



Small Businesses as a Way Out of Poverty



UNITED NATIONS
UNCTAD



Small Businesses as a Way Out of Poverty

Evidence shows that small businesses are vital for healthy economies. Developing nations in Africa, Asia and Latin America need to match industrialized countries, where high-growth small and medium sized enterprises (SMEs) account for up to 95% of total enterprises, one-sixth of manufacturing output and one-fifth of exports.

Smaller firms spread jobs and higher living standards within national populations – to rural and urban areas alike and to both unskilled and skilled workers. They offer a variety of products and services, making economies more resilient and less vulnerable to downturns in a given product or economic sector. They are famous for incubating new ideas. Further, they create a sense of valued, practical optimism: given sufficient local examples, families and communities understand that going into business is a feasible and effective means of escaping poverty.

SMEs have recently proven to be engines for industrial growth in two rapidly expanding Asian countries – India and China – where small businesses produce more than half of industrial output. In India SMEs contribute 30-40% of exports and 65% in China. Moreover, there are real signs of progress in Africa, where the SME sector generally accounts for over half of the population in formal employment.

UNCTAD provides policy advice to Governments and works with local institutions to implement a series of programmes to spur the creation and healthy growth of SMEs in developing countries.

UNCTAD's business linkage programme strives to enhance the competitiveness of

developing country SMEs by establishing and strengthening business linkages between Transnational Corporations (TNCs) and SMEs. It covers:

- **Policy advice designed to facilitate sustainable business linkages.**

For example, in Uganda a problem arose with the withholding tax for sugar cane growers. A policy intervention facilitated by the Uganda Investment Authority, Enterprise Uganda and the ever-strengthening leadership of the Association of Outgrowers - the main stakeholders of the UNCTAD Uganda business linkage programme - sugar cane growers no longer have to pay withholding tax.

- **Identification of business linkage**

opportunities. Large domestic and foreign companies implement their own supplier development programmes in order to upgrade the skills and standards of their strategic network of local suppliers and can become partners with SMEs via linkage development. For example, within the context of UNCTAD's linkages programme in Brazil, the German TNC, BASF, supported the adoption of quality and environmental standards for local suppliers.

- **Upgrading of SMEs to meet foreign**

affiliates' requirements. In a crucial move, financial institutions in Uganda have accepted the need to provide credit facilities for SME upgrading to facilitate linkage development.

Previously, local SMEs lacking access to credit could not engage in business linkages because they needed to invest in a range of technology upgrades and training initiatives which they could not finance on their own. So a Savings and Credit Cooperative Society has been set up, enabling farmers to save and access small loans.

- **Supply chain management and entrepreneurship training.**

Developing a joint, five-year strategic plan and an annual business plan has helped growers and buyers in Uganda commit to expansion and modernization. In Viet Nam, local suppliers of UNILEVER increased their export capacity after the programme taught them how to meet quality standards.

UNCTAD's Pilot Linkages Programmes

Country Partners:

Brazil: GTZ, Ethos, Fundacao Dom Cabral, SEBRAE.

Uganda: Enterprise Uganda, Uganda Investment Authority, United Nations Development Programme (UNDP), SIDA.

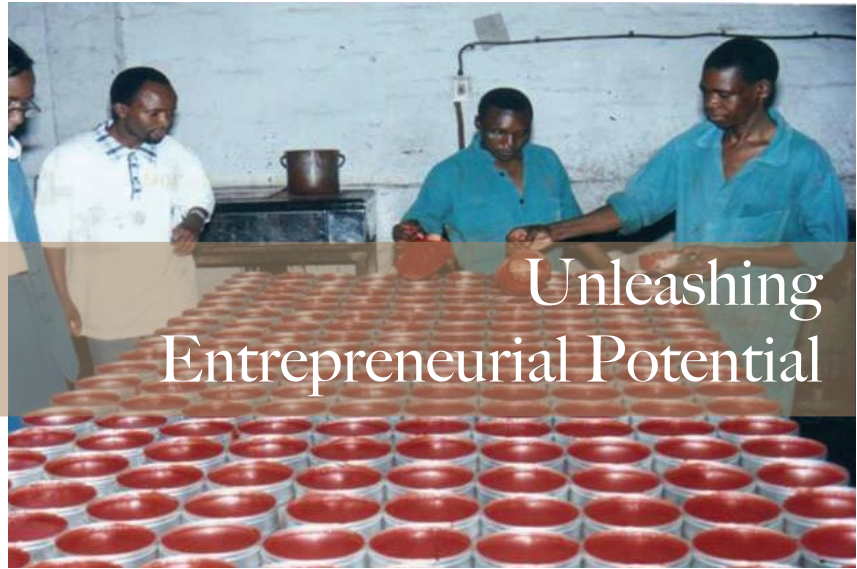
Viet Nam: Royal Melbourne Institute of Technology University in Viet Nam (RMIT Viet Nam), Investment Promotion Centre of North Viet Nam (IPCN).

