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Sustainable development

Entrepreneurship for sustainable development

Report of the Secretary-General

Summary

The present report contains a review of the progress made in the implementation of General Assembly resolution 73/225 on entrepreneurship for sustainable development since its adoption in December 2018. The report was prepared by the United Nations Conference on Trade and Development from input provided by United Nations entities, including the regional commissions, the Department of Economic and Social Affairs, the International Labour Organization, the International Organization for Migration, the International Trade Centre, the United Nations Environment Programme, the United Nations Human Settlements Programme (UN-Habitat), the United Nations Industrial Development Organization, the United Nations Entity for Gender Equality and the Empowerment of Women (UN-Women) and the World Intellectual Property Organization. The report includes an overview of recent developments in entrepreneurship and the promotion of micro-, small and medium-sized enterprises and identifies best practices and measures taken to support entrepreneurship at the national, regional and international levels, including in response to the challenges posed by the coronavirus disease (COVID-19) pandemic. The role of inclusive, green, digital and circular entrepreneurship in the post-COVID-19 context and with regard to the implementation of the 2030 Agenda for Sustainable Development is also explored. The report also presents issues concerning data collection and impact measurement with regard to promoting entrepreneurship, enhancing the role of entrepreneurship in post-COVID-19 social and economic resurgence and achieving the Sustainable Development Goals, and contains recommendations on the way forward.

* A/75/150.
I. Introduction

1. In its resolution 73/225 on entrepreneurship for sustainable development, the General Assembly recognized the important contribution entrepreneurship makes to sustainable development by creating jobs, driving economic growth and innovation, improving social conditions and addressing social and environmental challenges in the context of the 2030 Agenda for Sustainable Development. The need for a comprehensive and holistic approach to entrepreneurship that includes long-term and cross-sectoral policies and strategies is stressed in the resolution. The resolution remains highly relevant in guiding policy response and recovery measures to address the impact of the coronavirus disease (COVID-19) pandemic on the development of entrepreneurship and micro-, small and medium-sized enterprises.

2. The objective of the present report is to review developments in the promotion of entrepreneurship and micro-, small and medium-sized enterprises over the past two years with a view to assessing the progress made and providing recommendations for action, including on enhancing the role of entrepreneurship and micro-, small and medium-sized enterprises in the post-COVID-19 social and economic resurgence.

II. Entrepreneurship trends around the world and impact of COVID-19

3. The advancing COVID-19 pandemic has caused a steep global economic pullback, without modern parallel. According to the International Labour Organization (ILO), between 5 million and 25 million jobs will be lost and there will be a drop in labour income in the range of $860 billion to $3.4 trillion. Over 70 million people are expected to fall back into extreme poverty.1

4. Micro-, small and medium-sized enterprises constitute the backbone of the global economy, accounting for over two thirds of employment globally,2 and 80 to 90 per cent of employment in low-income countries. Owing to the extreme losses that are affecting every nation and every sector of industry, there are many people without jobs who are looking and will continue to look for entrepreneurship opportunities. At the same time, the motivations of entrepreneurs and micro-, small and medium-sized enterprises can be leveraged to tackle the world’s problems, while helping to implement the Sustainable Development Goals, especially in underperforming sectors and in social recovery. The role of entrepreneurship and micro-, small and medium-sized enterprises in social and economic development has become more critical than ever and will be among the priority policy measures of Member States during post-COVID-19 recovery and beyond.

5. Entrepreneurship has globally remained a formidable form of employment and livelihood. In the period 2018–2019, just under 15 per cent of the adult population,3 on average, was in the early stages of undertaking an entrepreneurial activity (ranging from 3 per cent in Italy to 37 per cent in Chile). Since 2015, the share of entrepreneurs grew in 36 out of 52 surveyed countries. In 2019, exiting entrepreneurship was less than half as common as entry into entrepreneurship. However, the COVID-19

3 United Nations Conference on Trade and Development (UNCTAD) estimates based on the Global Entrepreneurship Monitor, which measures entrepreneurship annually by share of early-stage entrepreneurs in the adult population.
pandemic has slowed down entry into entrepreneurship, with business applications down by 40 per cent in some countries.4

6. Gender gaps5 have remained wide in the majority of countries, with the rate of entry into entrepreneurship for women being equal to that of men in only 6 out of 62 surveyed countries. Prevalence of entrepreneurship has peaked in the 25–34 age group in 36 out of 50 countries and declined steadily thereafter. The COVID-19 pandemic has had a particularly negative impact on women and young entrepreneurs given their overrepresentation in sectors particularly affected by lockdowns and other systemic issues, including informality and a lack of access to finance, technology, markets, networks and social protection. Firms managed by women6 have been 27 per cent more likely to file for insolvency or bankruptcy.

7. A summary of surveys demonstrates that more than half of micro-, small and medium-sized enterprises have suffered from severe revenue losses,7 and one third fear that they will be out of business within one month. According to the International Trade Centre COVID-19 Business Impact Survey,8 25 per cent of small businesses in developing countries would close permanently, with almost 75 per cent in Africa experiencing severe consequences. The survival of start-ups, particularly in high-technology sectors, is also under threat, since about 41 per cent9 had only three months or less of cash runway left.

8. Several factors explain the vulnerability of micro-, small and medium-sized enterprises. First, those enterprises account for the majority of firms in non-essential services, with some 232 million enterprises10 in wholesale and retail trade having been hit hard by containment. In addition, many micro-, small and medium-sized enterprises are in the informal economy and lack access to support packages. Women entrepreneurs have suffered even more owing to increased care burdens during lockdown. Second, compared with large firms, micro-, small and medium-sized enterprises have fewer resources and lower capacity to cope with abrupt economic shocks. For example, according to a survey of the Economic Commission for Africa,11 micro-, small and medium-sized enterprises in Africa are struggling to survive the crisis, citing a lack of cash flow as their top challenge. Third, micro-, small and medium-sized enterprises often lack diversified businesses, markets and external sources to leverage in the face of a crisis.

9. When the pandemic was declared, Governments first responded with short-term policies, including tax relief, extensions of loan guarantees, direct grants and subsidies to micro-, small and medium-sized enterprises. For a longer-term strategy, Governments are also increasingly implementing structural policies12 to support those enterprises in adopting digital technologies and expanding their market reach.

