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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 75/211 on entrepreneurship for sustainable development since its adoption in December 2020. The report was prepared by the United Nations Conference on Trade and Development from input provided by numerous United Nations entities, including the regional commissions, the Department of Economic and Social Affairs of the Secretariat, the International Labour Organization, the International Organization for Migration, the International Trade Centre, the United Nations Environment Programme, the United Nations Entity for Gender Equality and the Empowerment of Women (UN-Women), the Office of the United Nations High Commissioner for Refugees and the World Intellectual Property Organization, highlighting the experiences of those entities.

The report contains an overview of the uncertainties that micro-, small and medium-sized enterprises face due to multiple social and economic shocks of an unprecedented nature and identifies best practices and measures taken in support of such enterprises at the national, regional and international levels. Special focus is placed on the need for coherence in policies and consistency in strategies. The coronavirus disease (COVID-19) pandemic accelerated the transformation to the digital era; a description is given of policy options for entrepreneurs to fully benefit from that trend. The report also presents an overview of the deepening and widening of divides between and within countries and best practices and measures to support entrepreneurship among vulnerable groups. The report highlights the need to enhance the role of entrepreneurship in achieving the Sustainable Development Goals.

* A/77/150.
I. Introduction

1. Micro-, small and medium-sized enterprises and self-employed workers are the backbone of economies. Globally, they represent about 90 per cent of businesses and account for over two thirds of employment. The share of self-employed workers, many of whom operate in the informal sector in developing countries, tends to decrease as economies’ gross domestic product (GDP) per capita increases. In 2021, 47 per cent of the global working population on average were self-employed. Their share amounts to 81 per cent in low-income countries, 64 per cent in lower-middle-income countries, 39 per cent in upper-middle-income countries and 12 per cent in high-income countries.¹

2. The General Assembly, in its resolution 75/211 on entrepreneurship for sustainable development, adopted in December 2020, recognized the important contribution that entrepreneurship makes to sustainable development by creating jobs, driving inclusive economic growth and innovation, improving social conditions and addressing economic, social and environmental challenges in the context of the 2030 Agenda for Sustainable Development. It emphasized that the role of entrepreneurship, including social entrepreneurship, and micro-, small and medium-sized enterprises in social and economic development is more critical than ever in the post-coronavirus disease (COVID-19) recovery and beyond. The Assembly stressed the need for a coordinated and inclusive approach to promoting entrepreneurship involving all stakeholders and called upon the relevant organizations and bodies of the United Nations system to further integrate entrepreneurship in its various forms into their policies, programmes and reports. The resolution remains highly relevant today in guiding policy responses and recovery measures to address the impact of the COVID-19 pandemic and other global economic shocks on entrepreneurship and the development of micro-, small and medium-sized enterprises. The need for continued support in the development of such enterprises and start-ups was also mentioned in the Bridgetown Covenant, adopted at the fifteenth session of the United Nations Conference on Trade and Development (UNCTAD).²

3. Accordingly, the present report contains an assessment of progress and recommendations for action, with a special focus on enhancing the role of entrepreneurship and micro-, small and medium-sized enterprises in post-COVID-19 social and economic resurgence and on increasing their resilience in the face of new global crises. Section II of the report presents an overview of the uncertainties that entrepreneurs and micro-, small and medium-sized enterprises face due to multiple social and economic shocks, including the COVID-19 pandemic and the current food, energy and financial crises, and responses thereto. In section III, the need for a coherent policy response is discussed. Section IV is focused on the significant transformation that the pandemic brought in digital entrepreneurship. Section V covers the deepening and widening of divides and the need to support vulnerable groups of entrepreneurs. The report concludes with a set of recommendations.

II. Entrepreneurs and micro-, small and medium-sized enterprises facing uncertainty

4. Over the past two years, the global operating environment for entrepreneurs and micro-, small and medium-sized enterprises has been rocked by multiple simultaneous shocks and crises. The pandemic caused a first shock and remains a

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² Para. 127 (r).
factor driving increased social and economic instability. The war in Ukraine is now strongly affecting global food and energy prices and availability, with cascading effects on inflation and financial distress in developing countries. There are fears of a looming recession.

