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Business development services for conducive business ecosystems in support of sustainable development*

Note by the UNCTAD secretariat

Summary

Microenterprises and small and medium-sized enterprises are the backbone of economies, accounting for approximately 90 per cent of all businesses worldwide and providing over two thirds of employment. The digital, green and energy transformations that the world is undergoing offer new business opportunities, yet also have a major impact on the way traditional business is done, reshaping trade and requiring important adaptations on the side of companies, large and small, in order for them to remain competitive.

Effective business development services are critical components of the business ecosystem, required to enable microenterprises and small and medium-sized enterprises to reach their full potential and optimize their contribution to economic competitiveness and sustainable, inclusive development. Policymakers are at the forefront of their development and can play a key role in facilitating such services and their delivery mechanisms, in collaboration with other actors who can support such enterprises at each stage of their growth trajectory.

Against this background, and drawing on the related work of UNCTAD, the evolving landscape of business development services is presented in this note, to facilitate deliberations on a way forward. An overview is provided of the key drivers that enable business development services to create strong entrepreneurship ecosystems, with a particular focus on developing countries, and how these services contribute to the achievement of the Sustainable Development Goals. Examples of best practices and tools that are readily available are highlighted. Consideration is given to the acceleration of digitalization and new technologies, the introduction of green practices and the emergence of new critical skills, with a view to examining how these novel entrepreneurial challenges can be addressed within the domain of business development services.

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I. Introduction

1. The topic of the eleventh session of the Multi-year Expert Meeting on Investment, Innovation and Entrepreneurship for Productive Capacity-building and Sustainable Development relates to the need for continued support in the development of microenterprises and small and medium-sized enterprises and start-ups, as noted in the Bridgetown Covenant (TD/541/Add.2, para. 127 (r)) adopted at the fifteenth session of the United Nations Conference on Trade and Development and in General Assembly resolution 77/160 on entrepreneurship for sustainable development. In this context, UNCTAD technical assistance work on entrepreneurship includes, among others, assisting member States in the identification, formulation, implementation and assessment of coherent policy measures that support entrepreneurship; and the promotion of microenterprises and small and medium-sized enterprises and start-ups. Across the five pillars of its entrepreneurship policy framework and implementation guidance,¹ UNCTAD encourages policymakers to engage with the private sector and other actors in the entrepreneurial ecosystem, to ensure business-like service delivery in all areas of intervention identified under each pillar.

2. Microenterprises and small and medium-sized enterprises are the backbone of every economy, representing approximately 90 per cent of all businesses worldwide, employing over two thirds of the global workforce and contributing to half of the world's gross domestic product.² They play a critical role in improving social and environmental conditions through job creation, the implementation of sustainable business models and practices, innovation and the driving of entrepreneurship among women, youth and marginalized groups, thereby helping advance on the achievement of the Sustainable Development Goals at a local level. Their ability to grow depends largely on adopting practices that enhance their competitiveness, necessitating a shift towards higher efficiency and greater value added for customers.³ By providing comprehensive support to microenterprises and small and medium-sized enterprises, a robust business development services ecosystem can help foster innovation, productivity and inclusive economic growth, thereby contributing to the achievement of several Sustainable Development Goals, such as ending poverty (Goal 1), enhancing relevant skills for entrepreneurship (Goal 4), empowering women and supporting entrepreneurship (Goals 5 and 8), supporting research and innovation (Goal 9) and promoting collaboration between the public and private sectors (Goal 17). This underscores the need for additional support for enterprise development, including through the establishment and strengthening of effective and sustainable business development services.

3. Business development services are defined as non-financial services that aim to improve the performance and growth of businesses by enhancing their productivity and competitiveness through, for example, the upgrading of managerial and technical skills, access to markets, technological upgrading, financial advice and networking. They impact the economy, particularly in terms of productivity, by promoting business growth, increasing exports and enhancing know-how. At the microeconomic level, business development services affect the individual performance and sustainability of businesses. At the mesoeconomic level, they can influence the performance of particular sectors, which can be used to strengthen sectors relevant for the Sustainable Development Goals. At the macroeconomic level, they impact economic growth through enterprise competitiveness, inclusion and poverty reduction, for example through targeted support for women and youth entrepreneurship. In the light of recent developments, particularly in digitalization and new technologies, as well as the greening of businesses, there is a need to review best practice policies in establishing and strengthening effective and sustainable business development services as part of robust entrepreneurial ecosystems.

¹ See <https://unctad.org/topic/enterprise-development/entrepreneurship-policy-hub>.

² See <https://www.ilo.org/topics/micro-small-and-medium-enterprises>.

³ Njoroge M and Kaluyu V, 2020, Business development services access as a strategic response to market disruption among small and medium enterprises, *American Journal of Industrial and Business Management*, 10(08):1340–1350.

4. The Donor Committee for Enterprise Development distinguishes between operational services, which focus on day-to-day operations, and strategic services, which address medium- and long-term considerations.⁴ As an extension to these categories, a third segment has been proposed, focused on advocacy.⁵ The latter refers to efforts aimed at improving the business environment through policy advocacy and infrastructure development, with business associations and the public sector as the target of interventions (see table; the list is not exhaustive).