6 UNCTAD estimates based on follow-up enterprise surveys collected across 11 countries by the World Bank in 2020.

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However, multiple and overlapping forms of discrimination based on categories such as gender and race are often missing from responses.

10. In response to those challenges, the United Nations launched a project entitled “Global initiative towards post-COVID-19 resurgence of the MSME sector” to assist Governments, entrepreneurs and institutions working to support entrepreneurship and micro-, small and medium-sized enterprises through targeted advisory and capacity-building services. In the framework of the project, which is led by the United Nations Conference on Trade and Development (UNCTAD) in partnership with the Economic Commission for Africa, the Economic Commission for Europe, the Economic Commission for Latin America and the Caribbean, the Economic and Social Commission for Asia and the Pacific (ESCAP), the Economic and Social Commission for Western Asia and the Department of Economic and Social Affairs, a series of online tools have been developed to promote entrepreneurship and micro-, small and medium-sized enterprises and facilitate their resurgence.

III. Progress in the implementation of entrepreneurship policies

11. While progress has been made in recent years towards promoting entrepreneurship policies and strengthening the competitiveness of micro-, small and medium-sized enterprises, the COVID-19 pandemic has not only caused a significant adverse impact on that process but also exposed and deepened pre-crisis fragilities in the entrepreneurship ecosystem and the micro-, small and medium-sized enterprise sector. However, the pandemic also provides an unprecedented opportunity to emerge with a better and more efficient set of policies and measures to promote entrepreneurship with a view to building an entrepreneurship environment that would lead to a resilient, green and inclusive resurgence that encompasses vulnerable groups.

12. Coherent and holistic policy measures and initiatives to support and sustain entrepreneurship, including in post-pandemic scenarios, in alignment with the cross-cutting nature of entrepreneurship, span several interrelated areas, including regulatory reforms, improved access to finance and markets, facilitated technology exchange and innovation, enhanced development of human capital, increased awareness of entrepreneurial opportunities and creation of support networks.

Formulating national entrepreneurship strategies

13. In the past two years, UNCTAD has continued to support Member States in their efforts to design, formulate and implement national entrepreneurship strategies based on the Entrepreneurship Policy Framework. Following the implementation of the Framework in Cameroon, the Dominican Republic, Ecuador, El Salvador, the Gambia and the United Republic of Tanzania, activities are being conducted in Angola and Seychelles. In cooperation with the United Nations Industrial Development Organization (UNIDO), UNCTAD has also supported Ethiopia in the development of an entrepreneurship strategy for structural transformation, which includes policy options for migrant and refugee entrepreneurs based on the Policy Guide on Entrepreneurship for Migrants and Refugees, developed by UNCTAD, the International Organization for Migration (IOM) and the Office of the United Nations High Commissioner for Refugees (UNHCR). The Policy Guide has inspired action plans to support migrant and refugee entrepreneurship in 16 countries since 2018. For example, in 2020 almost 1,000 participants from 95 countries have taken an

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e-learning course\textsuperscript{15} on entrepreneurship for migrants and refugees, developed in collaboration with the United Nations Institute for Training and Research.

14. Since 2018, many Member States have adopted comprehensive entrepreneurship policies following an integrated approach, building on linkages between regulations, education, technology, innovation, finance and market access. Ahead of the COVID-19 pandemic, those policy measures laid the groundwork in harnessing entrepreneurship potential (see box 1).

\begin{explanation}
\textbf{Box 1}
\textbf{Legislative initiatives in selected countries}

The National Entrepreneurship and Innovation Law has been approved in Ecuador to enable the entrepreneurship ecosystem for innovation. A dedicated council has been given the mandate to propose and implement reforms to ease legal and bureaucratic procedures and to streamline incentives for innovation.

Malaysia has launched the National Entrepreneurship Policy 2030 to develop an inclusive and competitive entrepreneurial ecosystem and small and medium-sized enterprise sector that is outward-oriented and invests in entrepreneurs from vulnerable backgrounds.

Ghana has introduced the National Entrepreneurship and Innovation Programme to provide integrated national support for start-ups and small businesses based on an incubation and acceleration programme, a business competition and support programme, an industrialization plan and a fund.

Bangladesh has revised its small and medium-sized enterprise policy and enhanced support to entrepreneurship, targeting 7 million small and medium-sized enterprises.
\end{explanation}

15. While recent policies and strategies are still at the early stages of implementation, impact assessments have shown positive gains. For instance, the National Entrepreneurship Policy of El Salvador (2014–2019), which focused on non-financial support to improve market access, promote an entrepreneurial culture and enhance entrepreneurial skills, led to the creation of 1,760 enterprises, owned largely by young people and women, and over 2,000 jobs.\textsuperscript{16} The Mass Entrepreneurship and Innovation Strategy\textsuperscript{17} of China (2014), which was aimed at providing a conducive environment for popular entrepreneurship and encouraging college students, scientists and engineers to create innovative businesses, has serviced 400,000 start-ups and facilitated the registration of 80,000 new enterprises.

\textbf{Optimizing the regulatory environment}

16. Since 2018, a total of 108 reforms\textsuperscript{18} have been introduced across developing regions to make it easier to start a business, with Africa leading the way. Those reforms have significantly reduced the number of procedures, days and costs associated with starting a business, which on average takes six to eight procedures, 18 to 28 days and 13 per cent to 34 per cent of per capita income. Some Member

\textsuperscript{15} See \url{https://unitar.org/courses/entrepreneurship-migrants-and-refugees-6065}.
\textsuperscript{17} See \url{http://rs.chineseembassy.org/eng/ljzg/t1619293.htm}.
States have set up one-stop shops to support and guide entrepreneurs and have introduced or expanded digital services to streamline the registration process (see box 2).

Box 2

**Easing procedures for starting up a business**

In 2019, Brazil simplified bureaucratic procedures and facilitated business registration online, waiving permits and licences for companies working in low-risk activities.

Ghana has introduced the Business Regulatory Reform Programme to optimize the regulatory environment ahead of the African Continental Free Trade Agreement.

Paraguay, Poland, and Uruguay have introduced a simplified legal business form for stock companies.