5. Small business operators and the self-employed are disproportionately affected by business uncertainty arising from these continuous new crises, but paradoxically, protracted crisis can lead to increases in entrepreneurial activity, in the form of necessity entrepreneurship. Given the composition of consumption baskets, poor households are more vulnerable to rising inflation than wealthier ones; for many individuals, entrepreneurship remains their last resort to provide for themselves and their families, usually taking the form of self-employment.

6. Higher food and energy prices will cause ripple effects on the operational costs and borrowing conditions of micro-, small and medium-sized enterprises. Worldwide, many are still struggling to recover from the pandemic, with those in low- and lower-middle-income countries more prone to financial risk. Entrepreneurs will now face higher interest rates on loans and rising operational costs due to inflation in energy and transport prices. These costs will rise even further in the midst of a global supply chain disruption characterized by increased costs to produce and transact globally, delays at borders and higher shipping and logistics costs, which began with the pandemic and is now exacerbated by the war.

7. Compared with large firms, small ones are, in general, disproportionately hit by external disruptions. They have fewer suppliers and more limited cash reserves and are therefore less able to absorb shocks. Many micro-, small and medium-sized enterprises also operate in service sectors that are highly affected by government measures to combat the pandemic. The increasing uncertainty has also considerably reduced the likelihood of new investments, which would be needed to create the conditions for innovation and growth. Firm size is therefore inversely correlated with vulnerability: the smaller the firm, the more vulnerable it is to external shock. In the short term, access to finance at affordable rates is of paramount importance for the survival of these firms.

8. It has become crucial for companies to find ways to shield themselves from global disruption. To survive during the pandemic, many small business owners and self-employed professionals have managed to adjust business practices and models to changing circumstances and, in some cases, find new customers and explore new markets. Adapting fast, collaborating with entrepreneurs in similar industries or lines of work, focusing more on clients and keeping active were some of the lessons gathered from businesses that survived the lockdown, along with developing or adapting a service to sell online. The crisis has revealed an ability present in part of the global entrepreneurial community to adapt to shocks and to search for innovative solutions. Many sales, distribution and consumer behaviour patterns have been profoundly changed. The application of digital technologies and innovation to address bottlenecks was instrumental.

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3 Indermit Gill and Peter Nagle, “Inflation could wreak havoc on the world’s poor”, World Bank Blogs, 23 March 2022.


9. However, the multiple crises disproportionately affected the most vulnerable economic actors. Many micro-, small and medium-sized enterprises are currently on the verge of closure or have already been forced to stop their activities, in particular those concentrated in the manufacturing, retailing and service sectors. Numerous such enterprises collapsed, including — again disproportionately — many owned by women and young people. With their failure, levels of unemployment and underemployment have soared, increasing poverty. The self-employed, including women, youth, and refugee and migrant entrepreneurs, are often most exposed to external shocks, given that many work in the informal economy or highly affected sectors or have poor access to resources.

10. Governments responded to the COVID-19 crisis by deploying a range of supportive measures targeting micro-, small and medium-sized enterprises and the private sector. However, some of those measures may not have effectively reached entrepreneurs by necessity, given that many of them — in countries with sizeable informal sectors — operate informally. Informal micro- and small businesses in developing countries, especially those led by women and youth entrepreneurs, are less able to tap into the programmes than large and registered enterprises. Despite accounting for the majority of business entities in developing countries, they are left with few avenues to access support in times of crisis. The pandemic therefore exacerbated the difference between necessity entrepreneurs (those who become entrepreneurs, often in marginal activities, for lack of alternatives) and opportunity entrepreneurs (those who pursue a business idea with growth potential). It is crucial for policies and strategies, initiatives and support programmes to acknowledge the different types of entrepreneurs and to target them appropriately.

11. The entrepreneurial environment is characterized by unequal patterns between the global South and the global North. Most developing and least developed countries tend to underperform in the usual engines of growth: entrepreneurship, innovation and technology ecosystems.\(^7\) Despite recent efforts, such ecosystems are not yet successful in mobilizing entrepreneurs, entrepreneurial support organizations, academia, public and private sector stakeholders and financiers to a degree that is sufficient to foster digital transformation in society. The entrepreneurial system of developing countries, dominated by the self-employed and microenterprises, remains marked by the so-called “missing middle” phenomenon whereby many firms fail to go beyond the start-up phase to grow in size and become innovative, dynamic players.