Category, type and features of business development services

<i>Category</i>	<i>Type</i>	<i>Features</i>
Information and facilitation services	Business information	Access to databases, publications and other resources
	Online platforms	Digital tools and platforms for business information, registration and other services
	Knowledge-sharing	Forums, seminars and webinars to disseminate good practices and innovations
Regulatory and policy support	Compliance assistance	Help with understanding and meeting regulatory requirements
	Advocacy	Representation of business interests in policy discussions and lobbying for favourable policies
	Legal services	Guidance on legal issues such as contracts, intellectual property and dispute resolution
Training and capacity-building	Entrepreneurship training	Soft skills entrepreneurial training workshops (e.g. through Empretec)
	Technical training or specific skills development	Training in particular business functions and areas, such as marketing, customer relations, financial management and business planning
Advisory and consulting services	Market research	Information on market trends, customer preferences and competition
	Export promotion	Support for entering and expanding in international markets
	Trade fairs and exhibitions	Opportunities to showcase products and network with potential buyers
Innovation and technology services	Research and development	Support for innovation and product development
	Technology transfer	Assistance in adopting new technologies and processes
	Digital transformation	Help with implementing digital tools and strategies
Networking and linkages	Business networking	Facilitation of connections between businesses, suppliers and customers
	Industry associations	Membership in associations offering collective benefits such as advocacy and shared resources
	Partnership development	Assistance in forming strategic alliances, joint ventures,

⁴ See <https://www.enterprise-development.org/dced-guidance/business-development-services-dced-guiding-principles/>.

⁵ Economic and Social Commission for Asia and the Pacific, 2012, *Policy Guidebook for SME [Small and Medium-sized Enterprise] Development in Asia and the Pacific* (United Nations publication, Sales No. E.12.II.F.2, Bangkok).

<i>Category</i>	<i>Type</i>	<i>Features</i>
		etc.
Facilitation of access to finance	Financial literacy	Training in financial management and planning and financial literacy
	Investment readiness	Preparation for pitching to investors and seeking loans
	Funding opportunities	Information on grants, subsidies and credit schemes
Infrastructure-related services	Business incubation	Support, resources and guidance for start-ups and entrepreneurs, for business growth and development
	Technology parks, clusters and innovation labs	Specialized collaborative environments to foster innovation and technology companies

Source: UNCTAD, based on Economic and Social Commission for Asia and the Pacific, 2012, and International Labour Organization, 2003, Business Development Services Primer, available at https://labordoc.ilo.org/discovery/fulldisplay/alma994826263402676/41ILO_INST:41ILO_V2.

5. The nature and range of services has evolved. There has been a significant increase in access to technologies, appropriate financing mechanisms⁶ and sustainability adaptation, in addition to the upskilling and reskilling of employees, driven by new technologies such as artificial intelligence and robotics. As the services provided have become increasingly sophisticated, the delivery methods and providers involved have become increasingly diverse.

6. The development of relevant business development services relies significantly on the contributions of both public and private actors, who play complementary roles. Private providers play a role in delivering efficient, demand-driven and financially sustainable services. However, this requires a conducive environment for the development of both the supply and demand for such services. In most cases, Governments typically play a role in ensuring the delivery of a comprehensive and effective package of business development services. Beyond the respective roles of the public and private sectors, new business development schemes and networks emerge in response to evolving needs and the current environment.

7. Against this background, and drawing on the related work of UNCTAD, the evolving landscape of business development services is presented in this note, to facilitate deliberations on a way forward. An overview is provided of the key drivers that enable business development services to create strong entrepreneurship ecosystems, with a particular focus on developing countries, and how these services contribute to the achievement of the Sustainable Development Goals. Examples of best practices and tools that are readily available are highlighted. Consideration is given to the acceleration of digitalization and new technologies, the introduction of green practices and the emergence of new critical skills, with a view to examining how these novel entrepreneurial challenges can be addressed within the domain of business development services.

II. A conducive environment for business development services

A. Evolving practices in the provision of business development services

8. The evolution of business development services has been significant over the past two decades, with shifts in delivery mechanisms, the integration of digital technologies and the greening of businesses, as well as policy environments seeking to adapt to the changing needs of the business community.

⁶ Ibid.

9. Traditionally, the provision of business development services originated from the public sector, justified by their role in advancing development objectives such as those related to productivity, competitiveness and labour. Services were offered directly through public providers or by subsidizing other providers. Public business development services (including donor-led initiatives emanating from the international development community) often replaced underdeveloped market structures, albeit with the risk of crowding out existing or potential commercial service providers. The sustainability of such interventions has been weak, with programmes typically discontinuing once funding runs out.⁷

10. The objective of reducing the cost of such services and increasing their accessibility is aligned with the provision of public goods, yet supply-driven mechanisms for business development services have shown several shortcomings, including potential subsidy dependence and a possible negative impact on the quality of services rendered. In addition, such services are likely to focus on operational rather than strategic aspects, which are typically more expensive and individualized.⁸

11. This has led to the transition towards a more market-driven approach that attempts to address some of the limitations of public- or donor-driven mechanisms and also responds to demands for more tailored services of a strategic nature, such as the development of new products and services, access to international markets, the adoption of new technology and the greening of businesses, which require operational and advisory expertise. Recent evolutions, including the digital and green transitions, which also affect traditional business sectors, require businesses to acquire new skills that are essential for business development. The adoption of innovation and building of networks with partners and customers can be achieved through participation in global supply and value chains. Market-oriented channels for delivering business development services need to meet particular conditions to be accessible and beneficial to microenterprises and small and medium-sized enterprises. Ongoing challenges include those related to inclusive access and quality control of the services provided. Continued adaptation and support from policymakers is required, in the form of measures that stimulate demand for services, set quality standards and ensure fair competition.