Recognizing the liquidity constraints that small and medium-sized enterprises face in international trade, Chile has introduced the 30-day Payment Law in 2019, which imposed a one-month payment period on all approved invoices. Colombia, Mexico and Peru are taking similar steps.

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17. In the period 2009–2019, a total of 131 economies undertook 274 reforms to improve gender equality. Progress has been slow and irregular, with some regions lagging behind. The World Bank Women, Business and the Law database allows the monitoring of discriminatory laws and regulations on women’s economic activities around the world. Women without access to social protection continue to face challenges in starting and growing a formal business owing to the time burden of caring. A notable positive step was made in 2019, when the regulatory burden on women in Saudi Arabia was eased, leading to a substantial increase in early-stage entrepreneurial activity among women.

18. In response to the negative impact of the COVID-19 pandemic, Member States have been active in implementing policy packages for start-ups and micro-, small and medium-sized enterprises. However, entrepreneurs and micro-, small and medium-sized enterprises cannot easily gain access to those benefits despite operating formally: 47 to 55 per cent of those enterprises report difficulties in accessing information on government benefits, compared with 38 per cent of large enterprises. The ongoing economic recession could also provide an opportunity to convince informal sector entrepreneurs of the benefits of formalization, particularly in terms of resilience and financial aid. With support from the Department of Economic and Social Affairs, Cambodia and Sri Lanka had been better placed ahead of the pandemic as a result of the policy mechanisms that they had established to simplify the registration of micro-, small and medium-sized enterprises.

**Enhancing entrepreneurship education and skills development**

19. The COVID-19 pandemic has caused major disruptions in technical and vocational education and training. In a joint survey conducted by ILO, the United Nations Educational, Scientific and Cultural Organization and the World Bank, 98 per cent of participants confirmed the closure of technical and vocational education and training centres. A significant shift to distance learning was observed, with half of the

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centres currently providing online training, while only 20 per cent were doing so before the pandemic. There are, however, major inequalities in terms of access to online education and training by vulnerable groups, in particular in Africa, where the requisite information and communications technology infrastructure and literacy are lagging.

20. Entrepreneurial skills, both soft and hard, are strong predictors of entry into entrepreneurship irrespective of the level of education, especially in developing countries. Effective entrepreneurship education policies and programmes are needed in formal and informal education to help prospective entrepreneurs to accumulate skills and competencies throughout life. This is particularly critical during the fourth industrial revolution, in which innovative entrepreneurs play a key role in creating and using frontier technologies for sustainable development.

21. Since 2018, Member States have continued to embed entrepreneurship in their education systems, particularly at the secondary level, developing requisite curricula and training teachers with novel pedagogies. In the period 2017–2020, Egypt and Madagascar have introduced entrepreneurship curricula and technical education at the secondary level with the support of the UNIDO Entrepreneurship Curriculum Programme, which has been implemented in 11 countries, reaching over 2 million students. By 2019, Rwanda had trained 260 teachers through innovative pedagogy across 100 schools to deliver its reformed curriculum to 6,800 students. In 2020, Panama has approved a bill embedding entrepreneurship education in the curricula of all schools, starting at the secondary level, through mandatory courses on entrepreneurship and business.

22. Recent impact evaluations increasingly show that, while business training programmes on hard skills help aspiring entrepreneurs at earlier stages in setting up their businesses, they are not improving business performance in the long term. Training programmes that focus on psychological factors and soft skills to establish an entrepreneurial mindset obtain better results, improving long-term business performance. The latter approach has been followed in Ecuador, where psychology-based entrepreneurial training in soft and hard skills has been delivered online to 20,000 secondary school students.

23. UNCTAD has continued to support Member States with its Empretec programme, based on a behavioural approach that changes people’s mindsets, creates a dynamic entrepreneurial culture and has a significant impact on job creation, the quality of life of participating entrepreneurs and their contribution to national economies. For example, an Empretec impact assessment in Angola found that 72 per cent of participants who were not entrepreneurs at the time of the training felt that their employability had improved thanks to skills training, while 78 per cent foresaw starting up a business in the next three years. Another assessment in Brazil showed that the Empretec programme had led to an 11 per cent increase in new entrepreneurs and was associated with an average 20 per cent increase in the number of employees. In the Russian Federation, an impact assessment found that 67 per cent of participants reported increased profitability, while 87 per cent found Empretec training helpful in overcoming their current business challenges.

24. The ILO Start and Improve Your Business programme is being implemented in over 100 countries and trained over 15 million entrepreneurs and small businesses

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and contributed to the creation of over 9 million jobs between 2011 and 2015. The programme has a strong track record of impact on outcomes related to entrepreneurs and their businesses.

25. In response to COVID-19, online solutions are highly utilized among United Nations entities to deliver training and advisory services to strengthen the capacity of entrepreneurs and their ability to reach international markets. The International Trade Centre SME Trade Academy\(^\text{22}\) is on track to reach 70,000 registrants in e-learning courses and webinars in 2020. UNCTAD has developed and is delivering several online tools to reach out to its Empretec networks of about 500,000 entrepreneurs in more than 40 countries in Africa, Asia, Europe, Latin America and the Middle East.

26. Training in entrepreneurship skills has increasingly targeted people from vulnerable backgrounds, including women, young people, migrants and refugees. UNCTAD has delivered Empretec training to migrant and refugee entrepreneurs together with local entrepreneurs in Ecuador, and enhanced the capacity of Empretec in Malaysia to deliver training to low-literate entrepreneurs. IOM has supported Turkey with a project\(^\text{23}\) that offers business development consultancy and microgrants to upscale small and medium-sized enterprises with a view to generating quality employment for refugees, as well as the host community. IOM has also delivered microenterprise training combined with scale-up grants in Ukraine to over 2,000 displaced entrepreneurs. Around 87 per cent of beneficiaries have experienced increased levels of income.

**Facilitating technology exchange and innovation**

27. The COVID-19 pandemic has highlighted the importance of accelerating the adoption of digital technologies by entrepreneurs and micro-, small and medium-sized enterprises, not only to strengthen their resilience but also to find solutions to stop the outbreak.\(^\text{24}\) Innovative entrepreneurship,\(^\text{25}\) however, remained remarkably low in the pre-COVID-19 period, with less than 5 per cent of entrepreneurs having introduced new products or services and even fewer having used the latest technologies or procedures in their new businesses in 2019.