Field Results:

Brazil: Projeto Vinculos: 11 large corporations are helping over 80 local partners upgrade in order to meet quality and environmental standards. For example, following a successful pilot phase, the German TNC BASF has decided to extend its supplier upgrading programme to all its Brazilian operations, covering 100 per cent of the costs. A Brazilian SME reports: "Projeto Vinculos has been a success, both in terms of methodology and team quality, in helping us achieve our goal of ISO 14001 certification." *Elisabete Ambrosio, CEO, Plasticos Manaus Ltd. (Brazil)*

Uganda: Six firms have teamed up with 26 local businesses to streamline their supply chains. The linkages will support a host of local farmers, manufactures and distributors. For example, Uganda Breweries assists over 2,000 farmers with supply chain management and guarantees barley supplies locally. In Western Uganda, Kinyara Sugar Works Limited has strengthened its ties with Kinyara Sugar-cane Growers Limited, benefiting some 2,500 local farmers. A new credit scheme enables farmers to save and access small loans.

Viet Nam: Unilever Viet Nam plans to step up domestic production by 59%. Unilever Viet Nam supports the training and development of small and medium-sized enterprises in total productive maintenance (TPM) in order to improve their manufacturing sustainability and other areas of management such as safety, hygiene, performance monitoring (KPI) and a manufacturing sustainability improvement programme (MSIP). "The TPM programme has brought considerable changes at our factories, such as a clean factory environment. Most importantly, it has created a new mindset in the workers. They now feel a closer connection to their factory because they believe more in the success of the company." *Mr. Phan Quang Hoa, General Director, Net Detergent Company, (Viet Nam).*



Emelda Nyasha Nyamupingidza is Managing Director of Nyaya Industries, a Zimbabwe-based company that manufactures candles and polishing products. UNCTAD's EMPRETEC training helped her to make her business the largest candle maker and second largest polish maker in Zimbabwe and to start exporting candles to Malawi and Mozambique.

Policy-makers can encourage entrepreneurship by lowering high taxes, protecting property rights, minimizing regulatory barriers and implementing other public policies consistent with a business-friendly environment. What are the best practices in successful entrepreneurship programmes? UNCTAD's experience shows that merely improving the business environment is not enough to guarantee entrepreneurial development. Successful entrepreneurship programmes should nurture entrepreneurs as catalysts of growth, combining capital, innovation and skills. A pioneering UN programme in developing entrepreneurship is EMPRETEC, a mechanism that instils behavioural change into a select group of promising entrepreneurs. The EMPRETEC methodology identifies 10 key areas of competence related to entrepreneurial development. These include: opportunity-seeking and initiative; persistence; fulfilment of commitments; demand for quality and efficiency; calculated risks; goal-setting; information-seeking; systematic planning and monitoring; persuasion and networking; and independence and self-confidence. Associated with these skills are a series of behavioural indicators found to be the most useful for detecting and strengthening entrepreneurial potential. Through behavioural change, EMPRETEC has nurtured over 120,000 entrepreneurs in 27 developing countries (including five

LDCs), with the help of more than 600 local certified trainers. **For example, Nina Interiors, a Ugandan SME founded by Alice Karugaba who came to Enterprise Uganda for business development services, has increased the amount of its annual tax revenue from \$30,000 to \$850,000 after three years of training and mentoring – all this at a combined cost of only \$12,000!**

EMPRETEC also provides a one-stop shop for information and business training. EMPRETEC centres stimulate public-private sector partnerships, match entrepreneurs with local institutions, and have forward-looking advisory boards. Their workshops supply the information, training and networking that are essential for future business growth.