12. The link between innovation and entrepreneurship differs along the development ladder. A World Bank study of data on innovation, technology and entrepreneurship shows the relevance of certain influential factors to innovation and entrepreneurship.\(^8\) Countries that tend to perform well on the World Economic Forum-INSEAD Networked Readiness Index are characterized by high income, high availability of technology and high reliance on professional management. These features are associated with high investment in research and development, with higher collaboration with industry and universities. Unsurprisingly, innovation is strongly aligned with the strengths of the business environment. However, the potential of high-income countries for innovation and the strength of their business framework do not always coincide with a desire to start a business. Appetite for entrepreneurship and perception of opportunities, high in low-income countries, does not necessarily


\(^8\) With over 1,800 indicators, that World Bank study focused on the Networked Readiness Index, published annually by the World Economic Forum and INSEAD, as it has indicators on entrepreneurship, technology and innovation. Nearly 150 countries across six regions were analysed on the basis of business, technology, innovation and entrepreneurship indicators.
correspond to high potential for innovation and a business-friendly environment, high in high-income countries.  

13. A clear trend for micro-, small and medium-sized enterprises around the world is the massive shift in trading activity to an online environment. The pandemic has accelerated the transition towards digitalization. Companies had to digitize their marketing, online sales and e-commerce models to compensate for the loss of customer foot traffic. Many small businesses may already have some form of digital presence, but lower sales and revenues have led to more micro-, small and medium-sized enterprises embracing digital tools than ever before. In North Africa, where the impact of the shocks on countries and regions has been uneven, it has brought new opportunities for firms that were able to accelerate or scale up digital operations or those able to fill the gaps created by supply chain disruptions. As a result of the pandemic, a clear objective for many businesses in transition economies, including in Africa and Central Asia, was to shift towards new technologies, especially online selling and growth in markets. Some transition economies have been providing opportunities for entrepreneurs from micro-, small and medium-sized enterprises to receive training on digital skills, thus promoting access to new technology.

14. The need for coherent, integrated and targeted strategies to orchestrate support for entrepreneurs and micro-, small and medium-sized enterprises has never been greater. First, the rise of uncertainty makes it crucial that policy intervention follow an approach with clear goals. Experience has shown that many countries have a variety of strategies to support entrepreneurship and micro-, small and medium-sized enterprises that sometimes result in action plans with overlapping objectives that are difficult to implement. Second, it is essential that such intervention be carefully calibrated and differentiate between various types of entrepreneurs. The impact of the pandemic even further highlighted the contrast between entrepreneurs by opportunity and those by necessity and made it clear that the global entrepreneurship landscape was highly fragmented. The growth of innovative and digital start-ups is important to achieve the social, environmental and economic pillars of the Sustainable Development Goals, but productivity gains among vulnerable entrepreneurs who often constitute the majority of the workforce are equally important for the achievement of the Goals and central to their transformative promise to “leave no one behind”. Finally, lessons learned from UNCTAD technical assistance are that a multi-stakeholder approach is important to ensure ownership and that delegating

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implementation responsibility to the appropriate agencies increases accountability and efficiency.

III. Formulating and implementing coherent entrepreneurship strategies

15. Support for entrepreneurship is transversal and concerns multiple ministries. Policies involve, among others, facilitating access to finance, providing entrepreneurship education, innovation, information and communications technologies, research and development, trade, and enabling market access. Some countries have formulated various strategies to support entrepreneurship and micro-, small and medium-sized enterprises. UNCTAD assisted the Governments of Angola, Seychelles, South Africa and Uganda in the formulation of their integrated entrepreneurship strategy, applying its Entrepreneurship Policy Framework. The Department of Economic and Social Affairs of the Secretariat delivered support with a focus on strengthening enabling policy environments for sustainable entrepreneurship in Kenya, the Lao People’s Democratic Republic and Zimbabwe.