28. Some Member States have introduced innovative policies to provide support on both fronts. Small and medium-sized enterprises in China are encouraged to innovate products to control the pandemic, while a subsidy programme in Czechia helps small and medium-sized enterprises to finance the latest technologies. Others, like Malaysia,\(^\text{26}\) have invested in the digitalization of small and medium-sized enterprises. In response to the COVID-19 pandemic, hackathons have been organized in Finland, Latvia and Poland to innovate novel solutions.

29. Several other policies and programmes have been launched since 2018 to support innovative and high-impact entrepreneurs. Senegal and Tunisia have introduced start-up acts to ease regulations and provide dedicated labels and financial and tax incentives to innovative start-ups. In Tunisia, 70 start-ups have been awarded the innovative start-up label in the first year. Turkey has piloted the Sustainable Development Goals global impact accelerator to empower entrepreneurs to adopt innovate solutions in line with the Sustainable Development Goals, aimed at benefiting refugee and low-income populations. India has launched an innovative

\(^{22}\) See [https://learning.intracen.org/](https://learning.intracen.org/).

\(^{23}\) See [www.buyutelimbuisi.org/](www.buyutelimbuisi.org/).

\(^{24}\) OECD, “Coronavirus (COVID-19): SME policy responses”.


\(^{26}\) See [https://mdec.my/home/c19techrelief/](https://mdec.my/home/c19techrelief/).
start up policy to develop 15 incubators in collaboration with industry and academia and to facilitate 10,000 start-ups. Singapore has introduced the Start Digital Initiative, which has helped start-ups to employ foundational digital solutions. In Jordan, the Ministry of Digital Economy and Entrepreneurship has been established to stimulate digital entrepreneurship and to help entrepreneurs to overcome the challenges involved in gaining access to markets and finance.

30. Several countries in Central Asia, with support from the Economic Commission for Europe and ESCAP, have adopted the Innovation Strategy for Sustainable Development27 of the United Nations Special Programme for the Economies of Central Asia in order to establish the Sustainable Development Innovation Fund, aimed at supporting early-stage innovative entrepreneurship and launching an online support service for innovative entrepreneurs. The Economic Commission for Latin America and the Caribbean has assisted Colombia, Costa Rica and Panama in formulating policies to develop enterprises in the digital creative economy and foster their participation in regional value chains. UNCTAD and UNIDO have continued to support Member States in the areas of e-commerce and digital transformation for small and medium-sized enterprises.

31. Member States have also continued to invest in the knowledge triangle to facilitate linkages between research, education and innovation. India has introduced the National Innovation and Start-up Policy (2019), by which higher education institutions have been instructed to reserve at least 1 per cent of their total annual budget to support innovation and start-ups. Based on its policy guides28 on patents, trademarks, designs and copyrights for small and medium-sized enterprises, in the period 2018–2019 the World Intellectual Property Organization continued to support small and medium-sized enterprise intermediaries to strengthen their capacity to provide intellectual property-related support to small and medium-sized enterprises in 16 countries, including Costa Rica, Jordan, Malawi and the Russian Federation. In Israel, which has a strong innovative start-up ecosystem, efforts are under way to engage underrepresented groups, including women and ethnic and religious minorities, in innovative entrepreneurship.

**Improving access to finance**

32. Access to finance remains one of the top constraints for entrepreneurs, especially women and young people. The severe consequences of the COVID-19 pandemic on entrepreneurs and micro-, small and medium-sized enterprises have prompted Member States to quickly provide financial support through credit guarantee schemes, grants, debt moratoriums, bridge loans and direct subsidies, among others. Alternative financing schemes and digital finance solutions are also introduced to keep micro-, small and medium-sized enterprises afloat.

33. However, receiving and gainfully utilizing financial aid is also a challenge for many entrepreneurs in the micro-, small and medium-sized enterprise sector as a

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result of the lack of awareness of such support and the inability to benefit from financial aid due to a lack of financial literacy and required skills.

34. Several good practices in financial inclusion have been introduced since 2018, including the expansion of public and private credit registries covering the microloan segment, recognition of movable assets as collateral and improvements in the use of digital technologies to bring previously underserved populations to the formal sector and provide them with financial services.

35. There is also an increasing trend towards building the asset side through savings accounts, widening financial literacy training and leveraging digital technologies and social networks for financial resilience, particularly in rural areas, where microfinance institutions are increasingly adopting digital technologies to expand their outreach.

36. In India and Mexico, financial technology (fintech) policies have established the legal framework for innovative financial instruments, bridging the gap between entrepreneurs and financial institutions. Jordan, Mexico, Mozambique and the Russian Federation have implemented national financial inclusion strategies for vulnerable groups. The Women MSME FinTech Innovation Fund, launched in 2019 by the Economic and Social Commission for Asia and the Pacific and the United Nations Capital Development Fund, has invested in 10 fintech institutions to develop, test and scale a range of digital financial solutions for women entrepreneurs, which has benefited 862 women in its first year. During the pandemic-induced lockdowns, financial applications have been among the top downloaded mobile applications. ESCAP has also supported the Central Bank of Samoa in reviewing access to finance by small and medium-sized enterprises and associated barriers.

37. Policies on access to finance have also targeted high-impact entrepreneurs in innovative sectors. Senegal established the Delegation for Rapid Entrepreneurship of Women and Youth in 2018 to support the economic performance of women and young people and has invested in start-ups in the digital economy. Morocco launched the Innov Invest Fund in 2018 and supported 300 start-ups in priority sectors such as fintech and renewable energy. The Social Outcome Fund of Malaysia and the Social Innovation Fund of Portugal are among recent targeted funds aimed at supporting social enterprises with high potential to deliver social services to vulnerable groups.

38. The Economic Commission for Africa, in partnership with the United Nations Entity for Gender Equality and the Empowerment of Women (UN-Women) and the African Union, launched an online platform for the African Women Leadership Fund, an impact investment fund to empower African women fund managers to deliver inclusive growth. ESCAP has launched its first impact investment initiative with a view to increasing the number of gender lens investing initiatives in small and medium-sized enterprises in South and South-East Asia and improving access to capital for women to expand their business operations. ESCAP has partnered with the Small Enterprise Assistance Fund to unlock $150 million in equity capital for small and medium-sized enterprises run by women. Through SheTrades Invest, the

32 See www.uneca.org/awlf.
International Trade Centre has helped to strengthen the financial and managerial capacity of women entrepreneurs and matched them with impact investors to create economic growth and jobs for women. SheTrades Invest has provided $10 million worth of financing to women entrepreneurs in Ghana, Kenya, Nigeria and Zambia.