EMPRETEC also supports the development of formal education curricula. For example, EMPRETEC Chile has been selected by the Government to develop curricula for primary and secondary schools on the strength of its excellent, decade-spanning track record. A recent evaluation confirmed that over 50% of participants in EMPRETEC's Chile programme have managed to increase product quality and profitability. Emprendedor Juvenil, another new and innovative programme launched in 2007 in Guatemala, has helped train 560 students. The Director of the EMPRETEC centre in Guatemala explains that the lack of employment opportunities for youth causes many in this high-risk group to leave the country or join gangs. The programme helps to prevent this by showing them how to create their own

small businesses. ***“When we launched the programme, we were expecting around 200 students and only a handful of parents. In fact, 560 students and 500 parents showed up,”*** said a jubilant Alvaro Urruela Aycinena, Director of EMPRETEC Guatemala.

The EMPRETEC programme in Brazil is hosted by SEBRAE, the Brazilian Service of Support for Micro and Small Enterprises that has encouraged entrepreneurship since 1972. EMPRETEC/SEBRAE operates in 19 of Brazil's federal states, backing micro and small enterprises that account for 99.2% of businesses in the country and generate 28.7 million jobs.

(continued on page 12)

How UNCTAD boosted a Small Business in Uganda

National Housing, a large construction company, encouraged the managing director of one of its small suppliers, Charles Mulamata, to join the business linkage programme, suggesting it would improve his business. His initial hesitation gave way to a strong sense of motivation, and by the end of the course he had learnt enough to rethink things. “I saw results already even before finishing the workshop,” he enthused. “I reorganized my office and recruited four more staff”. The course taught him that he needed to comply with quality standards – a means of consolidating business relations with a large company. He also learnt the importance of planning. Knowing that steel doors and windows were likely to be replaced by aluminum ones, he started looking for an Australian aluminum supplier that could meet the specific quality standards requested by his main customer. Having also learnt the importance of marketing, he set a budget for advertising, including a radio programme roll-out. After his company expanded into solar power, his radio programme began focusing on educating the public about the benefits of solar power, arousing considerable interest: “We were receiving 8 to 10 calls per day after the programme started,” he recalls. His programme emphasizes after-sales support “because the system must work after it has been sold.” Today, business is booming!

Women in Business Award 2008

UNCTAD XII
ACCRA, GHANA 21 APRIL, 2008

Women in Business Award 2008

The UNCTAD EMPRETEC programme has launched the First Women in Business Award. The Award will be granted to women-owned businesses that have benefited from the business development services of the EMPRETEC programme - a pioneering UN vehicle for the promotion of entrepreneurship that operates in 27 developing countries. The participating women entrepreneurs own highly productive and innovative businesses in diverse industries, including small handicrafts, industrial food processing, garments and hotel or web portal ownership. They are also role models for other women, spearheading a process of cultural change in their communities. In short, women entrepreneurs in developing countries are overcoming the traditional obstacles that small businesses usually encounter.

Technical experts Pierre Kunz of Genilem (Switzerland) and Piero Formica of the International Entrepreneurship Academy at Jönköping University (Sweden) offered their valuable expertise in selecting the 10 finalists:

- Elba Rosa Torrado, (Argentina)
- Léa Edith Medji Dédé (Benin)
- Paola Borges Barcellos Tucunduva (Brazil)
- Messeret Belihu (Ethiopia)
- Augustine E. Hammond (Ghana)
- Pauly Apea-Kubi (Ghana)
- Irene Bacchus (Guyana)
- Sana Zaal Burgan (Jordan)
- Saphira Nyabunwa (Uganda)
- Emelda Nyasha Nyamupingidza (Zimbabwe)

The finalists will be evaluated according to selected criteria by a panel of experts in the

fields of entrepreneurship and private sector development. The winner and the second- and third-place runners-up will be invited to the Award Ceremony to be held on Monday, 21 April 2008 in Accra, Ghana on the occasion of the Twelfth Ministerial Conference of UNCTAD.

When casting their vote, the panellists will take into consideration country-specific circumstances that may have an impact on the respective businesses, such as access to finance and technology, infrastructure and market size. The selection criteria include:

Innovation: Has the candidate demonstrated a proven (for existing business) or potential ability (for start-ups) to create, grow and develop innovative processes, products or services that substantially improve the commercial performance or prospects of the company? Does the business show uniqueness setting it apart from the rest of the pack (strong brand, service, customer care, community development and innovative products)?

Entrepreneurial Talent: Has the candidate demonstrated exceptional vision and leadership in establishing and developing an owner-led business? Has the candidate successfully overcome obstacles and business challenges?

Outcomes and Achievements: Is the business commercially and technically viable? Can it compete on non-price factors (e.g. quality, service, functionality)?