12. In areas where business development services markets are non-existent or underdeveloped, businesses may find it difficult to access quality services that are delivered by professional providers, as these may be lacking or, if available, too expensive,⁹ particularly for small, early-stage businesses. In addition, the concentration of private service providers in urban areas may leave out a considerable share of microenterprises and small and medium-sized enterprises operating in less populated rural settings.¹⁰

13. Evaluations of business support programmes have noted the need for Governments to play a more proactive role, as opposed to a minimalist approach. In particular, they note the need for selective and targeted policies, such as strategic guidance, time-bound subsidies, information services and research and development funds, to support innovation and technological learning.¹¹

⁷ See <https://www.enterprise-development.org/dced-guidance/business-development-services-dced-guiding-principles/>.

⁸ Economic and Social Commission for Asia and the Pacific, 2012.

⁹ Ibid.

¹⁰ See <https://curtisresearch.org/supporting-small-businesses-in-developing-countries-which-programmes-work-and-why/>.

¹¹ Altenburg T and von Drachenfels C, 2007, Creating an enabling business environment in Asia: To what extent is public support warranted? Discussion Paper No. 2, German Development Institute.

14. Given the challenges faced by businesses, some Governments are considering the provision of business development services as a key part of support programmes for microenterprises and small and medium-sized enterprises, combining policies and upgrading the institutional framework for the delivery of efficient, demand-driven services, through public–private collaboration and networks of recognized professionals or certified business support centres.¹² Evidence also suggests that combining different types of business support programmes tends to work better.¹³ In particular, the provision of non-financial business development services to transformative enterprises seems to be strengthened when combined with access to finance components, thus justifying a more systemic approach to the provision of business development services,¹⁴ leveraging the strengths and networks of the different actors involved. Entrepreneurship development packages that provide both financial and non-financial services can more effectively contribute to the creation of more and better jobs.¹⁵

B. Facilitating the provision of business development services

15. The decision-making process of Governments with regard to directly delivering business development services or outsourcing them is often based on varying economic contexts, levels of infrastructure development, institutional capacities, strategic priorities and financial resources. In some developing countries, Governments may tend to focus on the fundamental aspects of business operations, such as basic entrepreneurship skills, record-keeping and financial management, as well as local market access, and delegate other types of services to the private sector.

16. The facilitators of business development services are gaining a more prominent role as intermediaries, tasked with the implementation of short-term programmes, whether publicly or donor funded, to address particular market failures in the provision of services.¹⁶ Facilitators are typically non-governmental organizations, business associations, government agencies and donors that support business development services providers in product development, capacity-building, quality assurance and good practices.¹⁷

17. In some countries, Governments provide small and medium-sized enterprise agencies with budget allocations aimed at supporting a wide array of non-financial business support services, particularly those related to basic operations, allowing them to maintain a network of branches and provide extensive services across a country. For example, in South Africa, the Government, through the Department of Small Business Development, funds the Small Enterprise Development Agency, allowing it to sustainably offer a comprehensive portfolio of business development services aimed at supporting the growth and sustainability of microenterprises and small and medium-sized enterprises. The Agency operates across the country, with a network that includes 54 branches, 46 co-location sites and 110 incubators, and this geographic coverage ensures that its services are accessible to entrepreneurs and small businesses throughout the country, including in urban and rural areas, generating sustained demand and offering consistent service levels. The services provided pay particular attention to inclusivity and to supporting disadvantaged groups, emphasizing empowerment through entrepreneurship, and include foundational and

¹² See, for example, Organisation for Economic Co-operation and Development, 2017, Strengthening SME [small and medium-sized enterprise] capabilities through a sustainable market for business development services in Belarus, available at <https://old.eu4business.eu/medias/strengthening-sme-capabilities-through-sustainable-market-business-development-services>.

¹³ See <https://curtisresearch.org/supporting-small-businesses-in-developing-countries-which-programmes-work-and-why/>.

¹⁴ See <https://www.sida.se/en/publications/what-works-for-market-development-a-review-of-the-evidence>.

¹⁵ See <https://www.ilo.org/resource/conference-paper/ilc/104/small-and-medium-sized-enterprises-and-decent-and-productive-employment>.

¹⁶ See <https://www.enterprise-development.org/dced-guidance/business-development-services-dced-guiding-principles/>.

¹⁷ Economic and Social Commission for Asia and the Pacific, 2012.

operational business advice, technology transfer and support and quality and standards assistance.

18. In parallel, small and medium-sized enterprise agencies develop other more tailored services that meet particular demands and that are delivered on fee-based mechanisms, sometimes with the involvement of private-sector providers. In Brazil, the Micro and Small Business Support Service (SEBRAE) is aligned with national policies that aim to boost small business development and entrepreneurship. SEBRAE operates throughout the country, with offices in each state capital and a number of regional centres, ensuring broad geographic coverage and accessibility, including in remote areas. SEBRAE tailors its services to the diverse needs of the national small business sector, promoting inclusivity and sustainable business practices. Business planning, management training, market access assistance and innovation and technology support are offered, to enhance the competitiveness and sustainability of small businesses in Brazil. Many services, including training courses, are offered free-of-charge and through a digital platform. Others, which may involve private sector consultants or advisers, are fee-based and may be partly subsidized if embedded in business support programmes or initiatives.

19. SEBRAE and the South Africa Small Enterprise Development Agency are part of the UNCTAD Empretec programme (box 1). They each host an Empretec centre and provide entrepreneurship skills training and other demand-driven services that meet the needs of local entrepreneurs. Empretec centres act as business support organizations that, in some countries, can play the role of business development services facilitators and, in other countries, of business development services providers.

Box 1

UNCTAD Empretec programme

Empretec, the capacity-building programme for entrepreneurs and microenterprises and small and medium-sized enterprises, is primarily aimed at promoting entrepreneurship, as well as on ensuring that productive capacities in developing countries are enhanced, with a focus on the resources, entrepreneurial capabilities and production linkages that together determine ability in a country to produce goods and services that will assist growth and development. The Empretec programme works to boost the international competitiveness of microenterprises and small and medium-sized enterprises and start-ups in developing countries and the least developed countries.

