

**Commission on Investment, Enterprise and Development
Third Session**

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**Enhancing productive capacities for development, including
through strengthened entrepreneurship policies and improved
science and innovation policies**

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

I am pleased to welcome you all to this session of the Investment, Enterprise and Development Commission of UNCTAD, on enhancing productive capacities for development. I will focus in these introductory remarks on the theme of 'strengthening entrepreneurship policies'.

In my introductory speech on Monday I spoke about the need to improve linkages between investment policies and development strategies, and the need to put development centre stage in investment policy making. That means ensuring that foreign investment contributes to building indigenous productive capacities and supports the development of a sustainable domestic private sector in poor countries. At the same time, building a strong domestic enterprise sector will increase the attractiveness to foreign investment and enhance absorptive capacity of the host countries to reap the potential benefits derived from foreign investment.

In today's world the development of a local private sector depends on successful linkages with global value chains, often governed by TNCs. Governments are increasingly active in guiding the development of local productive capacity through industrial and enterprise development policies, but the manoeuvring space for such policies is often determined or confined by international investment policy commitments. It is therefore fundamental to look at investment policymaking and domestic enterprise development policymaking in an integrated way, as we try to do in our Division on Investment and Enterprise. Sub-theme 4 of UNCTAD XIII, which has just been agreed, provides an excellent opportunity to further enhance such an integrated policy approach.

An integrated Investment and Enterprise Development Policy framework should address issues such as:

- Private (including foreign) investment in local productive capacity building, including basic infrastructure;
- Micro and SME development and investment in the bottom of the pyramid;
- The promotion of sustainable value chains linked to the global networks of TNCs; and
- Investment and enterprise building in opportunity areas such as social and green entrepreneurship and, in general, the promotion of opportunity entrepreneurship (as opposed to entrepreneurship out of necessity).

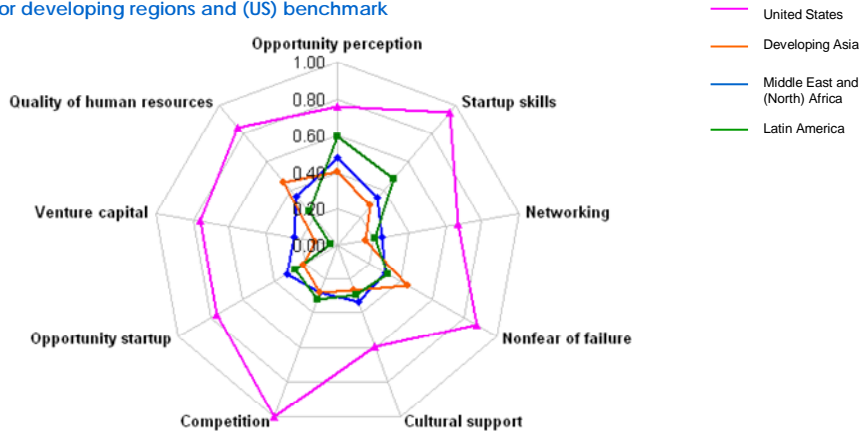
From this (non-exhaustive) list it is clear that Enterprise Development Policies are broader than Entrepreneurship Policies. The latter will focus on the enabling environment for entrepreneurs, on access to finance for start-ups, on networking and awareness raising, on entrepreneurship education, and so forth. The former will include a sense of strategic direction and sector priorities, involve targeted public investment, and imply the formulation of infrastructure development plans that prioritise specific enterprise development needs.

That said, Entrepreneurship Policies are clearly key to support the development of a sustainable domestic private sector, and are therefore the focus of the remainder of my brief presentation this morning.



Significant gaps remain across developing regions on almost all key success factors for entrepreneurial development

Global Entrepreneurship and Development Index, major developing regions and (US) benchmark