39. Access to finance also provides opportunities to entrepreneurs in post-conflict situations. With the support of IOM, the Enterprise Development Fund in Iraq is aimed at improving the socioeconomic inclusion of displaced persons returning to their areas of origin and revitalizing local economies. Since 2018, the Fund has financed 275 businesses, which have created 1,463 jobs. UNHCR and partners have begun to pilot a blended financial approach to facilitate finance for refugees and host communities in Uganda, reaching some 100,000 beneficiaries to support the creation and development of small businesses.

40. With a view to improving financial literacy, ESCAP is developing online material on finance for micro-, small and medium-sized enterprises aimed at policymakers in Bangladesh, Cambodia, Kazakhstan, Nepal and Samoa. UNCTAD is preparing online training courses on accounting for micro-, small and medium-sized enterprises based on its related guidelines.

41. Following the COVID-19 pandemic, access to finance is expected to remain a severe challenge as capital flows out of financial sectors in developing countries. 35 That is cause for concern, in particular for high-technology entrepreneurs who incur large initial fixed costs and depend on long-term venture capital. In response, support for start-ups is growing. For instance, in the Netherlands, 36 where the number of start-ups has declined by one third in 2020, start-ups and scale-ups can obtain access to bridge loans of up to €2 million with fast-track applications.

Improving access to markets

42. A majority of entrepreneurs do not participate in international trade and have difficulty reaching national markets. Over 60 per cent of early-stage entrepreneurs across the majority of developing countries target customers in local markets. Inequalities abound, particularly by firm size. In developing countries, over 30 per cent of large firms export directly, compared with only 10 per cent of small firms. With the COVID-19 pandemic, micro-, small and medium-sized enterprises and entrepreneurs are increasingly moving their content online to e-platforms in search of new sales channels, and 35 per cent of micro-, small and medium-sized enterprises have begun or increased online business activity during the pandemic. 39

43. The International Trade Centre SheTrades initiative has continued to increase women’s participation in trade, raising the value of the international business in which they transact and diversifying the markets to which they obtain access. In 2018, the initiative had connected 1 million women to markets, two years ahead of its 2020 goal, and a new target has been set to connect 3 million women to markets by 2021. The Economic Commission for Europe, the United Nations Development Programme (UNDP) and other partners have contributed to capacity-building for small and medium-sized enterprises engaged in food supply chains in Central Asia. This has enabled over 80 per cent of small and medium-sized enterprises to diversify export

39 UNCTAD estimates based on follow-up enterprise surveys collected across 11 countries by the World Bank in 2020.
markets and increase sales. The Economic Commission for Europe\(^{40}\) has also helped Armenia and Georgia to develop evidence-based, whole-of-government approaches for removing regulatory and procedural trade barriers and supporting inclusive structural transformation. During the pandemic, business linkages between small and large firms have also intensified in the area of biotechnology innovation\(^{41}\) through collaborations to find an effective vaccine against COVID-19.

44. The Agreement Establishing the African Continental Free Trade Area entered into force in 2019, offering African entrepreneurs a larger regional market with increased competition and innovation. If equipped with the requisite policies, the African Continental Free Trade Area can also boost resilience and prosperity for entrepreneurs from vulnerable backgrounds, who dominate in the informal cross-border trade. With support from the Economic Commission for Europe and the Economic and Social Commission for Asia and the Pacific, the Ashgabat Initiative was launched in 2019 for countries participating in the United Nations Special Programme for the Economies of Central Asia to reduce barriers to trade and transport in the region.

**Awareness-raising and networking**

45. Prior to the COVID-19 pandemic, over two thirds\(^{42}\) of adults in 29 out of 50 surveyed countries agreed with the statement “most people consider starting a business to be a desirable career choice”. The global recession is expected to put downward pressure on those perceptions. In response, the International Chamber of Commerce has launched an “SOS” call to action campaign in support of entrepreneurs and their businesses. In addition, online platforms have been established to share creative initiatives in the light of the crisis and lockdown. Associations\(^{43}\) at the industry level are playing a key role in leveraging the entrepreneurial capacity of small firms, in particular in adopting digital technologies, as observed in France.

46. Other initiatives have contributed to raising awareness of the role of entrepreneurship in development. In Spain, the entrepreneurship culture promotion programme\(^{44}\) has been found to improve the personal entrepreneurial competencies of teenagers while positively influencing their social responsibility competencies, in line with the social and environmental pillars of the Sustainable Development Goals. In Turkey, My Sister Project, a multi-stakeholder initiative, reached 20,000 women, connecting them with role models offering training on financial literacy, innovation and entrepreneurship. The aim is for the programme to reach 100,000 women, including women with a migration background, by the end of 2020.

47. Programmes that target start-ups are increasingly setting up online platforms that raise awareness, foster networking among peers and improve access to relevant and up-to-date information for entrepreneurs. For instance, the Start-up India programme has connected over 75,000 start-ups, 500 mentors, 110 accelerators and 40 government institutions on its online platform, which has become a one-stop shop for start-ups in India. Similarly, in 2019 the Chilean Economic Development Agency established an online platform aimed at helping entrepreneurs to access information and interact with stakeholders within the ecosystem.

\(^{40}\) See [www.unece.org/tradewelcome/studies-on-regulatory-and-procedural-barriers-to-trade.html](http://www.unece.org/tradewelcome/studies-on-regulatory-and-procedural-barriers-to-trade.html).


\(^{43}\) OECD, “Coronavirus (COVID-19): SME policy responses”.