Empretec is delivered through a global network of national business development centres in over 40 countries. The network is the foundation of Empretec, acting as a platform for information, knowledge-sharing, mentorship and support, while promoting entrepreneurship at all levels.

One of the core products is training in entrepreneurial skills, to help entrepreneurs put their ideas into action and aid fledgling businesses to grow. The training is delivered by certified national trainers, who are themselves entrepreneurs.

General Assembly resolutions on entrepreneurship for sustainable development, adopted biennially since 2012 (resolutions 67/202 of 21 December 2012, 69/210 of 19 December 2014, 71/221 of 21 December 2016, 73/225 of 20 December 2018, 75/211 of 21 December 2020 and 77/160 of 27 December 2022), serve to highlight entrepreneurship as a key ingredient in development, and encourage all relevant actors to increase efforts to systemically integrate entrepreneurship within formal and informal education systems, including through behavioural approach programmes such as the Empretec programme.

Source: UNCTAD.

20. In addition to coordinating various training programmes, offering physical facilities to host training sessions and matching enterprises and advisers, small and medium-sized enterprise agencies can support businesses in understanding their needs and sharing information about providers. A more strategic approach by Governments, through partnerships with the private sector, can enable countries to upgrade business support

ecosystems. Effective business support frameworks, in the form of public–private collaborative models, and with the involvement of facilitators, can lead to initiatives such as the establishment of a network of certified business development service providers. Such initiatives can be useful tools for Governments in expanding outreach and improving the quality of services provided to businesses. For example, in Belarus, the Department of Innovation and Entrepreneurship of the Ministry of Economy manages a database of certified business support providers and a network of 89 centres (i.e. public and private companies that have applied for the status of certified business support providers) helps ensure operations across regions, providing a range of information, consultation and training, mostly free-of-charge.¹⁸

21. The Ghana Enterprises Agency offers a certification programme for providers of business development services, to ensure that they meet national standards and are well-equipped to support the growth and efficiency of small and medium-sized enterprises in the country. The Agency hosts a database of certified business advisory centres across different regions and a platform through which registered users, both the centres and enterprises, can connect and access resources and information. The certification programme is part of broader efforts by the Agency to enhance the capacity of small and medium-sized enterprises through professional and standardized support services, contributing to a more structured and effective delivery of services to enterprises across the country.

22. In Indonesia, the Ministry of Cooperatives and Small and Medium-sized Enterprises has been standardizing and coordinating the supply of business development services through a network of more than 100 centres in different provinces, titled Integrated Business Services Centres for Cooperatives and Small and Medium-Sized Enterprises. The Ministry provides guidance to provincial and local governments on how to operate the centres, whose services are provided by private-sector organizations with business development services expertise. The Ministry is working with the Association of Business Development Services, the main private-sector organization involved in the delivery of consulting and advisory services, to develop a competency standard, to certify business development services providers, with the goal of establishing a national certification body to oversee the qualification process.¹⁹

23. Non-governmental organizations are often key providers of business services in developing countries, particularly in addressing the needs of microenterprises and small and medium-sized enterprises. They also target marginalized groups, ensuring inclusivity and sustainability in economic growth, and they operate with funds received from a mix of international donors, philanthropic contributors and government grants. As such, it is advisable that Governments, already at the early stages of implementation, engage with and take ownership of programmes aligned with national priorities, to ensure the sustainability of actions.

24. For example, in the United Republic of Tanzania, UNCTAD collaborated with non-governmental organizations to implement a project under the business linkages programme. The project benefited smallholders and farmers' associations in several agricultural supply chains, notably coffee, dairy products, tomatoes, vanilla and vegetables. The collaboration allowed for the delivery of training courses, such as UNCTAD Farming-as-a-Business, in local languages and tailored to particular agricultural goods.²⁰ Non-governmental organizations also helped with setting up or strengthening cooperatives or associations of producers, as a source of mutual support in savings schemes and in negotiating with suppliers and buyers. The project benefited from extension services provided by relevant ministries, to bridge the information gap with up-to-date knowledge on modern agricultural

¹⁸ Organisation for Economic Co-operation and Development, 2017.

¹⁹ See https://www.oecd.org/en/publications/sme-and-entrepreneurship-policy-in-indonesia-2018_9789264306264-en.html.

²⁰ See <https://unctad.org/projects/UN-Inter-agency-Cluster> and https://unctad.org/system/files/official-document/UN-CEB_2017_SECO_TZ_en.pdf. The Farming-as-a-Business course provides farmers with analytical skills and business management tools in a particular agricultural sector and helps them critically examine the costs related to production and marketing and the benefits of making informed business decisions. The approach is aimed at decreasing costs, controlling risks and increasing profits.

practices and technologies and including the introduction of improved agricultural techniques and technologies, to boost crop yields and livestock productivity, which can improve farm output and contribute to food security.

25. Leveraging the expertise and resources of academic institutions and their connections with large actors in different industries is another way by which targeted business development services can enhance the competitiveness and sustainability of microenterprises and small and medium-sized enterprises. For example, in Kenya, Strathmore University Business School supports small and medium-sized enterprises through an incubator that offers mentorship, networking opportunities and access to funding. Incubation services include entrepreneurship and innovation training, access to local and international markets, mentorship and coaching, seed capital partnership projects and participation in networking events and innovation competitions.