16. In 2020, Malaysia adopted the National Entrepreneurship Policy 2030. It contains 62 initiatives clustered around different objectives, such as fostering an entrepreneurship culture, stimulating holistic and integrated entrepreneurship development, accelerating economic growth through innovation-driven enterprises, strengthening the entrepreneurship capabilities and performance of micro-, small and medium-sized enterprises and internationalizing high-growth enterprises.

17. With the adoption of the new Entrepreneurship Law in 2020, the Government of Colombia modernized existing regulatory frameworks for new ventures and enterprises. The Law elevates entrepreneurship as one of the key pillars of the country’s economic recovery and contains provisions for reduced fees and simplified business registration and operation, public procurement, easier access to capital, an updated regulatory framework and the promotion of entrepreneurial learnings.

18. The Entrepreneurial, Innovative and Sustainable Ecuador Strategy 2030 was created by the Alliance for Entrepreneurship and Innovation with the aim to enhance partnerships between entrepreneurs, the public and private sectors, academia, international organizations and civil society and hasten economic development and sustainable growth by 2030 through stronger entrepreneurship and innovation frameworks.

19. In Paraguay, a national entrepreneurship network was formed after the adoption in 2020 of a law to promote an entrepreneurial culture. The network serves as a platform for actors to discuss and promote entrepreneurship capacity-building strategies, develop supportive public policies and advise individual institutions on improving business infrastructure and other support mechanisms, such as design and implementation of other entrepreneurship initiatives.

20. African Continental Free Trade Area strategies were formulated in Burundi, the Democratic Republic of the Congo, Kenya and Rwanda, as well as for the East African Community, with careful consideration of the needs of the private sector, including small and medium-sized enterprises. In preparation for trade by States

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parties to the Agreement Establishing the African Continental Free Trade Area under the terms of the Agreement, the Economic Commission for Africa (ECA) provided support for policy development and strengthening the private sector, including through capacity-building activities, at the national and regional levels. The policy, legal and institutional framework of Malawi was reviewed through a gender lens.

21. Contextual specificities should be integrated into entrepreneurship strategies to leverage advantages. For example, Ecuador and Uganda benefited from UNCTAD policy advice to strengthen the capacity of the Governments to support the long-term social and economic inclusion of refugees and migrants and to enhance their positive economic and development impact on host countries.19

22. As the opportunity to “build back better” has been recognized more broadly as a future development model, political statements will need concrete action regarding implementation. In that regard, the importance of innovation and entrepreneurship to address challenges has increased. COVID-19 recovery packages offer a great opportunity, as seen worldwide for green investments and green entrepreneurship. The Global Recovery Observatory, however, found that in 2020 only 18 per cent of recovery spending and 2.5 per cent of total spending had positive green characteristics.20

IV. Supporting digital and technology entrepreneurs in developing countries

23. Digital transformation opens up new possibilities and serves as a key catalyst for value creation and often disruptive innovation. Governments have increasingly “gone digital”, and digital technologies are being used by entrepreneurs to develop new digital goods and services, business strategies or finance innovation. The pandemic accelerated the process of digitalization, within public administration and the private sector, and opened up opportunities for digital entrepreneurs in e-commerce, financial technology (fintech) and health technology, to name a few. Digital entrepreneurs therefore have an influential supporting role in the implementation of the Sustainable Development Goals.21

24. In Estonia, the E-residency programme enables foreigners to easily establish and run businesses. The programme came into force in early 2021 and offers business founders with digital identity identification that can be used to set up start-ups from abroad, open bank accounts and declare taxes online. The goal is to accelerate business development, attract investors and entrepreneurial talent and establish the country as a global hotspot for digital innovation.22

25. In response to the pandemic, the Government of Paraguay, under its national innovation strategy, and the accelerator laboratory of the United Nations

19 UNCTAD, in partnership with the International Organization for Migration, the Office of the United Nations High Commissioner for Refugees, the Economic and Social Commission for Western Asia, the Economic Commission for Latin America and the Caribbean and ECA, implemented the project “Promoting refugee and migrant entrepreneurship in East Africa, the Andean region and the Middle East”.