UNCTAD gratefully acknowledges the technical support provided by Genilem, the International Entrepreneurship Academy and the Africa Technology Development Forum (ATDF).





Elba Rosa Torrado, Argentina

"The skills I have learned I now pass on to my clients. The motivation for starting my own business was to find a way to become financially independent of others and overcome difficult external conditions. If I could do it, so could others."

Business: Se hace camino al andar
Montañeses 2411,
2° C Ciudad Autónoma de Buenos Aires
www.sehacecaminoalandar.com.ar

The firm, whose title roughly translates as "make your own road as you go," is based in Buenos Aires and provides services to other entrepreneurs through a website and a worldwide radio broadcast via the Internet. It arranges thematic events, organizes business awards, publishes magazines, and provides consulting on entrepreneurship.

The company meets a need in Argentina's thriving entrepreneurial sector, where SMEs account for 84% of the country's enterprises and contribute 40% of Argentina's Gross Domestic Product.



Messeret Belihu, Ethiopia

"I have a clear vision of how to make my business profitable and satisfy customers. The EMPRETEC programme has helped me to organize my thoughts and adjust to change, not only to expand my business but also to manage it more coherently."

Business: Ras Amba Hotel
Addis Ababa
E-mail: rahot@ethionet.et

Ras Amba is a well-known three-star hotel in the Ethiopian capital, Addis Ababa. It provides jobs for 65 people, over half of whom are women. Along with lodging, the hotel has a restaurant, a wedding and meeting hall, a catering service, and an airport shuttle service. It recently bought additional land and construction has begun on an expansion intended to upgrade the hotel to four-star status.

The business was established in response to the growing need for hotel accommodation in Addis Ababa, in part to meet expanding tourism. The number of international visitors to Ethiopia has climbed by 23.5% between 2005 and 2007. While much recent hotel construction in Addis Ababa is being carried out by large international investors, Ras Amba is locally owned and managed.



Dédé Léa Edith Medji, Benin

"With EMPRETEC, I received very practical entrepreneurship training that helped me build my skills when it came to planning, researching opportunities, and drawing up business plans. I also developed my personal resources as a business leader."

Business: Mon petit Bénin
01 BP 4161 COTONOU
E-mail: lmedji@hotmail.com

Based in Cotonou, the firm produces fruit juices and chips. Its major product is natural baobab juice, which is bottled and has a long shelf life. Company objectives include promoting local products, extending the health benefits of baobab and other fruit juices to greater numbers of people, and providing extra income for rural women in Benin. Supplies of baobab tree pulp are provided by groups of women in the countryside who are thus encouraged to maintain baobabs. The firm has 13 employees and is seeking to add handicapped staff as it expands.

Mon Petit Bénin is a firm that adds processing, or "value added," to agriculture, which is the mainstay of Benin's economy. A good harvest in 2007 helped the country's economy grow by more than 5%. Agribusiness is a promising export sector, and Mon petit Bénin, following recent upgrades to its production processes to comply with international standards, recently began exporting to the United States.



Paola Borges Barcellos Tucunduva, Brazil

"In an increasingly competitive market, communication with employees and customers is crucial. I share my dreams with my team to get them on board and to enlist their help. I listen and accept any creative solution. We operate as a team, seeking to promote quality services by paying employees decent wages."

Business: ROTOVIC - Uniforme Lavanderia e Locação Ltda
Rua Francisco Damico 200
Taboão da Serra - Sao Paulo
E-mail: paola@rotovic.com.br
www.rotovic.com.br

ROTOVIC is a laundry business specializing in work uniforms and uniform rental. It is a pioneer in the use of fire-resistant uniforms, operates in an environmentally friendly fashion -- such as by recycling water -- and has 235 employees. Its goal is to concentrate increasingly on health and safety services by expanding into the rental of protective work uniforms, providing industrial laundry services, and maintaining safety equipment.

The firm reflects Brazil's expanding growth in the business service sector. Services are now the largest component of the country's economy, accounting for 66% of Gross Domestic Product and for 67% of employment. Such a pattern is typical of urbanization, and 75% of Brazil's population lives in cities.



Augustine E. Hammond, Ghana

"The turning point came when I volunteered, planned, and organized a fashion show while at university for a weekend entertainment programme. It was a hit, and after graduation I had a handful of devoted customers to start my business. After attending the maiden edition of the EMPRETEC training workshop in 1990, I became aware of the opportunities that existed in the industry."