26. Technological advancement is another area in which collaboration between academic institutions and the private sector can be part of the offer of business development services in a conducive ecosystem. For example, in the Philippines, the Ministry of Science and Technology has established a programme to foster growth in the national innovation ecosystem in priority areas, including renewable energy, industrial waste treatment, environment protection and climate change. The initiative encourages research and development activities, enabling collaboration between universities, research institutions and local companies, to help them become more competitive by improving their products, processes and services.²¹

27. In addition to services that facilitate the development of innovative products or business models and access to technologies, innovative entrepreneurs and start-ups require access to different types of financial resources that can support them, from the validation of new ideas to the commercialization of a product or service. For example, in Peru, the Innovate Peru initiative, led by the Ministry of Economy and Finance under the National Plan of Competitiveness and Productivity, aims to promote innovation projects, business development, entrepreneurship and ecosystem institutions through national competitions. The types of instruments made available include non-reimbursable resources to finance eligible project expenses and co-financing contributions that can be either monetary or non-monetary. Other measures to support the scaling up of circular economy projects include the launch of the Innovation, Technological Modernization and Entrepreneurship Programme by the Ministry of Production in 2022, supported by the Inter-American Development Bank, which provides assistance to selected microenterprises and small and medium-sized enterprises, with financial guarantees to facilitate the scaling up of innovation projects.²²

III. Staying ahead: Tailored business development services for small and medium-sized enterprises in a rapidly transforming world

A. Digitalization and business development: Adapting business development services

28. As the world undergoes a digital transformation, both organizations and businesses need to adapt to remain fit for purpose. The digital transformation influences business development services, in both their delivery mechanisms and content. With regard to delivery mechanisms, digitalization paves the way for process automation and makes services more accessible, efficient and tailored to the needs of modern businesses.

29. Digitalization has led to a number of digital government initiatives, including information portals and online single windows, in support of business facilitation, which are central to private sector development. Through the development of such digital

²¹ See <https://unctad.org/publication/urban-expansion-entrepreneurs-playground>.

²² See <https://unctad.org/publication/entrepreneurs-riding-wave-circularity>.

platforms, the performance of necessary tasks becomes less costly and time consuming for enterprises. In addition, digital platforms, including online support centres and innovation hubs, enable businesses to access information more easily. For example, enterprises can obtain regulatory requirements, market data and insights on registration and licencing.²³ Ease of access reduces the time and effort needed to obtain essential information. Activities that can now be performed digitally include filling out forms, applying for licences and submitting regulatory documents, and this reduces the need for physical documentation and in-person visits. Cloud-based digital platforms, such as the UNCTAD digital government platforms, enable businesses to register online, file taxes and facilitate trade, thereby enhancing efficiency and accessibility (box 2).

Box 2

UNCTAD digital government platforms

UNCTAD digital government platforms for business facilitation help countries improve their investment, trade and business climates through transparency, simplification and the automation of rules and procedures related to enterprise creation and operations. They include the following:

- (a) Digital information portals, providing businesses with detailed step-by-step guidance on registration, licencing, importing and exporting; and enabling the mapping and simplification of government procedures;
- (b) Digital single windows, providing online access to automated procedures, thereby reducing costs to businesses and increasing formalization;
- (c) Digital fiscal services, providing an integrated accounting tool that generates all required tax filings and serving as an essential revenue-raising platform for Governments.

For example, in Benin, a digital single window was set up by the Government with assistance from UNCTAD; in 2019–2022, the number of young people opening new businesses in the country more than tripled, from 7,416 registrations to 23,312 and, in the same period, women-owned new businesses doubled, accounting for one third of all new registered enterprises in 2022.

Source: UNCTAD.

30. Electronic platforms on networking and partnerships have also emerged, and facilitate connection between businesses, investors and other stakeholders, thereby promoting knowledge-sharing and new business development opportunities. For example, the UNCTAD Empretec Square for Global Goals²⁴ platform connects technology-related start-up founders from developing countries with industry leaders and experts, who provide mentorship and advisory services, to help entrepreneurs grow their businesses.

31. In addition, digitalization allows for the provision of sophisticated services, including easier access to market data and sectoral analyses, thereby offering strategic benefits for enterprises of all sizes, by enabling them to achieve better positioning and performance. In particular areas, such as the accounting field, online platforms can assist microenterprises and small businesses in the automation of bookkeeping and the generation of financial reports, thereby easing access to financing and facilitating tax filing.

32. Another way in which digitalization influences business development services is through its significant role in guiding smaller enterprises through the intricacies of digitalization. As digital technologies become a driving force in the world economy, businesses are required to revisit their models in order to remain competitive. Digital tools

²³ See https://www.oecd.org/en/publications/2021/02/the-digital-transformation-of-smes_ec3163f5.html.

²⁴ See <https://unctad.org/topic/enterprise-development/Empretec/square-for-global-goals>.

have empowered enterprises to automate operations, access new markets and introduce new business models, products and services, becoming almost a basic requirement for doing business. Digital tools offer significant potential, yet harnessing this potential requires substantial investment in skills, operational systems, data governance and security, no matter the size of an enterprise. There is a need for business development services to support them and offer tailored training and resources, to increase digital literacy and support the integration of advanced technologies, such as artificial intelligence, the Internet of Things, three-dimensional printing and robotics. This includes providing strategic oversight for a comprehensive digital transformation.

33. With the increase in cyberrisks, companies face significant challenges in handling security,²⁵ data management and data protection. These challenges are particularly acute for small businesses in developing countries, given limited resources and technical capabilities. To assist these enterprises, business development services are increasingly incorporating targeted digital expertise in offerings, empowering enterprises to enhance cybersecurity measures and better manage digital operations.²⁶ Many countries are driving public- and private-led and public-private initiatives for facilitating a digital transformation among businesses.

