distinguished Delegates,
Ladies and Gentlemen

First of all, allow me to warmly welcome Her Excellency, Ms. Mayi Antillón Guerrero, Minister of Economy, Industry and Commerce, Costa Rica; His Excellency, Mr. Haruna Iddrisu, Minister of Trade and Energy, Ghana; and His Excellency, Mr. Laurent Serge Etoundi Ngoa, Minister of Small and Medium Enterprises, Social Economy and Handicrafts, Cameroon, as well as all participants to the High-Level Segment of this Commission.

Overall, small and medium-sized enterprises (SMEs) contribute substantially to national economies and global prosperity, accounting for about 40 percent of jobs and 25 percent of GDP in developing countries. Strengthening local enterprise also boosts competitiveness and increases local absorptive capacities - both of which are necessary to attract foreign investment, gain access to global value chains (GVCs), and have other positive multiplier effects.

Entrepreneurship, therefore, can play a central role in the attainment and sustainability of the MDGs, and will play a crucial role in meeting the challenges of their successor framework, the Sustainable Development Goals (SDGs). Moreover, entrepreneurship can contribute to addressing the global economic, social and environmental challenges of the 21st century and building a more inclusive and sustainable economic growth model.

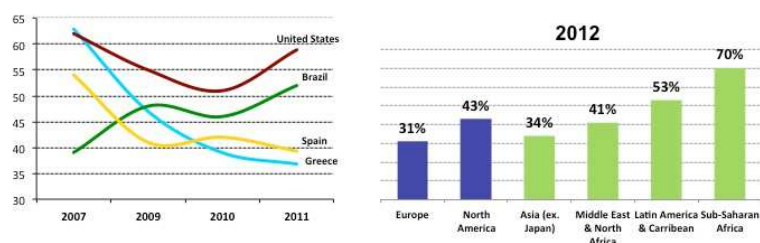
These are ambitious claims, so where do we currently stand? In the first part of my presentation today I will therefore briefly examine some trends in entrepreneurship and private sector development. Subsequently, in the second part of my presentation, I will focus on the necessary policies to support entrepreneurship.

1. Trends in enterprise and private sector development

[Slide 1]

Entrepreneurship after the Economic Crisis: A Global Shift

• As a result of the two-speed recovery from the global economic crisis entrepreneurial dynamism has been shifting towards developing countries ...



Entrepreneurs positively evaluating current business opportunities, %

Source: UNCTAD Analysis based on GEM Global Reports 2007-2012.

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As a result of the on-going global economic uncertainty, a two-speed recovery from the global economic crisis has led to a shift in the centre of gravity of entrepreneurial dynamism towards developing countries.

Two recent surveys of entrepreneurship illustrate this shift: firstly, according to the Global Entrepreneurship Monitor (GEM), the world's largest perceptions survey of entrepreneurs, optimism about current opportunities for entrepreneurship has rebounded strongly in the developing world, reaching -- and in many cases surpassing -- confidence levels in developed countries. As a result, Latin America and Sub-Saharan Africa are currently the two most buoyant regions for entrepreneurship, with more than two-thirds of African entrepreneurs seeing good business opportunities in their region.

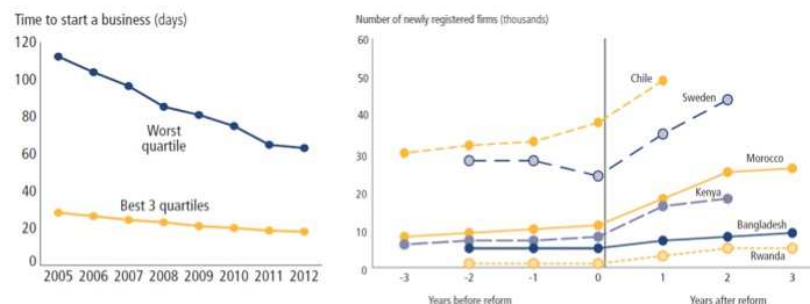
Secondly, we also begin to see this newfound confidence of entrepreneurs in developing countries reflected in their assessment about their countries' policy environments for entrepreneurship. According to the 2012 Global Entrepreneurship Week Entrepreneurship Policy Survey, the top 5 countries with the most positively-rated entrepreneurship policies are: China, India, Kenya, New Zealand and the United States.

So, perceptions of opportunities for enterprise development and the policies which support it are improving in developing regions of the world. However, following the global financial and economic crisis, new firm registration dropped sharply, first in developed economies and then in the rest of the world. In many developing countries, this has led to an increase in business informality, particularly among women and youths, where the informal sector is already very large.

[Slide 2]

Entrepreneurship and the Informal Sector (2)

- Entrepreneurship-friendly business environment reforms have helped to increase formal business registration, especially in developing countries ...