Business: Jem Afrik Creations Ltd.
P.O. Box CT 5721,
Cantonments - Accra
E-mail: jemafrik@yahoo.com
www.jemafrikfashions.com

Jem Afrik designs and produces afro-ethnic clothing ranging from casual wear and business apparel to evening dresses. It began with a single employee behind a rented sewing machine in 1986, and now has 55 permanent employees, 15 trained and mentored workers who have set up their own businesses and function as sub-contractors, and registered sales representatives in the United States, the Caribbean, and southern Africa.

Ghana's garment industry, driven in part by the popularity of traditional Ghanaian designs, has been growing rapidly and now is a major contributor to the country's exports. Aided by international trade agreements such as the Africa Growth and Opportunity Act (AGOA), the nation's textile and apparel exports to the United States surged from US\$ 550,000 in 2002 to \$7.4 million in 2004. It is estimated that over 70,000 jobs will be created by the domestic garment and textile industry over the next four years.



Pauly Apea-Kubi, Ghana

"I started drying and packaging fruit on a small scale after visiting a mango and pineapple growing area of Ghana. I was appalled at the amount of post-harvest losses and at the same time struck by the differences in the price of fruit in between seasons. So I thought processing fruit to give it a longer shelf life would help the farmers earn more by reducing post-harvest losses and guaranteeing prices for their products."

Business: Ebenut Ghana Ltd.
GICEL Estates P.O. Box
GP18513 - Accra
E-mail: ebenutgh@yahoo.com

This firm, based in the Ghanaian capital of Accra, produces and packages dried fruits, nuts, and vegetables, including coconut, mango, papaya, pineapple, banana, eggplant, tomatoes, peppers, and spicy plantain chips. Ebenut Ghana ships 10 tons of these products every five weeks to the United Kingdom, the United States, and Senegal. Domestic sales are also extensive. The firm's goal is to triple its current output.

Ghana has rich farmland and has traditionally depended on its agricultural sector. It is the third largest exporter of pineapples to the European Union. These exports have grown by 45% over the last five years and brought in US\$42 million in earnings. Ebenut capitalizes on fresh fruit left over after harvesting; this often-wasted produce is now bought and preserved, resulting in marketable, popular products and has increased farmers' incomes.



Irene Bacchus-Holder, Guyana

"For my customers, I show them the quality of my products as compared to those of my competitors. We train and employ young people in an environment where there is a high rate of unemployment. More youth employed equals less crime."

Business: Irene's Creative Handicraft
97 - 98 Republic Avenue
Mackenzie - Linden
E-mail: irenespyrography@yahoo.com

This business, which is based in the city of Linden and now employs five people, began when Ms. Bacchus-Holder offered gifts made of wood from Guyana's rain forest to several friends. She was encouraged to produce and sell similar items; and when she showed samples to a leading shop it immediately placed an order. The handicrafts are decorative or functional, are based on original designs, and are made of rare -- but not endangered -- native wood species. Often they are used as corporate gifts. The government of Guyana offered them as gifts to delegates attending an international summit in Rio de Janeiro in 2007.

Guyana's native handicraft sector is a major source of income for the country's indigenous peoples. It also creates job opportunities for women, who are often left out of the formal employment sector.

There is a tradition of woodworking. Growth in the country's tourism industry is expected to boost sales of these crafts, and the country's rain forest abounds in rare, beautiful species of wood, many of which are unknown to the rest of the world.



Sana Zaal Burgan, Jordan

"The EMPRETEC programme in Jordan offered training that helped me to improve my business in different ways. I realized that I am not crazy and that thousands of entrepreneurs all over the world share my personality traits. Having an entrepreneurial personality in Jordan is rare."

Business: Med Grant
Abu Feras Hamdani Street, Sakha Building 2nd floor - Amman
E-mail: info@johealth.com
www.johealth.com

Med Grant, based in the Jordanian capital of Amman, promotes medical services in Jordan, especially to international "medical tourism" clients. Its activities are focused on a website called JoHealth.com, through which it provides accurate and trustworthy information and through which patients from all over the world can arrange for treatment within the country. It summarizes scientific research carried out by Jordanian doctors and provides a marketplace where buyers of medical equipment can find suppliers. It also does charity work, particularly related to disease prevention, cancer, drugs, and women's health. The business has an estimated value of US\$450,000.