\(^{44}\) M. Isabel Sánchez-Hernández and Juan José Maldonado-Briegas, “Sustainable entrepreneurial culture programs promoting social responsibility: a European regional experience”, *Sustainability*, vol. 11, No. 13 (July 2019).
48. Several initiatives have been organized to promote awareness among women and young people on the importance of entrepreneurial skills to enhance their employability. In 2018 and 2019, the first and second meetings of the Youth Entrepreneurship and Self-Employment Forum were held in Senegal and Ethiopia respectively. In 2019, high-level speakers and participants stressed the importance of implementing the African Continental Free Trade Area inclusively, paying attention to women, young people and small business. In preparation for the twenty-fifth anniversary of the adoption of the Beijing Platform for Action, ESCAP has facilitated national and regional policy dialogues and raised awareness of innovations in women’s entrepreneurship as a sustainable tool for women’s economic empowerment.

49. Global Entrepreneurship Week, a global campaign to raise awareness and promote entrepreneurship initiatives, was celebrated in 170 countries in 2019. During Global Entrepreneurship Week 2019, UNCTAD, in partnership with IOM and UNHCR, organized a photo exhibition to raise awareness of positive stories of migrant and refugee entrepreneurs who are making an economic contribution to their host countries. In 2018, UNCTAD, with IOM, the World Intellectual Property Organization and others, organized a youth entrepreneurship pitching event entitled “Start-ups and scale-ups for SDGs”, in which impact investors connected with young entrepreneurs to evaluate their business models. UNCTAD also held six editions of its Empretec Global Summit during the Global Entrepreneurship Congress in 2019, offering business-to-business opportunities to entrepreneurs and start-up champions and raising awareness of the Empretec mindset-changing methodology.

50. On 25 June 2020, UNCTAD, the Department of Economic and Social Affairs and UNIDO, in partnership with the Permanent Mission of Argentina to the United Nations and the International Council of Small Business, organized a virtual event to celebrate the annual Micro-, Small and Medium-sized Enterprises Day, bringing together around 500 participants, including ministers, high-level policymakers, business associations, academia and other key stakeholders in the private and public sectors. The event provided an opportunity for an interactive stakeholder dialogue on supporting entrepreneurs and micro-, small and medium-sized enterprises in difficult times. The event sparked dialogue among thousands of people on social media.

IV. Promoting inclusive and green entrepreneurship

51. Vulnerable groups have been the hardest hit by the COVID-19 pandemic. Over 1.5 billion workers in the informal economy have been severely affected by the lockdowns, experiencing an 80 per cent decrease in earnings in Africa and Latin America. Youth unemployment rates have soared, affecting 67.6 million young people and contributing to high informality rates. Migrant and refugee workers have also been particularly hit by the pandemic, as they have been on the front line of losing their source of income. Inclusive entrepreneurship policies with an integrated and long-term approach can help self-employed workers and informal micro-, small and medium-sized enterprises to transition into formality and improve their resilience.

52. Social entrepreneurship plays an important role in promoting inclusive growth and sustainable development. The work of social innovators and entrepreneurs, which includes providing education technologies and e-health services for the most

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vulnerable and developing community tracing initiatives, has been even more critical
during the COVID-19 pandemic, as they reach those missed by the market.47

53. Member States are increasingly recognizing social entrepreneurship in their
legal systems. For example, in 2019, Thailand adopted the Social Enterprise
Promotion Act, offering tax breaks and other incentives aimed at creating 10,000
social enterprises. Following the introduction of the Impact-Driven Enterprise
Accreditation initiative in 2017, the Malaysia Global Innovation and Creativity
Centre has accredited 29 social enterprises and supported 182 social enterprises.
ImpactAim Indonesia, launched in 2019 in partnership with UNDP as an impact
accelerator to guide and assist social entrepreneurs in impact measurement at the
start-up stage, has assisted a total of 500 start-ups.

54. Member States have also advanced in developing national inclusive business
strategies.48 Inclusive businesses can play a critical role in ending poverty, achieving
gender equality, promoting decent and sustainable work and reducing inequalities.

55. National studies on social enterprises and inclusive businesses have been
conducted with the support of ESCAP partners in Cambodia, Indonesia, Malaysia,
Pakistan, the Philippines, Sri Lanka and Viet Nam to assess the environment in which
inclusive businesses operate and the ways in which national policies can support their
activities. In an effort to leverage inclusive businesses in alleviating poverty by 14
per cent by 2020, the Philippines introduced an accreditation system for inclusive
businesses in 2018 to promote fair trade, sustainability and the organic market sector
and to support firms with inclusive business models through special exemptions
and/or incentives. In 2018, the Group of 20 put forward a call on financing for
inclusive businesses to bridge the financial gap and provide an innovative alternative
aimed at alleviating poverty, decreasing inequality and offering decent employment
opportunities to vulnerable people.

56. Within the United Nations system, synergies are increasingly harnessed between
social entrepreneurship and inclusive and sustainable development. The global brand
MADE51,49 created by UNHCR, connects refugee artisans with social enterprises that
comply with fair trade operating principles and offer market access. UNHCR and its
partners are currently adapting their programme to minimize the negative impact of
the pandemic. ESCAP has supported policy initiatives, such as the Social Impact
Exchange in Malaysia, to channel untapped corporate resources into high-performing
social impact organizations.

57. Initiatives are also in place to incentivize entrepreneurship towards innovative
green, resilient, circular and inclusive solutions. The National Financial Inclusion
Strategy for the period 2018–2020 of Jordan puts greater focus on green finance for
micro-, small and medium-sized enterprises. In 2020, Indonesia has announced that
it will cut its marine plastic waste by 70 per cent within five years and become plastic
pollution-free by 2040. Morocco, with support from UNDP, has implemented its
Youth Employability Strategy Green, aimed at teaching vulnerable youth skills for
the green economy, including in the areas of renewable energy, ecotourism and
integrated water management. The Strategy also facilitates access to finance for green
projects with a view to establishing at least 10 green start-up businesses, with half to

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47 In 2019, the UNCTAD Multi-Year Expert Meeting on Investment, Innovation and Entrepreneurship
for Productive Capacity-building and Sustainable Development focused on responsible and
sustainable business practices and recognized the potential of inclusive businesses for
sustainable development.

48 According to the Group of 20 Inclusive Business Framework (2015), inclusive businesses are
developed as enterprises that provide goods, services and livelihoods on a commercially viable
basis, either at scale or scalable, to people at the base of the economic pyramid.

