

**Multi-year Expert Meeting on Enterprise Development Policies  
and Capacity-Building in Science, Technology and Innovation  
(Fourth Session)**

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**Introduction**

**By  
James Zhan  
Director  
Division on Investment and Enterprise  
UNCTAD**

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

## Outcome of the Multi-year Expert Meeting cycle

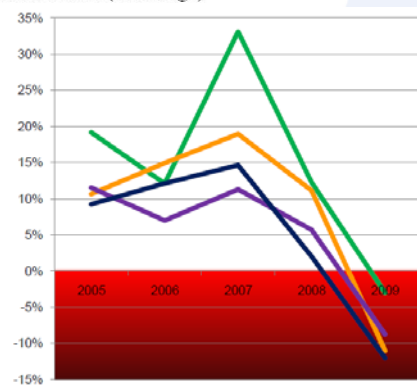
- I am pleased to welcome you to this Fourth Session of UNCTAD's "Multi-year Expert Meeting on Enterprise Development Policies and Capacity-Building in Science, Technology and Innovation". This is an important meeting, as it is the culmination of UNCTAD's work in these areas, including a series of four Multi-Year Expert Meetings held from January 2009 to January 2012 on entrepreneurship and innovation related policies, leading to UNCTAD XIII.
- In particular, the first session of this Multi-Year Expert Meeting mandated UNCTAD secretariat, among others, to provide guidance on how to set up and sequence the implementation of a **comprehensive entrepreneurship development policy**, taking into account the specific needs of developing countries, least-developed countries, and economies in transition. At this meeting, we shall present the draft of the main outcome related to this specific mandate, namely UNCTAD's **Entrepreneurship Policy Framework**. The Framework aims to support policymakers in the design of initiatives, measures and institutions to promote entrepreneurship.

## The importance of entrepreneurship policies

- Why do we consider entrepreneurship policies so important for development? By unleashing entrepreneurial capacity and facilitating start-ups, entrepreneurship policies generate value added, employment and innovation. The creation of new business entities is an essential ingredient for the development of a vibrant small- and medium-sized business sector – the core of most competitive economies. It has the potential to contribute to specific sustainable development objectives, such as the employment of women, young people or disadvantaged groups. It can also contribute to structural transformation and building new industries, including the development of eco-friendly economic activities.
- This is a timely and crucial issue. Data show that in 2007-2009, nearly all economies experienced a sharp drop in new business entry as consequence of the financial and economic crisis. The SME sector showed the highest level of resilience during the crisis, but new business registration slowed down, first in advanced economies and then in the rest of the world, in parallel with the spread of the crisis. Now policymakers are increasingly aware that promoting entrepreneurship is crucial component of their efforts to re-start the growth engine and to generate the type of growth that creates jobs.

### Impact of the Financial Crisis on Entrepreneurship

Creation of New Firms (% change)



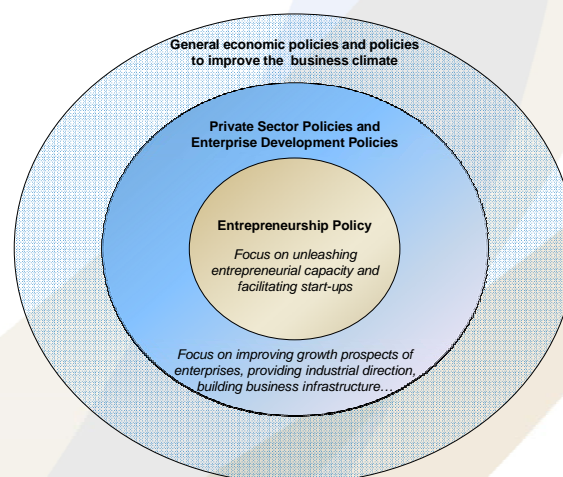
Source: World Bank, 2010

— High income — Upper middle income — Lower middle income — Low income

## Entrepreneurship policies as part of enterprise development and private sector development policies

- As a result, policymakers around the globe have recently put the promotion of entrepreneurship, the development of local entrepreneurial capabilities high on their agenda. The UNCTAD Framework is meant to help countries with the development of action plans to boost entrepreneurship. It sets out a structured framework of relevant policy areas that guides policymakers through the process of creating an environment that facilitates the emergence of entrepreneurs and start-ups, as well as the growth and expansion of new enterprises.
- The framework recognizes that many countries may not, as yet, have a dedicated 'national entrepreneurship strategy'. The promotion and facilitation of new enterprise is often – implicitly or explicitly – part of an overall private sector or enterprise development strategy that encompasses broader objectives related to the productive capacity, including regulatory reform, infrastructure development, human resource and skills development, or SME policies.
- Policymakers have at their disposal a large body of existing research and policy guidance (from UNCTAD and other institutions) to help them devise such broader national policies and to create a general business environment conducive to enterprise development. Our *Entrepreneurship Policy Framework*, is narrower in scope and focuses specifically on policies aimed at **promoting the emergence of new entrepreneurs and facilitating new business start-ups**. It helps policymakers to formulate policies to promote entrepreneurship across all sectors and industries, independent of the level of innovation, and including profit-seeking ventures and those with social entrepreneurship objectives. It also acknowledges the importance of the informal sector, although policy initiatives aimed at facilitating entrepreneurship will, by necessity, tend to promote formal business start-ups or transitions out of informality.