Jordan's modern medical system and well-trained doctors have become a major source of foreign income. Some 100,000 foreign patients visited annually between 2002 and 2007, and Med Grant has found a successful niche in matching patients with potential providers of health care. The goal set by Jordan's medical tourism sector is to expand earnings to US\$1 billion per year. Worldwide, medical tourism resulted in 19 million voyages in 2005 with an income of US\$20 billion.

The Award Finalists



Sapphira Nyabunwa, Uganda

"I would like to see my business, which has won contracts to service most of the leading companies in Kampala, remain the No. 1 cleaning service in the country. It has provided work for many young people, including the disadvantaged and school dropouts."

Business: Safi Cleaning Services Ltd.
Postal building, Plot 67/75
P.O. Box 28591 - Kampala
E-mail: saficleaning@utonlineco.ug
saficstd@yahoo.com
www.saficleaners.com

This firm, based in the capital of Kampala, provides professional cleaning services, including lawn cleaning, fumigation, garbage collection, dry cleaning, and commercial laundry work. Its corporate clientele include Shell Uganda, Stanbic Bank, Total Uganda, the World Food Programme, Celtel Uganda, Uganda Telecom, three major hospitals, and the British High Commission. It has 800 employees around the country and a monthly turnover of US\$88,000.

Safi Cleaning is reflective of Uganda's expanding service sector. Services accounted for 48% of the country's Gross Domestic Product in 2006 and for eight out of 10 new jobs created. Such firms also help sustain the nation's manufacturing sector -- they purchase 60% of the equipment and supplies produced by Ugandan manufacturers.



Emelda Nyasha Nyamupingidza, Zimbabwe

"I motivate my staff by allowing them to make suggestions, and am willing to try out their ideas. For example, employees proposed that during these tough economic times, we pack foods as a sideline business -- an idea that gave birth to the Pineflake Food brand."

Business: Nyaya Industries t/a Zesk Products
21 Birmingham Road, Southerton - Harare
E-mail: emmi2000@zbl.co.zw

Nyaya Industries is a regional firm based in Harare which makes candles and polishing products. It has registered affiliates in Mozambique and Malawi. Its founder, a trained chemist, started the business after she noticed a dearth in the early 1990s of quality candles and polishes in Zimbabwe. She considers the current economic hardships of the country to be "a challenge, not a deterrent." Her business now employs more than 150 people and each month exports 56 tons of candles to Malawi.

In many African countries, including Zimbabwe, candles are a basic necessity in rural areas. Such largest candle maker and second largest polish maker in Zimbabwe. While other companies concentrated on urban customers, Nyaya began producing a smaller and cheaper candle for the four-fifths of Zimbabweans who live in the countryside. The company continues to provide significant employment during the recent difficult economic period.

The Award Panel

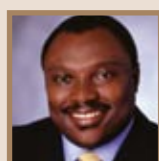
The Women in Business Award panel of judges represents a wealth of knowledge, from a wide variety of regions and industry backgrounds. They include 12 women and 8 men working in enterprise development who are familiar with the business environment in developing countries. Their independent judgement is based on working knowledge and experience of what it takes to develop a small business with an impact on local communities, product or process innovation, and the ability to break into new markets domestically and abroad.



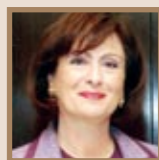
Piero Formica
Professor of Economics with a special focus on innovation and entrepreneurship. Jönköping International Business School, Sweden*



Pierre Kunz
Member of the Great Council of Geneva, Switzerland & President of GENILEM, Geneva*



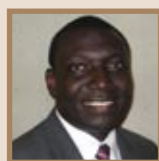
Robert Ahomka-Lindsay
CEO, Ghana Investment Promotion Centre



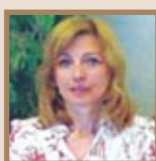
Haifa Al Kaylani
Founder & Chairwoman, The Arab International Women's Forum (AIWF), London



Joyce R. Aryee
CEO, Ghana Chamber of Mines.