Source: Acs et al. (2011) Global Entrepreneurship and Development Index

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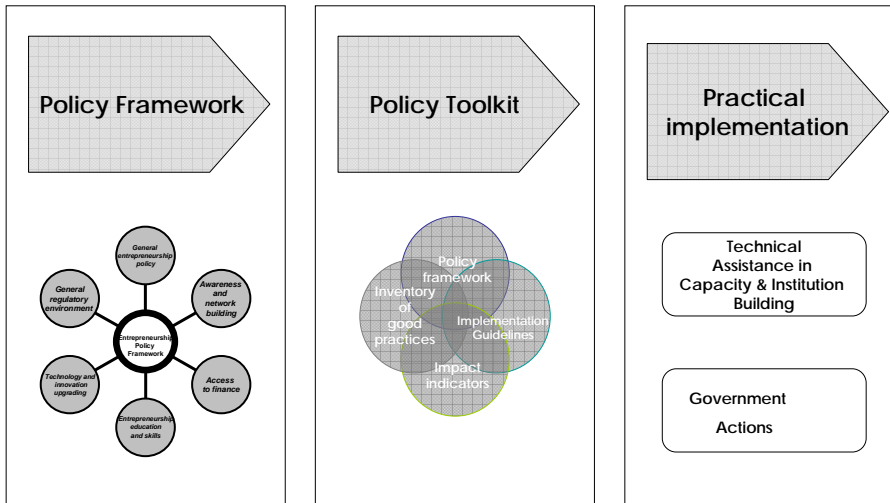
In most developing regions there is significant room to strengthen entrepreneurship, as shown by the Global Entrepreneurship and Development Index which indicates wide gaps on almost all key success factors for entrepreneurial development. As you can see from the figure, it is striking that while all developing countries rank relatively high in the perception of business opportunities, in all of them there is a need to increase the quality of human capital necessary to turn these opportunities into high growth businesses.

UNCTAD's Empretec Programme – currently operational in 32 countries – is helping developing countries build practical entrepreneurial skills and capabilities “on the ground”. To date, more than 200'000 entrepreneurs have been trained all over the world, out of which 30% are women. The UNCTAD Empretec Women in Business Award initiative encourages women entrepreneurship for economic growth and employment creation in developing countries.

In response to the request of experts participating to the Multi-year Expert Meeting, UNCTAD is developing an *entrepreneurship policy toolkit* which aims to provide guidance on how to set up and sequence the implementation of a comprehensive entrepreneurship policy. We presented elements of the toolkit in some detail during the Multi-year Expert Meeting this year. Let me take you through some of the highlights to show what we are doing to progress the work.



UNCTAD's work on entrepreneurship policy follows 3 steps:

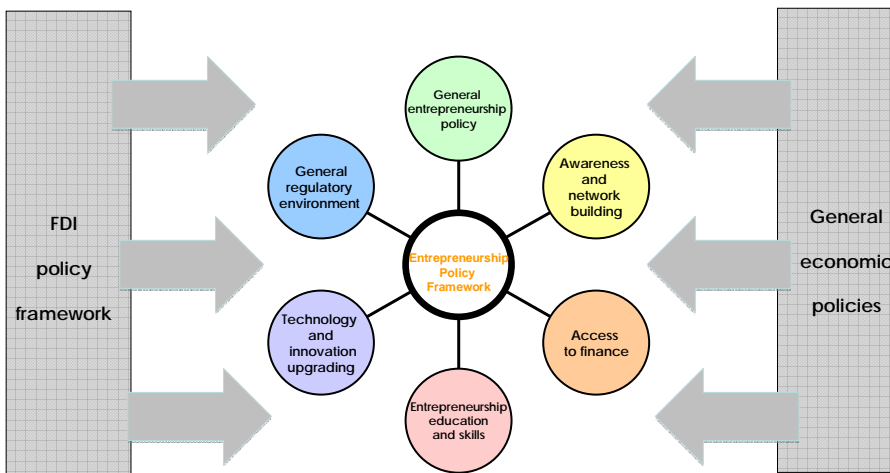


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The slide shows the three steps of our work on the entrepreneurship policy framework and toolkit. The first step is the definition of the policy framework for entrepreneurship promotion. As a second stage we are in the process of developing the policy toolkit which will offer guidance to facilitate practical implementation of the entrepreneurship policy framework. Since the final aim is the implementation of the policy toolkit at the country level, UNCTAD plans to then put together a package of technical assistance activities. Let's look at each step in turn.