34. In Cambodia, to facilitate the transition to a digital economy, the Government launched the Enterprises Go Digital programme, focused on accelerating digital adoption among enterprises, particularly small and medium-sized enterprises, and developing a responsive, effective legal framework incorporating security enhancements.²⁷ The aim is to enhance the capabilities of businesses in Cambodia to use digital technology effectively, support enterprise transformation, foster entrepreneurial and start-up ecosystems and strengthen digital value chains through investments in digital infrastructure.

35. In the Republic of Moldova, the Digital Innovation Challenge initiative, supported by the United Nations Development Programme, is aimed at accelerating the national digital transformation and fostering innovation across the digital economy. Key elements include developing digital solutions, in partnership with the private sector and technology partners, that are scalable, innovative and easily integrated into existing frameworks without the need for regulatory changes. Engaging with the private sector to support innovative digital solutions in various sectors, such as agriculture, health and education, is a key focus of National Digital Transformation Strategy 2023–2030.²⁸

36. In Saudi Arabia, the Centre of Digital Entrepreneurship of the Ministry of Communications and Information Technology helps empower businesses through digital transformation, offering digital skills training, cybersecurity solutions, infrastructure development and access to innovation labs across the country. In addition, the Centre incubates start-ups through various programmes such as Game Champions and Technology Frontiers; the former supports game development from idea to launch and the latter provides start-ups with mentorship, training and financing from international experts.

37. In Singapore, Smart Nation is a digitalized public service that offers a range of online services aimed at enhancing public and business operations, such as secure digital transactions and simplified business processes. The services are designed to streamline operations such as opening a bank account and other administrative tasks, supporting businesses in adopting digital solutions and contributing to the national digital transformation drive. The service provides support to businesses by offering technical advice, funding and partnerships with technology leaders through structured programmes that help businesses access new technologies, engage in co-innovation projects and benefit from expert guidance to accelerate their growth and integration into global markets. This

²⁵ See <https://www.itu.int/en/mediacentre/backgrounders/Pages/role-of-ITU-in-building-confidence-and-trust-in-the-use-of-ICTs.aspx>.

²⁶ See https://www.oecd.org/en/publications/2021/02/the-digital-transformation-of-smes_ec3163f5.html.

²⁷ See <https://mef.gov.kh/news/cambodia-digital-economy-and-societypolicy/>.

²⁸ See <https://www.undp.org/moldova/digitaltransformation> and <https://mded.gov.md/en/transparency/digital-transformation-strategy-2023-2030/>.

approach supports local enterprises and also attracts international businesses seeking to engage with a digitally advanced and integrated market.

38. In South Africa, the business hub 22 On Sloane has introduced comprehensive skills programmes and scale-up support, to help businesses navigate digital complexities. The hub provides tailored workshops, expert-led seminars and hands-on training sessions, to help ensure that companies can strengthen cybersecurity defences and also optimize their overall digital infrastructure and develop in-house expertise in artificial intelligence and data science.

39. Innovative start-ups, which tend to have a high failure rate, of approximately 90 per cent,²⁹ face particular challenges that business development service providers should address. These companies require tailored support in digitalization including, among other areas, access to digital tools, cloud computing services and digital marketing strategies, to successfully scale up business operations. In addition, start-ups in more risky sectors, such as financial technology and cybersecurity, are particularly vulnerable to dynamic policies and regulatory changes and require consistent guidance and support as they develop new digital products or scale their operations.³⁰ Providers need to offer specialized digital services to help start-ups navigate the complexities of establishing and growing their digital presence and sustain growth through technological advancement, for example as provided through the diagnostic tool of the World Intellectual Property Organization.³¹ Specialized digital services include fostering innovation, enhancing business resilience and providing continuous guidance, along with educational resources and investment information.

40. In Estonia, the digital ecosystem is managed through the e-Estonia initiative, aimed at effectively supporting enterprises, particularly start-ups. This holistic approach facilitates easier market entry and day-to-day operations for enterprises and also fosters a conducive environment for long-term growth and innovation.

41. Reflecting a targeted approach, in the Kingdom of the Netherlands, for example, the non-profit organization Techleap serves as a market-driven business development service dedicated to nurturing technology start-ups and scale-ups, offering such services as technical advice, funding access and programmes that provide tailored mentorship and growth strategies. As an ecosystem builder, the organization connects communities of entrepreneurs, investors and industry experts through networking events and collaborative initiatives, including by engaging with policymakers, advocating for regulations and facilitating dialogue between government entities and start-ups, to create a conducive business environment for enterprises. The organization promotes best entrepreneurial practices and shares business-related news from other countries, helping to keep the national technology community informed of global innovations.³²

42. The growing synergy between public- and private-led business development service providers has the potential to enhance the ecosystem for supporting business development, digitalization and innovation. Such complementary efforts can ensure a more robust and comprehensive support system, fostering a dynamic environment that encourages growth and technological advancement for all enterprises.

B. Greening of businesses

43. Enterprises play a critical role in the transition to a greener and more sustainable economy, including the decarbonization process. Enterprises are adopting greener practices in response to increasing consumer demands and the necessity to adapt to resource scarcity and environmental challenges. Embedding these into business operations and decision-making has become not only imperative for long-term survival but also a means of

²⁹ See <https://www.oecd.org/en/topics/smes-and-entrepreneurship.html>.

³⁰ See https://www.oecd-ilibrary.org/science-and-technology/no-country-for-young-firms_5jm22p40c8mw-en.

³¹ See <https://www.wipo.int/ipdiagnostics-assessment/global/en>.