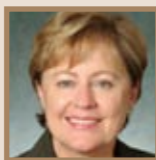
Constantine Bartel
Assistant Programme Director, International Centre for Trade and Sustainable Development (ICTSD)



Patrizia Carlevaro
Head of the International Aid Unit at Eli Lilly



Nigel Chanakira
Group CEO, Kingdom Financial Holdings Limited (KFHL), Zimbabwe



Judith Cone
Vice-President, Emerging Strategies, Kauffman Foundation



Patricia R. Francis
Executive Director, International Trade Centre (ITC), Geneva, Switzerland



Khalil Hamdani
Special Adviser, The South Centre, a Geneva-based inter-governmental organization



Thomas Knecht
Deputy Head, Private Sector Development Division, Swiss State Secretariat for Economic Affairs (SECO)



Virginia Littlejohn
CEO, Quantum Leaps, Inc., a Washington D.C. based NGO helping women's businesses grow



Simona Marzetti
Secretary General, International Network for SMEs Association (INSME)



Mamta Mishra
Executive Director, World Literacy of Canada



Cécile Molinier
Director, United Nations Development Programme (UNDP), Geneva



Nayef Z. Stetieh
President, The Business Development Center (BDC), Jordan



Jannie Tay
Managing Director, The Hour Glass Ltd., Singapore



Christine Thompson
Policy Issues Manager, SABMiller PLC, London



Karen Wilson
Founder of GV Partners & Advisor to the European Foundation for Entrepreneurship Research (EFER)

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Women in Business Award 2008



Setting up a successful business is a difficult venture for any entrepreneur - even under the most propitious of circumstances. In many developing countries, entrepreneurs face additional challenges in terms of administrative requirements and lack of crucial entrepreneurial skills.

Women entrepreneurs, however, face an additional burden of having to make their way in what is often considered a man's domain. It is for this reason that UNCTAD's EMPRETEC programme tries to assist promising entrepreneurs in developing countries, including women, to develop their skills and expand their business. Often, this support has made a crucial difference. Just consider the woman restaurateur in Uganda, who saw her sales quadruple after attending one of the EMPRETEC workshops. Another woman entrepreneur, this time in Guyana, was able to sell her pineapple and honey hotpepper-sauces directly to supermarkets overseas. These women are pioneers of development, and can be role-models for others.

I hope that UNCTAD's new "Women in Business Award" will serve to highlight the challenges faced by women in entrepreneurship, and provide an incentive for women in all countries to rise to the challenge and become entrepreneurs.

Statement by the Secretary-General of UNCTAD
Dr. Supachai Panitchpakdi
April 2008



*Technical Expert who prepared the questionnaire and selected short list of candidates.

Paola Borges Barcellos Tucunduva is a Brazilian entrepreneur assisted by EMPRETEC. She acknowledges that EMPRETEC/SEBRAE gave her the methodological tools to manage an enterprise, such as planning, financial flows and controls. ***“I learned to set clear, specific goals and spot opportunities. EMPRETEC also taught me self-confidence and a spirit of initiative. When I applied all these lessons to my enterprise, we started to grow.”***

In response to the needs of the public sector, EMPRETEC also runs the Intrapreneurship (or Corporate Entrepreneurship) Training Workshop (ITW) aimed at motivating employees in large public firms and institutions, promoting a

dynamic organizational culture.

In this respect, plans call for the establishment of an Entrepreneurship Centre in the United Republic of Tanzania with facilities in Dar es Salaam and Mwanza, to offer a wide range of training, business development and linkage services, including for women entrepreneurs. At a round table for CEOs in Tanzania, 35 entrepreneurs welcomed UNCTAD's programme on Intrapreneurship for Public and Private Enterprises, which they felt met the training needs of their own initiative on enhancing public service leadership. The CEOs set up a scholarship fund for this programme, co-financed by the Tanzanian Government and the World Bank.

Women play a crucial role

Women seeking to generate income by starting up and developing a business usually operate in micro, small or medium-sized enterprises. What is less known is that in many countries, up to 40-50% of such enterprises are owned and run by women. UNCTAD assists women entrepreneurs and helps alleviate poverty among women, for instance through the *“Mujer Emprendedora”* programme in Guatemala. (see box below)



How UNCTAD is helping women in Guatemala

Ingrid Zulma Elizabeth Ixcotoy Sanic of the Chimaletenango region began making a living as a tailor and sold her clothes in the local market. She wanted to improve her earnings and expand her business but had no idea how to go about it. Through the training programme for women, she gained the necessary knowledge, business skills and access to credit to open three shops.

Like Ingrid, over 600 women entrepreneurs – largely indigenous – in Guatemala's rural areas attended one of the 21 special training workshops, allowing many to improve their income and living standards. Financed by the Inter-American Development Bank, *“Mujer Emprendedora”* was adapted from training materials developed in El Salvador by the Asociación de Gerentes de Guatemala. It worked in partnership with 15 rural institutions, including women's organizations, cooperatives and non-governmental organizations that extend microcredit, to help identify women entrepreneurs and their specific needs.