UNCTAD's Entrepreneurship Framework has 6 policy areas:



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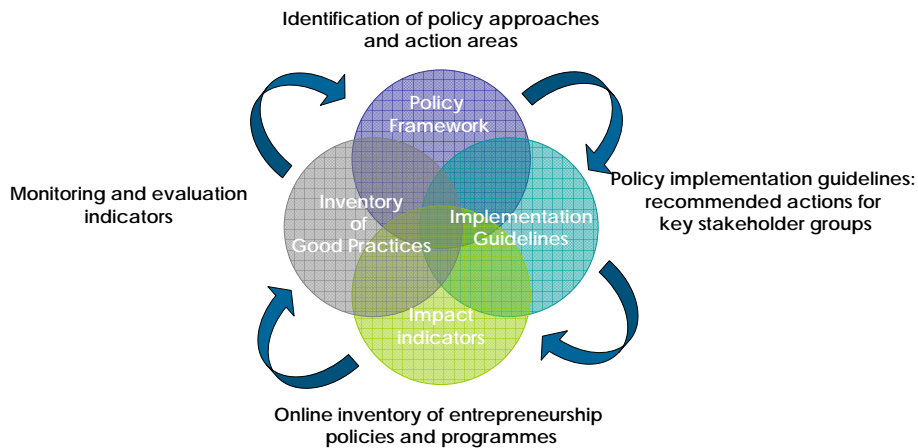
The entrepreneurship policy toolkit is based on a comprehensive policy framework that includes six priority areas that have a direct impact on entrepreneurial activity: (1) *general entrepreneurship policy*; (2) *awareness and network building*; (3) *access to finance*; (4)

entrepreneurship education and skills; (5) innovation and technology upgrading; and (6) the regulatory environment.

Let's now move to the second step, the development of the policy toolkit.



The 4 elements of the toolkit are developed for each of the 6 policy areas of the framework



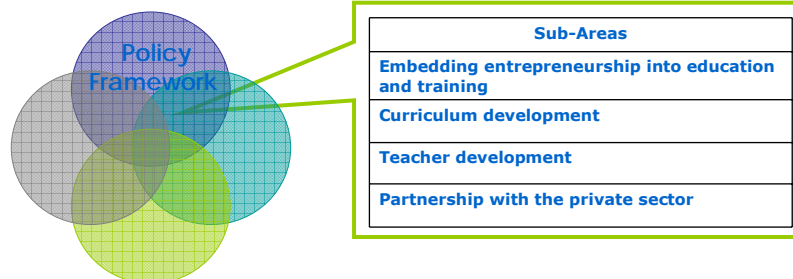
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To facilitate the implementation of the policy framework, the toolkit will provide for each of the six areas: (a) the main policy action areas; (b) practical step-by-step guidelines for policy implementation; (c) a set of indicators for monitoring and evaluation; and (d) an on-line inventory of good practice entrepreneurship policies and programmes. Let me give you just a few examples:



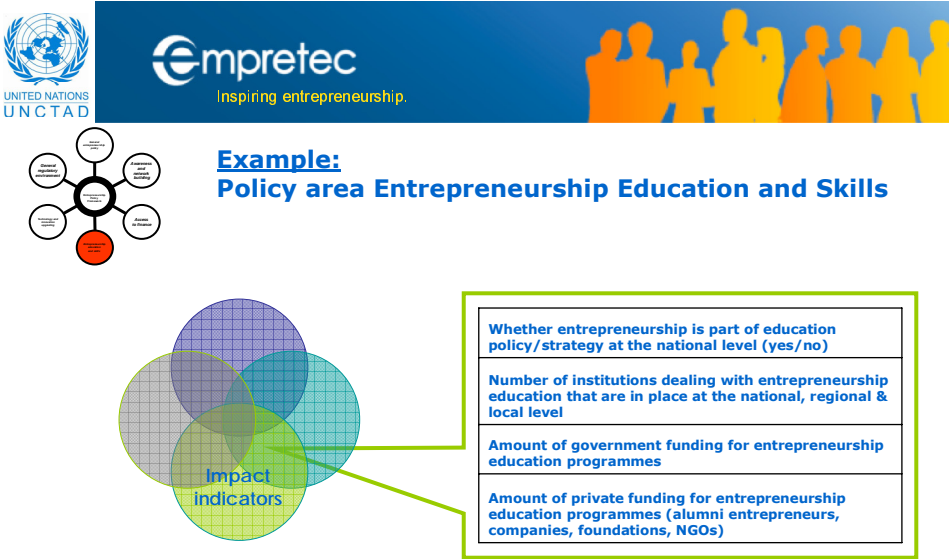
Example: Policy area Entrepreneurship Education and Skills