³² See <https://techleap.nl/blog/how-europe-s-startup-ecosystems-can-collaborate-and-thrive-together/>.

enhancing enterprise performance and resilience.³³ In addition, the green transition offers the potential to reduce vulnerabilities while enhancing access to markets, particularly those of conscious consumers, financiers and investors, which may be of particular importance for enterprises in developing countries.

44. The introduction of sustainability and green practices in the offer of business development services can help small and medium-sized enterprises in several ways, such as through the conduct of sustainability assessments, the setting of goals, such as for reducing energy use and waste, and the sourcing of sustainable products. In addition, such practices can help management in adopting greening practices, such as with regard to resource efficiency and waste management, and can help foster green and circular innovations, linking small and medium-sized businesses with partners and investors, and assist them in meeting sustainability standards, thereby facilitating international market access. Finally, the adoption of such practices can assist in complying with sustainability standards reporting, further facilitating access to international markets and inclusion in global value chains. For example, UNCTAD *Guidance on Core Indicators for Sustainability and SDG [Sustainable Development Goal] Impact Reporting*, and the accompanying training manual,³⁴ may be added to the portfolio of business development services for training the management teams of small and medium-sized enterprises. Training may be offered in a virtual format, to facilitate access.

45. In Argentina, Fundación Empretec, which hosts the Empretec programme, facilitates the provision of targeted training programmes for entrepreneurs and small businesses, to help them embrace green practices and incorporate circular economy principles into their business models. A set of training workshops explores the advantages of adopting sustainable, restorative and regenerative business models, covering topics such as strategic impact investments, effective planning and metrics development for reporting to stakeholders. A quarterly newsletter and a podcast provide entrepreneurs and small business owners with advice, strategies and tools on adding value to businesses, good management practices, insights on transformation processes, trends and future scenarios and information about organizations that support innovative companies and start-ups.³⁵

46. In Kenya, the Climate Innovation Centre was established in 2012 as a multi-donor funded project with the objective of fostering the development and commercialization of locally sourced innovative climate-related and clean energy technologies. Initially set up as an international donor-led initiative, the Centre is now a local independent non-profit company.³⁶ One of its programmes, Green Biz, focuses on the commercialization and scaling of climate-smart innovations. Such innovations contribute to the achievement of various Sustainable Development Goals. In addition, the Centre is engaged in other initiatives that facilitate climate change mitigation and adaptation, including the provision of technical support and financial resources, to empower local enterprises with the tools and knowledge required to succeed in the green economy.

47. In Viet Nam, the Government has transformed traditional industrial parks into eco-industrial parks, as part of efforts to support small and medium-sized enterprises in adopting cleaner production technologies and optimizing inputs and energy and water use.³⁷ The Government established the Cleaner Production Centre, a public service company aimed at contributing to the promotion of sustainable production and consumption, offering

³³ See <https://www.ilo.org/meetings-and-events/greening-enterprises-transforming-processes-and-workplaces>.

³⁴ See UNCTAD, 2022 (United Nations publication, Sales No. E.22.II.D.39, Geneva) and UNCTAD, 2023, *Core Indicators for Sustainability and SDG [Sustainable Development Goal] Impact Reporting: Training Manual* (United Nations publication, Sales No. E.23.II.D.14, Geneva).

³⁵ See <https://empretec.org.ar/revista-innovacion/> and <https://open.spotify.com/show/13bjWvXSsu7zOW61tGirH3>.

³⁶ United Nations Framework Convention on Climate Change, 2023, Kenya climate innovation centre, available at https://unfccc.int/ttclear/misc_/StaticFiles/gnwoerk_static/TEC_NSI/37cd8b96633a4ef2b6b0d10c21f06dec/86c19182d6b4408ab8900222c8bda673.pdf.

³⁷ See <https://vietnam.un.org/en/8455-eco-industrial-park-%E2%80%93-sustainable-approach-vietnam%E2%80%99s-industrial-development>.

services such as technical and financial feasibility studies for recycling and waste reduction, training programmes for policymakers and practitioners and consultancy services on developing green growth action plans across industrial sectors.

C. Talent and transformation: Skills development for small businesses

48. Given the dual transition, enterprises face an evolving market landscape that requires new competencies. In order for the workforce to be able to adapt to these transitions and respond in an agile manner to the new market dynamics, upskilling and reskilling have emerged as a critical trend in skills development.³⁸ Processes known as upskilling, aimed at expanding and improving existing skills to fulfil current and future roles more effectively, and reskilling, aimed at acquiring new competencies to fill different positions, are required.³⁹ To seize opportunities presented by the dual transition, small and medium-sized enterprises require tailored training programmes as an integral part of business development services.⁴⁰ New hard skills in digital or green technologies and soft skills such as creativity and problem-solving are critical for small and medium-sized enterprises, to nurture a workforce that is innovative, agile and equipped to handle future challenges.

49. In a survey conducted in 2023, 60 per cent of companies noted the difficulty of bridging local skills gaps as a key barrier to business transformation and 53 per cent of businesses cited difficulties in attracting the necessary talent, particularly in technology-intensive industries.⁴¹ Expectations of an inadequate pool of skilled talent by 2027 are significant, underscoring the broader impact of talent-related constraints on the strategic capabilities and transformation potential of businesses.⁴²

50. Several Governments have initiated programmes aimed at enhancing the performance of enterprises through the provision of training and consulting services, since small businesses are less likely to invest in skills development and knowledge transfer initiatives.⁴³ Access to training and skills development may be facilitated through digitalization. For example, businesses may offer online training tailored to employee needs, which can be regularly updated to reflect evolving knowledge. In addition, the provision of training services may be facilitated through innovative financing schemes. For example, in Ireland and Malaysia, the Government supports small and medium-sized enterprises with subsidized training and consulting services, addressing the need for upskilling and reskilling, financed through national training levies. In Ireland, the Skillnets initiative supports sector-specific training networks, organized by industry federations or business associations, which assess training needs and provide relevant courses through external providers. In Malaysia, the Human Resource Development Fund supports worker training and skills development, allowing enterprises to use their levy contributions along with additional grants to fund training by either in-house or registered external providers.⁴⁴ This facilitates the upskilling needed to adapt to new technological realities, enhancing the ability of the workforce to contribute to business adaptability and growth.