Women in Business Award 2008

To encourage entrepreneurship among women, in 2007 UNCTAD announced the launch of the Women in Business Award. The businesses in question have been screened and evaluated according to such selected criteria as entrepreneurial spirit, innovation and business achievements, consonant with the main theme of UNCTAD XII (Accra, 20-25 April 2008): **Addressing the opportunities and challenges of globalization for development**. In an official ceremony at UNCTAD XII, the Award will, for the first time, be granted to women-owned businesses that have made the most of the business development services of the EMPRETEC Centres in their respective countries and excelled in developing an innovative business idea, providing jobs and income growth. The participating women entrepreneurs own highly productive and innovative businesses in diverse industries, including small handicrafts, industrial food processing, garments, hotel or web portal ownership. They serve as models of success for other women, spearheading a process of cultural change in their communities.





Developing Policies that Foster Small Business

As all economies can gain from a more dynamic small business sector and because SMEs have specific strengths and weaknesses, national and international policy frameworks address SME needs. UNCTAD fosters intergovernmental dialogue, identifies best practices through research and analysis, and facilitates the adoption of SME-friendly policies.

An **expert meeting** on “Increasing the Participation of Small- and Medium-sized Enterprises in Global Value Chains” took place on 18-19 October, 2007. It was based on a joint research project by UNCTAD, the OECD and the University of Fribourg entitled “*Enhancing the Role of SMEs into Global Value Chains*”, and was funded by the Swiss Government through the Geneva International Academic Network. Case studies carried out in Africa, Asia and Latin America in various industries highlighted the relationship between a chosen group of large transnational corporations (TNCs) and their local suppliers. Developing country suppliers, especially those in mature manufacturing industries, face high barriers to entering Global Value Chains (GVCs) as well as keen performance pressures following entry. This led to the conclusion that developing a favourable business environment, albeit important, is insufficient. Efforts should be made to boost SMEs’ ability to meet international standards, increase linkages and innovate or upgrade, in particular through programmes that help lower-tier developing countries suppliers integrate into global and regional value chains.

UNCTAD's research focuses on drawing lessons from international best practices on how to reform the business environment and improve competition in national markets as well as access to foreign markets; fostering the effectiveness of national institutions, both public and private; and creating a business-friendly regulatory framework.

The recent UNCTAD publication entitled ***"Global Players from Emerging Markets: Strengthening Enterprise Competitiveness through Outward Investment"*** examines why developing country firms are investing abroad and what the best practices and policy

options are for supporting internationalization from emerging economies. The research indicates that outward direct investment has helped enterprises boost their revenue, assets, profitability, market reach and exports. Moreover, the study notes that developing countries have reformed their policy environment, liberalized their regulatory frameworks, and relaxed exchange controls. Streamlining procedures for approval and the conditions governing equity ownership of affiliates abroad, raising the investment permit ceiling, building capacity, developing market intelligence, and incorporating special provisions in international investment agreements

are some other examples of support measures. As the study revealed, some developing countries actively provide institutional support to help their firms internationalize.

UNCTAD also works closely with the private sector on reforms, seeking the views of small and informal enterprises which are often neglected. UNCTAD participates actively in existing international networks such as the Donor Committee for Enterprise Development, the International Network of Small and Medium Size Enterprises (INSME) and other relevant international fora.

Recent Publications

UNCTAD provides sound policy recommendations, strategic leadership as well as operational guidance for programme implementation related to SME internationalization, including on TNC-SME linkages, clusters, global value chains, and direct outward investment. UNCTAD's work on these issues has resulted in the following publications:

"Business Linkages Programme Guidelines" (UNCTAD/ITE/TEB/2005/11)

"Deepening Development through Business Linkages" (UNCTAD/ITE/TEB/2006/7)

"Global Value Chains for Building National Productive Capacities" (TD/B/COM.3/79)

"Enhancing the Participation of Developing Countries SMEs into Global Value Chains" (TD/B/COM.3/EM.31/2)

"Linkages, Value Chains and Outward Investment: Internationalization Patterns of Developing Countries' SMEs" (TD/B/COM.3/69)

"Global Players from Emerging Markets: Strengthening Enterprise Competitiveness through Outward Investment" (UNCTAD/ITE/TEB/2006/9)

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