20 See https://greenfiscalpolicy.org/observatory/.


Development Programme (UNDP) designed the Wendá platform. Created in 2020, the platform seeks to connect businesses and build a digital and physical ecosystem into which entrepreneurs can tap to access crisis-related information and real-time data, as well as learn about solution mapping of existing entrepreneurship projects.

26. Senegal ran an information, education and awareness campaign on the benefits of e-commerce across all segments of the population, while Indonesia launched a capacity-building programme to expedite digitization and digitalization among micro-, small and medium-sized enterprises.

27. In many transition economies and least developed countries, however, consumers and businesses have not capitalized on pandemic-induced e-commerce opportunities owing to the continued digital divide. Differences in the levels of readiness to engage in and benefit from a data-driven digital economy are seen in connectivity and data infrastructure, digital entrepreneurship and skills, as well as in availability of financial resources and institutional capacities for digital transformation. The shortage of appropriate skill sets in Governments can result in insufficient representation of technical and analytical expertise in legislative and regulatory framework development processes.

28. In the realm of fintech, the increasing share of funding for companies that have passed the start-up phase in total funding indicates industry consolidation. Digital-only banking is clearly increasing, with wealth management and broader service bundles being added as new services. Artificial intelligence is increasingly used to develop personalized solutions, and a much larger number of partnerships between incumbent financial institutions and fintech, as well as between non-financial players and fintech, is observed.

29. The Central Bank of Brazil introduced the open banking model in a bid to modernize its financial ecosystem, increase competition and foster technological innovation within the finance industry. Kenya unveiled the Kenya National Payments System Vision and Strategy 2021–2025 to further strengthen its fintech architecture, while its Capital Markets Authority created a regulatory sandbox to stimulate innovation and promote financial inclusion. Malaysia has the largest Islamic fintech market. Start-ups in fintech benefit from government reforms (e.g. establishment of a regulatory sandbox and a fintech academy).

30. In the past decades, health-care landscapes around the world have changed drastically owing to demographic and epidemiological shifts and the COVID-19 pandemic. Entrepreneurial activities have catalysed innovation in both the practice and delivery of care, characterized by the delivery and innovation of health-care solutions guided by consumer needs, with digital solutions and data-driven models.

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23 See www.genglobal.org/atlas/wenda-platform.
25 TD/B/EDE/5/2; ECE, COVID-19 Impact on E-commerce.
30 Startup Genome, Global Fintech Ecosystem Report.
31. The Association of Southeast Asian Nations (ASEAN) region can be considered as one of the most dynamic markets for medical device innovation. In addition, evidence supports the use of e-health technologies, especially in countries with rapidly ageing populations, to tackle issues related to ageing and ensure collaboration to spread innovations where demand to meet growing health-care needs is high, thus ensuring sustainable ageing. Latin America is also experiencing unprecedented growth in its technology ecosystem, with a strong digitalization of health-care systems. Finally, the number of e-health start-ups operating in Africa has increased by more than 50 per cent since 2017. Consequently, there is a strong potential for the development of digital solutions, particularly eHealth and mHealth. The World Health Organization, in its global strategy on digital health 2020–2025, recognizes the role of start-ups and proposes a global framework for member States to develop digital health. In Colombia, the government agency for entrepreneurship and innovation organized several workshops to integrate innovation in the health-care sector into its entrepreneurship strategy.

32. The rise of “deep tech” is a global phenomenon, present in more than 69 markets. Deep tech attracts more private investment funding than other technologies. It often seeks to solve complex societal and environmental challenges and can have a significant impact on the achievement of the 2030 Agenda. Deep tech companies were well positioned to support communities during the pandemic, and countries with strong academic hubs should therefore capitalize on this trend. As the current innovation landscape is far more fragmented and diverse than ever before, involving both large corporations and small entrepreneurs, owing to the emergence of powerful new platform technologies, lowered barriers and other factors, deep tech is no longer a field reserved for the scientific community or deep-pocketed investors.