49 See www.made51.org/.
be set up by young women. In South Africa, the city of Cape Town has invested in the Western Cape Industrial Symbiosis Programme, connecting firms of different sizes and sectors to minimize waste of unused resources in a circular manner. In six years, the programme has diverted 36,700 tons of waste from landfills and saved over 140,000 tons of greenhouse gas emissions, while generating substantial economic benefits for companies and creating employment. As part of its work on gender-sensitive public procurement that stimulates women’s entrepreneurship, UN-Women is helping women’s businesses in South Africa to become renewable energy suppliers.

58. Within the United Nations system, the United Nations Environment Programme (UNEP), through its eco-innovation methodology, has been supporting small and medium-sized enterprises across regions in the development and application of business models that incorporate sustainability. In 2018, UNEP supported five small and medium-sized enterprises in Jordan in an eco-innovation process to find alternatives for the replacement of hazardous chemicals. UNEP also implemented the Asia-Pacific Low-Carbon Lifestyles Challenge, which provided training to young entrepreneurs on business skills and mainstreaming environmental and social sustainability into their business models. Poverty-Environment Action for Sustainable Development Goals, a joint initiative of UNDP and UNEP, supported Mauritania in 2019 in sensitizing gold miners and fishers on the environmental and health impacts of their activities. In addition, UNCTAD is adapting its course on sustainability reporting to the needs of micro-, small and medium-sized enterprises on the basis of its guidance on core indicators for entity reporting on contribution towards implementation of the Sustainable Development Goals.

V. Data collection and impact measurement

59. Measuring the impact of entrepreneurship policies and measures on sustainable development remains a challenge, requiring databases, statistical methodologies and data-collection mechanisms to be created. The registration of micro-, small and medium-sized enterprises also continues to be an issue, given that a vast proportion of entrepreneurship takes place in the informal sector. Further efforts and tools are also needed to develop methodologies for assessing the impact of entrepreneurship on the implementation of the Sustainable Development Goals.

60. The COVID-19 pandemic has highlighted the need for more and better data on entrepreneurship and micro-, small and medium-sized enterprises. As they navigate through many unknowns, Member States are in dire need of assessing the impact of policies on target groups. The follow-up surveys conducted by the World Bank are a significant step towards understanding the impact of the pandemic on firms by sector and size. ILO estimates based on national labour-force surveys continue to shed light on the impact of COVID-19 on the world of work. Best practices have been identified in countries of the Organization for Economic Cooperation and Development, including Austria, Denmark, France and Israel, that have monitored the economic impact of COVID-19, developed policy responses and established dedicated task forces in collaboration with the business sector at the local, regional and national levels. For a strong COVID-19 response, data must be disaggregated by sex and other intersecting categories to capture their differential impact.

51 See http://unep.ecoinnovation.org/.
53 See https://pea4sdgs.org/.
Recent initiatives in Ecuador and Slovenia establishing national-level registries to collect data on entrepreneurs and their enterprises offer further opportunities for rigorous impact evaluations at the national level.

Entrepreneurship is explicitly featured and has specific targets in Sustainable Development Goals 4 and 8; however, the promotion of entrepreneurship can contribute to the implementation of the entire 2030 Agenda. While more comprehensive data on the role of entrepreneurship are required to assess its contribution to the implementation of the Goals, useful insights are given below.

Ending poverty in all its forms everywhere (Goal 1) is critical. An impact evaluation\textsuperscript{55} of M-PESA, a mobile phone money transfer service in Kenya, showed that its expansion had lifted 2 per cent of Kenyan households out of poverty in the period 2008–2014. It has helped approximately 185,000 women to transition from agriculture to the business and retail sectors, while no significant impacts have been observed for men. Another rigorous impact evaluation\textsuperscript{56} assessed a field experiment that offered free agricultural information on good practices to farmers in India through mobile phones with a view to increasing agricultural productivity and improving the effectiveness of agricultural extension services. In two years, profits increased by approximately $215, while the subscription cost was only $20. Participating farmers shared key information with their peers, which also helped to improve their yields.

Entrepreneurship skills are essential to ensuring inclusive and equitable quality education and to promoting lifelong learning opportunities for all (Goal 4). Entrepreneurship education has been long embedded into the secondary school curricula in Uganda. The non-governmental organization Educate!, in collaboration with the Government of Uganda, has been transferring entrepreneurship skills to students. A recent impact evaluation\textsuperscript{57} found that the programme had had a long-lasting impact on the soft skills of graduates. In addition, the programme had helped to improve secondary school completion rates and rates of enrolment in tertiary education, particularly among female students. In another study, researchers\textsuperscript{58} evaluated the long-term effects in Sweden of the Junior Achievement Company Programme on entrepreneurial performance of high-school students up to 16 years after their graduation and found that Programme participants were on average 30 per cent more likely to start a firm and earn 10 per cent more entrepreneurial income.

Achieving gender equality and empowering all women and girls (Goal 5) is an end in itself that is deeply interlinked with the ability to realize all of the Goals. The Empowerment and Livelihoods for Adolescents programme of BRAC International in Uganda has been offering life skills and vocational training to female youth at adolescent development clubs five afternoons per week. Life skills training included soft entrepreneurial skills, while vocational skills training provided hard skills to help participants to establish their own businesses. An impact evaluation\textsuperscript{59} found that young female participants were more likely to be self-employed, had lower rates of


teen pregnancy and entry into marriage or cohabitation and were less likely to be exposed to sexual violence.

66. Promoting sustained, inclusive and sustainable economic growth, full and productive employment and decent work for all (Goal 8) implies formalization in the long run. Malawi has introduced legislation to streamline business registration. The Department of the Registrar General has offered multiple interventions, including free assistance for business and tax registration and savings accounts at local banks. The evaluation\(^{60}\) found a positive short-term impact on the formalization of micro-, small and medium-sized enterprises. In another evaluation, the Economic Commission for Latin America and the Caribbean assessed the Brasil Mais Produtivo programme, aimed at increasing the productivity of small and medium-sized enterprises through low-cost lean manufacturing methods. The programme increased firm productivity by 20 per cent and was recommended for rapid scale-up to achieve a national-level impact.