### Entrepreneurship policy itself is part of wider enterprise development and private sector development policies



- In designing entrepreneurship policy 'one size does not fit all'. Recognizing that, the framework highlights the key policy areas to take into account and suggests policy objectives and *policy options* in the form of recommended actions in each area. Naturally, the national economic and social context and the specific development challenges faced by a country will largely determine the overall approach to entrepreneurship development.

However, it is possible to identify priority areas for policy focus that have a direct impact on entrepreneurial activity, as we have done in the Entrepreneurship Policy Framework.

## Six priority areas

- In particular, we have identified **six priority areas** for policy focus that have a direct impact on entrepreneurial activity. These are: (1) *Formulating national entrepreneurship strategies*; (2) *Optimizing the regulatory environment*; (3) *Enhancing entrepreneurship education and skills*; (4) *Facilitating technology exchange and innovation*; (5) *Improving access to finance*; and (6) *Promoting awareness and networking*. In each area, the Framework highlights a series of key **policy objectives** that could be taken into account and suggests concrete **policy options** and **recommended actions** which should enable policy makers to begin the strategy formulation and implementation process.

## Entrepreneurship Policy Framework: Implementation guidance

Figure 1. Key components of an entrepreneurship policy framework



- The first area of UNCTAD's framework focuses on developing an **entrepreneurship strategy**. This is the starting point for policy makers, as it provides the baseline and vision for the governments' approach to entrepreneurship development.
  - Under Optimizing the regulatory environment, the Framework provides suggestions on how *responsibly* to reduce regulatory hurdles for business start-ups and how to help entrepreneurs through the administrative process.
  - Under Enhancing entrepreneurship education and skills, you will find suggestions for the integration of an entrepreneurial curriculum in vocational training.
  - Under Facilitating technology exchange and innovation, there are suggestions for how to promote the use of ICT in starting businesses and how to stimulate the building of networks to support innovative firms.
  - Under Improving access to Finance, there are ideas for policies to strengthen the financial infrastructure in developing countries in support of entrepreneurs. And,
  - Under Promoting Awareness and Networking, there are options and mechanisms to facilitate the matching of potential entrepreneurs with concrete opportunities such as campaigns to support the build up of a local tourism industry to promote franchising opportunities.
- A **coordinated approach** and the **right sequencing** of policy within – and between – these six areas of the entrepreneurship policy framework will help policymakers to

formulate and implement policies which match the national economic and social context and the specific development challenges faced by a country to national priorities, and facilitate the move towards a more dynamic and entrepreneurial economy and society.

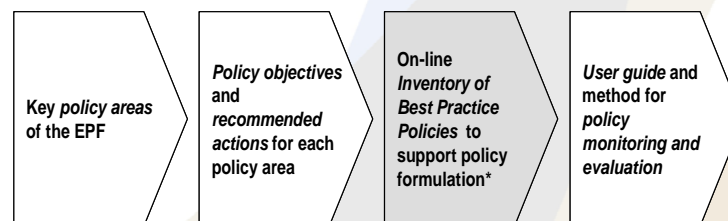
## Entrepreneurship Policy Steps

- To guide implementation, UNCTAD's Entrepreneurship Policy Framework recommends that a series of coherent steps is followed, along the following lines. **First**, in the context of national development strategy, policymakers need to identify opportunities and challenges in promoting enterprise development in general and entrepreneurship in particular. **Second**, policymakers need to evaluate the current environment, in which entrepreneurs set up, operate and grow their businesses. **Third**, policymakers need to define the overall entrepreneurship strategy and priorities, in terms of objectives and targets as well as policy gaps and shortcomings. **Fourth**, taking into account country-specific conditions, policymakers need to design a focused set of initiatives to address gaps and shortcomings identified. **Fifth**, policymakers need to regularly monitor and assess the impact of the policies put in place to ensure the relevance and the effectiveness of their actions.

## Toolkit logic

- The policy framework, presents the practical 'step-by-step' approach, the checklists of questions, and the methodology and indicators to measure policy effectiveness, combined with the on-line inventory of best practices in entrepreneurship development. Thus it can be considered as a toolkit for policymakers for the formulation, implementation and measurement of entrepreneurship policies.

## Entrepreneurship Policy Framework: Outcome of the Multi-year Expert Meeting cycle



## Thank you

- I have no doubt that we will revisit many of these points in informative and stimulating debates and presentations over the coming 3 days. In particular, this afternoon you will hear more about pro-poor entrepreneurship policies, tomorrow about the innovative topic of women entrepreneurship and on Wednesday more detail about UNCTAD's Entrepreneurship Policy Framework.
- I wish you a fruitful meeting and invite you all to share your expertise and provide your feedback through an open and lively debate.