33. In Latin America, Argentina, Brazil, Chile, Colombia and Mexico have all presented artificial intelligence strategies recently. In Asia, China, Malaysia, the Republic of Korea and Singapore have national artificial intelligence strategies. In Africa, a working group on artificial intelligence with experts from Smart Africa


35. The World Health Organization (WHO) defines “eHealth” as the cost-effective and secure use of information and communications technologies in support of health and health-related fields, including health-care services, health surveillance, health literature, and health education, knowledge and research. It defines “mHealth” as medical and public health practice supported by mobile devices, such as mobile phones, patient-monitoring devices, personal digital assistants and other wireless devices.


37. A term for technologies that are based on scientific or engineering breakthroughs and have the potential to be commercialized. Anastasia Nedayvoda, Peter Mockel and Lana Graf, “Deep tech solutions for emerging markets”, *Fresh Ideas about Business in Emerging Markets* Note No. 94 (International Finance Corporation, November 2020).


39. A group of technologies used as a base on which other applications, processes or technologies are developed.

member States, the private sector, international organizations, academia and entrepreneurs was established to guide the development of an artificial intelligence blueprint for the continent.41

34. The “agrifoodtech”42 sector is a small but growing segment of the start-up and venture capital universe. Agrifoodtech has grown in terms of investment, and in the first half of 2021 alone it raised $24 billion globally, close to the amount raised in 2020. The number of agrifoodtech start-ups founded by women has significantly increased over the past two decades. The sector is increasingly driven by innovation. While the entrepreneurial hub for agrifoodtech start-ups is in North America and Asia, the number of early-stage investment deals is rising in Africa, led by Kenya and South Africa.43

35. Green and blue entrepreneurs and micro-, small and medium-sized enterprises are drivers of innovative, environmentally sustainable solutions needed to achieve the Sustainable Development Goals. The International Labour Organization (ILO) and the United Nations Environment Programme (UNEP) provide support across many countries by creating a culture of sustainable enterprise development, expanding access to skills for green jobs and markets for green products and services and supporting green, growth-oriented micro-, small and medium-sized enterprises through innovation challenge and business development programmes while enhancing productivity and competitiveness through workplace cooperation. An example is the Green enterPRIZE project implemented in Zimbabwe.44

36. Implementing transparency and traceability along the supply chain allows reliable information to be obtained, which can help to reduce the use of new sources, reuse products and parts, and recycle waste. The Economic Commission for Europe (ECE) and the United Nations Centre for Trade Facilitation and Electronic Business, together with key industry stakeholders, launched a global framework initiative, the Sustainability Pledge,45 implemented jointly with the International Trade Centre (ITC) and with the support of the European Union, to enhance transparency and traceability for sustainable value chains in the garment and footwear industry.46 Similarly, blockchain technology can help small and medium-sized enterprises by offering opportunities to increase the reliability and security of trade transactions.47

37. The protection of intellectual property rights is essential for these businesses. In this regard, the World Intellectual Property Organization (WIPO) implements targeted activities to develop the knowledge and capacity of small businesses: the objective is to enable small and medium-sized enterprises to manage their intellectual property. Among others, WIPO has made available WIPO IP Diagnostics,48 a software-based tool that allows any user to receive an automatically generated report concerning the intellectual property assets it may hold.

38. To support innovative growth among entrepreneurs, ECE has developed handbooks on supporting innovative high-growth enterprises in Eastern Europe and South Caucasus49 and business incubators for sustainable development in the United

41 See https://smartafrica.org/knowledge/artificial-intelligence-for-africa/.
42 Referring to the innovation taking place across the food supply chain with the objective to try to improve or disrupt the global food and agriculture industry.
44 See https://greenenterprize.org/.
45 See https://thesustainabilitypledge.org/index.html.
Nations Special Programme for the Economies of Central Asia subregion\textsuperscript{50} to share best practices in the region. These are being extended to the countries of the Special Programme through a series of webinars\textsuperscript{51} and training activities.\textsuperscript{52}

39. The impact of initiatives supporting entrepreneurship and the development of micro-, small and medium-sized enterprises in these areas will be improved as progress is made in the formulation of more precise indicators and a reporting framework. For example, the UNEP data reporting tool for multilateral environmental agreements\textsuperscript{53} is the first tool supporting parties to effectively use synergies in the field of knowledge and information management for national reporting under biodiversity-related conventions.