51. In Chile, the National Service for Training and Employment offers a programme designed to enhance the skills of microenterprises and small enterprises. A training package addresses different areas and covers topics critical for business growth and adaptation in the current economic landscape, such as social network management, electronic commerce for microenterprises and small businesses and digital transformation for small enterprises.

³⁸ See https://www.oecd.org/en/publications/2023/06/oecd-sme-and-entrepreneurship-outlook-2023_c5ac21d0.html.

³⁹ Ibid.

⁴⁰ See

<https://search.oecd.org/cfe/smes/Digital%20Upskilling%20Reskilling%20and%20Finding%20Talent%20-%20Key%20Highlights%20-%20March%202022.pdf>.

⁴¹ See <https://www.weforum.org/publications/the-future-of-jobs-report-2023/>.

⁴² Ibid.

⁴³ See <https://www.ilo.org/publications/upskilling-smes>.

⁴⁴ Ibid.

Subsidized courses are available in various formats, including online and blended learning options that feature interactive workshops and real-time feedback from participants. Such offerings are integral to upskilling and reskilling the workforce, providing employees with new competencies and enhancing existing skills that enable them to adapt to technological advancements and changing market demands.⁴⁵

52. In Ghana, the Skills Development Fund is instrumental in improving workforce competencies across different sectors. Created to address the skills gap and boost enterprise productivity, the fund is designed to enhance competencies in the workforce through targeted training initiatives. By providing access to modern training methodologies and equipment, the fund aims to equip workers and companies in Ghana with the skills needed to enhance efficiency and a competitive edge, within both domestic and global markets.

53. The African Management Institute is a private sector-led initiative aimed at empowering businesses and entrepreneurs in Africa by providing upskilling and reskilling opportunities. The Institute offers a range of practical, accessible training programmes, designed to address the skills gap and enhance workforce competencies across different sectors, and delivers courses in leadership, management, entrepreneurship and technical skills, to ensure that participants are well-equipped to meet the demands of the evolving market landscape. The programmes are tailored to align with current industry needs, focusing on critical areas such as the implementation of new technologies, sustainable practices and innovative business strategies.

54. Led by the African Development Bank, the Jobs for Youth in Africa Strategy is aimed at addressing the challenge of youth unemployment, by creating 25 million jobs and equipping 50 million youth in Africa with essential upskilling and reskilling by 2025.⁴⁶ The initiative supports comprehensive skills development programmes that are aligned with current market demands, focused in particular on sectors such as information and communications technologies and sustainable agriculture, critical to economic transformation on the continent, including the dual transition. The Strategy facilitates strategic partnerships between educational institutions and industry leaders, to ensure that training programmes fulfil the immediate staffing needs of businesses and also prepare youth for future technological advancements and market shifts.

IV. Questions for discussion

55. Over the past two decades, business development services have evolved significantly, shifting from public sector and donor-led initiatives to more market-driven approaches. This transition has been driven by advancements in technologies, as well as changing policy environments and the strategic needs of businesses. Despite these adaptations, challenges remain in ensuring inclusive access and high-quality services for microenterprises and small and medium-sized enterprises and start-ups, particularly in developing countries. Governments are increasingly recognizing the importance of more complex arrangements, including combining public and private efforts, to provide business development support to entrepreneurs and enhance the overall business development ecosystem.

56. The provision of business development services is evolving to adapt to the current context of the dual transition, namely digitalization and technological development on the one hand and the environmental transition and sustainability drive on the other. For microenterprises and small and medium-sized enterprises and start-ups to remain competitive and thrive, the development of skills and competencies is essential, which requires the reinforcement and implementation of innovative solutions.

⁴⁵ See https://www.oitcenterfor.org/recursos/publicaciones/informeformacioncontinua_2021.

⁴⁶ See <https://www.afdb.org/en/topics-and-sectors/initiatives-partnerships/jobs-for-youth-in-africa/flagship-programs> and <https://www.afdb.org/en/topics-and-sectors/initiatives-partnerships/jobs-for-youth-in-africa/what-is-the-jobs-for-youth-in-africa-strategy>.

57. Experts at the eleventh session of the Multi-year Expert Meeting on Investment, Innovation and Entrepreneurship for Productive Capacity-building and Sustainable Development may wish to consider the following issues:

(a) Which particular policy interventions have proven most effective in supporting the development and growth of microenterprises and small and medium-sized enterprises and start-ups, and how can these policies be adapted to different national contexts? How can business development services be integrated into the policy toolbox?

(b) Which models work best and under which conditions can business development services be offered efficiently and effectively? How can digitalization and technological advancements be leveraged to improve the delivery and accessibility of business development services for small and medium-sized businesses and start-ups in developing countries?

(c) How can novel entrepreneurial challenges brought about by the dual transition (digitalization and new technologies; the greening of businesses), as well as the need for new critical skills, best be addressed through targeted business development services?

(d) Which strategies can foster sustainable and inclusive business development systems in support of growth, productivity and competitiveness? What are the obstacles or challenges faced in developing countries? How can collaborative efforts between the public and private sectors enhance the further development of effective business development services?