67. In building resilient infrastructure and promoting inclusive and sustainable industrialization (Goal 9), entrepreneurship has significant potential. The Start-up Act (2012) of Italy has created a conducive environment for innovative high-technology start-ups targeting youth and reinforced the links between universities and businesses. A recent evaluation\(^{61}\) has revealed an increase in revenues of up to 15 per cent and higher assets among beneficiary firms, which have had easier access to credit from banks and venture capital. In Rwanda, a government-subsidized microcredit expansion programme\(^{62}\) has targeted rural and previously unbanked populations, increasing the share of individuals with loans from 4.6 per cent in 2012 to 8.1 per cent in 2016 and transitioning entrepreneurs to commercial banks.

VI. Conclusion

68. As the global economy is going through a turbulent and formative period, the role of entrepreneurship in inclusive and sustainable development, as enshrined in the 2030 Agenda, has become even stronger. Harnessing the potential of entrepreneurs and micro-, small and medium-sized enterprises in recovery from the pandemic, entrepreneurship strategies must place special emphasis on structural policies to strengthen their resilience and competitiveness. Such policies should prioritize vulnerable groups and incentivize environmentally and socially sustainable models, including tailored support in skills development, digital and financial literacy, digitalization and innovation in gaining access to alternative markets and novel financing schemes, while ensuring an optimal regulatory environment for entrepreneurs to start and scale up their businesses. More specifically, it is essential to:

- Enhance alignment of entrepreneurship policies with post-COVID-19 resurgence priorities and the 2030 Agenda: the promotion of entrepreneurship involves identifying underlying constraints and unmet needs within the ecosystem, including on the basis of lessons learned during the COVID-19 pandemic. Unleashing entrepreneurship potential requires a coherent, multisectoral and long-term approach to enhance the role of entrepreneurship in

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economic, financial, social and environmental sustainability. Entrepreneurship strategies should leverage emerging business models that are inclusive, climate-resilient, gender-responsive and circular, incentivize social innovation and environmental preservation and protection and facilitate formalization.

- Accelerate regulatory reforms to support recovery, strengthen resilience, end discrimination and promote environmental sustainability: while there has been significant progress in business-friendly reforms and a fast response to the needs of entrepreneurs and micro-, small and medium-sized enterprises during the crisis, further reforms are needed to end discrimination among entrepreneurs based on gender, age and ethnic and racial background, among others. Policy reforms should incentivize the creation of green and circular enterprises that preserve and protect the environment. A focus on the informal sector, women and youth needs to be mainstreamed.

- Promote inclusive digitalization: digital technologies have substantially changed the way in which the global economy operates and redefined access to markets, finance and technology. A rapid COVID-driven digitalization is on its way, providing chances associated not only with specific information and communications technology products and services but also with the digitalization of traditional businesses. As a new pattern of digitalized economic system has been taking shape in advanced economies during the COVID-19 pandemic, the pre-existing digital divide risks being widened, and a new digital divide may emerge. Investing in digital infrastructure, implementing entrepreneurship policy measures and adopting capacity-building initiatives are critical to mitigating such trends and enhancing access to technologies and innovation, particularly for vulnerable groups.

- Foster financial inclusion with innovative and digital financing: financial technologies and digital financial services offer potential solutions to the financial exclusion of entrepreneurs and micro-, small and medium-sized enterprises. Dedicated funding to innovate solutions for social and environmental challenges can facilitate the promotion of inclusive entrepreneurship. Improving access to finance involves more than facilitating access to credit; building the asset side through savings and by expanding insurance, in particular in the face of climate change, should be mainstreamed in supporting entrepreneurs, especially those from vulnerable backgrounds, who are much less resilient to negative shocks.

- Expand sustainable market access at all levels: there is a significant unmet need in terms of expanding the market access of entrepreneurs and micro-, small and medium-sized enterprises beyond their locality. In that regard, digitalization and public procurement offer a sustainable means for Governments to broaden market access. While global value chains may continue to decline in the 2020s, supplier linkage programmes can still build capacity, transfer technology and widen market access for local entrepreneurs and micro-, small and medium-sized enterprises. Governments should also address the specific challenges faced by entrepreneurs and micro-, small and medium-sized enterprises in terms of market access as they enter into trade agreements and remove non-tariff barriers.

- Invest in entrepreneurship education and skills: human capital remains the most important long-term asset of any entrepreneur. Building an entrepreneurial mindset and entrepreneurial skills is critical, not only for resilient and innovative entrepreneurship but also for employability. Years of experience with skills training have shown that their effectiveness can be strengthened with a behaviour-based approach to entrepreneurship, complementary specialized
training on digital and financial literacy and marketing coupled with mentoring and networking opportunities, provision of capital in the form of grants and loans and facilitation of business linkages between small local suppliers and larger domestic and international companies. Resources should be allocated to identify and scale up programmes that yield a positive long-term impact, particularly for vulnerable groups.

• Monitor and assess the implementation of entrepreneurship policies and their impacts: the collection of high-quality, reliable and comparable data is costly but necessary, as has been highlighted during the crisis caused by the COVID-19 pandemic. Monitoring and evaluation of policies can guide revisions in the design and delivery of policies, lead to quick action, in particular in times of crisis, assist in identifying gaps and priorities and assess the impact of entrepreneurship on the achievement of the Sustainable Development Goals. Further efforts are needed to establish national registries to collect data on entrepreneurs and their enterprises.

• Strengthen coordination at all levels: entrepreneurship development cannot be influenced by one single institution. Coordination among relevant stakeholders remains critical for the successful formulation and implementation of entrepreneurship policies. The views of entrepreneurs and micro-, small and medium-sized enterprises should inform policymaking, especially during crises when a fast response is vital. Targeted policies for hard-hit sectors can benefit from coordination and cooperation at all levels. Public-private partnerships and consultations with ecosystem stakeholders can help to effectively implement targeted and sector-specific policies and deliver efficient and timely support. Cooperation between national Governments, international organizations and the private sector is vital to fully leverage the power of entrepreneurship and construct a sustainable and just future.

69. Recovery from the COVID-19 pandemic and the global economic recession requires a strong multilateral system that is capable of responding to the needs of low-income countries in which extreme poverty is soaring while decent jobs are disappearing. Through policy advice and technical assistance and by ensuring policy coherence, the multilateral approach can guarantee a human-centred recovery based on the promotion of entrepreneurship and micro-, small and medium-sized enterprises, leaving no one behind.