Policy approaches and action areas



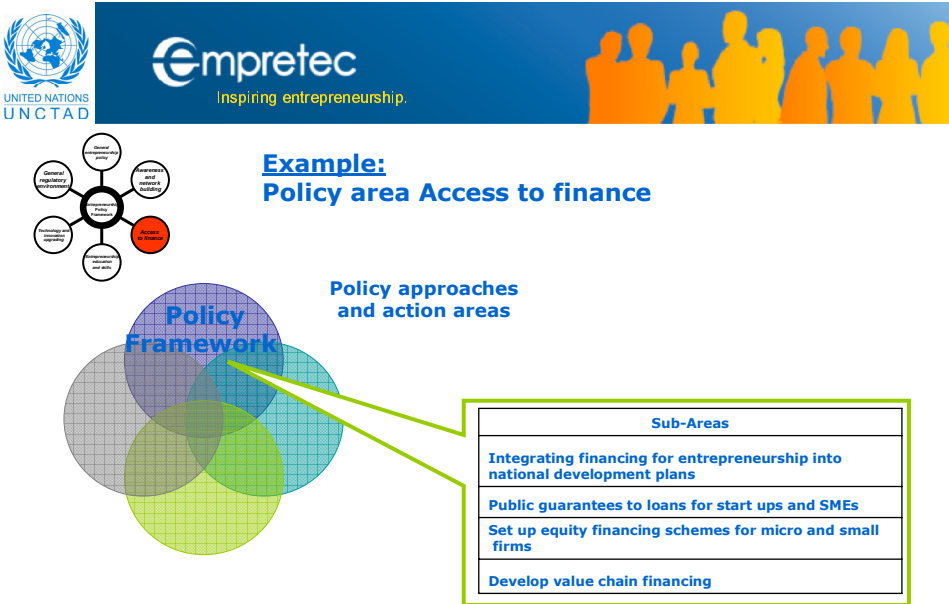
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This is an example of the policies part of the toolkit applied to the entrepreneurship education and skills element of the policy framework. This part suggests the main action areas on entrepreneurship education. These are: (1) *Embedding entrepreneurship into education and training at all*; (2) *Development of an entrepreneurship curriculum*; (3) *Training of Teachers*; and (4) *Building partnerships with the private sector*.



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Remaining within the entrepreneurship education and skills element of the policy framework, this is an example of the indicators part. The objective of the indicators is to measure the effective implementation of policies and programmes within each area of the framework.



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Moving to another element of the policy framework, that of access to finance, here are a number of other action area examples: (a) *Integrate financing for entrepreneurship into*

national development plans; (b) Provide public guarantees to loans for start ups and SMEs; (c) Set up equity financing schemes for micro and small firms, and (d) Develop value chain financing.

Finally, let me show you an example of the online inventory of good practice entrepreneurship policies and programmes. The inventory will be an interactive, user friendly, online information sharing tool; it will serve as a clearing house connecting experts; and it will be a global resource for information on government and non-government programmes on entrepreneurship and innovation.

The screenshot shows the UNCTAD website's 'Create Nomination' form. The header includes the UNCTAD logo and navigation tabs: Home, About UNCTAD, Meetings, Publications, Areas of Work, Statistics, Technical Cooperation, and Media Center. The form fields are as follows:

- Name of Initiative:** Youth Entrepreneurship Policy
- Country:** South Africa
- Type of Initiative:** Policy (selected)
- Category:** The General Enabling Environment for Entrepreneurship (selected)
- Year of Inception:** 2009
- Description of Initiative:** In June of 2009, the City of Johannesburg's economic development department launched its Young Entrepreneurship Policy and Strategy Framework. The policy initiative target's the City's young citizens and seeks to foster their entrepreneurial skills and...
- Partnerships:** (empty text area)
- Financing:** (empty text area)

Buttons for 'Save' and 'Back' are located at the top right of the form. A page number '10' is visible at the bottom right.

This is what the online inventory will look like. It will be linked to UNCTAD's website. Through this platform, experts and policymakers can submit best practice entrepreneurship policies and programmes and exchange ideas and information thanks to the discussion forum.

To conclude, the third step, the development of a package of technical assistance, clearly needs to wait until the toolkit is completed. However, as an input for the development of such packages of assistance on entrepreneurship policy, I would like to leave you with a few questions for discussion this morning.

- (1) How can entrepreneurship be better *integrated into national development strategies*, aimed at inclusive and sustainable economic growth and poverty reduction?
- (2) How can they be *tailored to specific needs and objectives* such as the empowerment of women, youth employment, export growth, formalization of SMEs?
- (3) How can they better *incorporate green and social entrepreneurship* and facilitate their impact on sustainable development?
- (4) *How can UNCTAD's entrepreneurship policy toolkit be leveraged* to maximize its usefulness for member states?

Thank you.