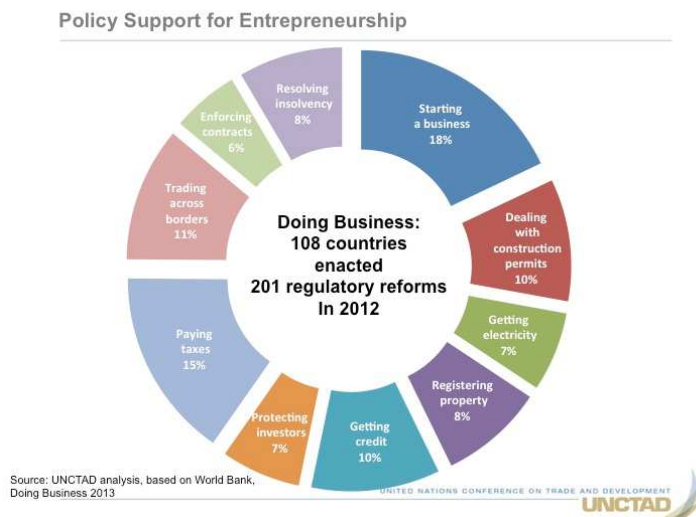
Source: World Bank, Doing Business 2013



Nevertheless, according to the most recent World Bank data, many countries have slowly begun to recover from this. In 2011, 60 percent of countries saw a faster pace of new firm registration than in the year before -- although, overall, levels of new firm registration are still a long way from their pre-crisis peaks.

Looking more broadly at the business environment, the World Bank's annual "Doing Business" survey shows that entrepreneurship-friendly business environment reforms have helped increase formal business registration, especially in developing countries.

[Slide 3]



Worldwide, 108 economies implemented 201 regulatory reforms in 2011 - 2012 making it easier to do business. Reform efforts globally have focused on making it easier to start a new business, increasing the efficiency of tax administration and facilitating trade across international borders. Of the 201 regulatory reforms, 44% focused on these 3 policy areas alone.

In themselves, these regulatory reforms are not sufficient to encourage entrepreneurship. However, governments have started to develop more comprehensive approaches: about 15 developing countries are considering specific legislation to support entrepreneurship, with a focus on start-ups and job creation.

The United Nations General Assembly has also stressed the positive role entrepreneurship plays in driving job creation, and expanding opportunities for all, including for women and youth, in its resolution on “Entrepreneurship for Development”, passed in December last year. The resolution emphasizes the importance of bringing informal workers into the formal economy and integrating them into social security systems. It acknowledges the role of entrepreneurship to enable youth to turn their ideas into business opportunities by helping to facilitate their entry into the formal labour market.

UNCTAD believes that, in order for small and medium-sized enterprises (SMEs) to grow, formalize and become competitive on a larger scale, such dedicated entrepreneurship policies are urgently needed. I therefore now turn to the second part of my presentation which reviews the importance of entrepreneurship policies and the policy support UNCTAD is providing to developing countries for their implementation -- namely through its Entrepreneurship Policy Framework.

2. Entrepreneurship policies and private sector development

As part of a range of policies directed at strengthening domestic productive capacity and stimulating economic activity, UNCTAD has emphasised the development of a vibrant entrepreneurial climate and the expansion of job opportunities and innovation that accompanies it.

Entrepreneurship is one of the key pillars in the entrepreneurship-innovation nexus. Innovation provides entrepreneurs with new tools to improve the efficiency and productivity of their business, or with new platforms on which to build their ventures. In turn, entrepreneurs fuel innovation by developing new or improving existing products, services or processes and commercializing them. This is why entrepreneurship policies need to be designed and coordinated in a way that reflects the systemic character of entrepreneurship development.

Given the systemic and interdependent nature of entrepreneurship, a bottleneck in one area may become a bottleneck for other areas. Enterprise can only flourish if the overall environment provides the external inputs it requires, such as skills, finance and technological services. If the key constraints in one area are not addressed, improvements in other areas may not produce the expected results.

A number of developing countries are now adopting a systematic national policy on entrepreneurship to address these constraints. Recent research carried out by UNCTAD shows that there are different priority areas for the promotion of entrepreneurship, according to a country's level of development. Countries

may link entrepreneurship to priorities such as poverty alleviation, the empowerment of women, the inclusion of rural communities or a reduction of the informal sector. Entrepreneurship policy, therefore, should evolve together with, and be embedded within these national priorities in a cohesive manner.

UNCTAD's Entrepreneurship Policy Framework (EPF) puts development objectives at the heart of its policy orientation. The Framework advocates a coordinated approach that will help policymakers identify and formulate policies that correspond to national priorities, that are tailored to their specific needs, and that will facilitate the transition to a more dynamic and entrepreneurial economy.

I will now stop here to leave sufficient time for my colleague Ms. Fiorina Mugione, Officer-in-Charge of the Enterprise Development Branch, to outline in more detail UNCTAD's EPF and our activities in this area. We look forward to hearing your experiences and sharing good practices learned in your countries. We also look forward to further collaborating with the whole UN community for the organization of the Global Entrepreneurship Week in November, in order to increase the creativity and dynamism of entrepreneurs worldwide and their overall contribution to economic growth. Thank you.