V. \textbf{Integrating the most vulnerable entrepreneurs}

40. Inequalities between and within countries, including the digital divide, have amplified and widened because of the pandemic, affecting progress on the Sustainable Development Goals. At the firm level, these inequalities are strongly associated with gaps in productivity, scaling up, innovation and growth, all of which have an impact not only on aggregate economic growth but also on inclusion and societal well-being. To address this, the ILO Digitalize Your Business package, piloted in the Lao People’s Democratic Republic and the Philippines, is designed to help entrepreneurs to assess the status of their digitalization process. UNDP has also provided digital leadership and strategy training to development agencies.

41. The pandemic highlighted the urgent need to support self-employed workers and address some problems often associated with informality. Digital solutions have been and are increasingly useful to facilitate formalization. The UNCTAD business facilitation programme offers a digital government platform that helps Governments to use technology to simplify and automate public administration. Assistance was provided to the Governments of Benin, Burundi, Cameroon, Lesotho, Mali, Nigeria and Togo. UNCTAD also recently launched an e-accounting tool for micro-, small and medium-sized enterprises, enabling them to generate financial statements that not only facilitate their access to finance and financial inclusion but also ensure that they are able to file accounts periodically, keeping them in the formal sector. Support was provided to Uganda to increase financial literacy and decrease informality among micro-, small and medium-sized enterprises.

42. Similarly, the exponential growth of the fintech sector over the past few years allowed the unbanked part of the population to obtain access to financial services. Its primary use is to complement or enhance traditional financial services and deliver them to the underserved, thereby showing potential to become a powerful tool for development.

\textsuperscript{51} See https://unec.org/info/SPECA/events/363971.  
\textsuperscript{52} See https://unec.org/info/SPECA/events/365117.  
\textsuperscript{53} For more information, see https://dart.informea.org/.}
43. Social entrepreneurs generally seek to empower excluded individuals to participate in financial, social and economic systems. From providing educational technology and e-health services for the most vulnerable to developing community tracing initiatives, their work is more critical than ever. For example, with the application of new technologies (artificial intelligence and blockchain), social enterprises employing informal waste pickers can empower the informal sector to decentralize waste management. In Argentina, Brazil, Colombia and India, local governments have signed contracts with previously informal waste picker cooperatives for waste collection.

44. Inclusive businesses emphasize integration along the value chain to create economic opportunities for low-income populations. After conducting a landscape study, Cambodia integrated inclusive business promotion in the National Strategic Development Plan 2019–2023. In early 2022, Viet Nam approved a programme to support private enterprises in sustainable business development for 2022–2025 with a view to promoting sustainable businesses, including inclusive business. The Economic and Social Commission for Asia and the Pacific (ESCAP) has been promoting enabling policy environments for inclusive business in South-East Asia, in collaboration with the Inclusive Business Action Network. The Philippines was the first member of ASEAN to integrate inclusive businesses in its investment priorities plan and to establish a registration system for inclusive business.

45. At the regional level, in 2020 the economic ministers of the ASEAN member States adopted the Guidelines for Promoting Inclusive Businesses in ASEAN, developed in partnership with the ASEAN secretariat, ESCAP and the Inclusive Business Action Network, making it the first region to adopt such a set of guidelines. In 2021, ESCAP conducted the first ever comprehensive data-collection exercise for social entrepreneurship in South-East Asia, which was used to inform government policy.

46. Migrant and refugee entrepreneurship offers significant opportunities for both destination and origin countries in terms of the potential for economic growth, as well as for promoting safe, regular and orderly migration. Following the methodology of the UNCTAD Entrepreneurship Development Programme (Empretec), groups of local entrepreneurs and migrant and refugee entrepreneurs were trained in Ecuador and Uganda, while in Jordan seven entrepreneurship development workshops took place for women entrepreneurs from Jordan and the Syrian Arab Republic. Empretec workshops with mixed groups of local entrepreneurs and migrants or refugees opened

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59 Since 1988, UNCTAD has been supporting member States with its Empretec programme, a flagship capacity-building programme for the promotion of entrepreneurship and micro-, small and medium-sized enterprises to facilitate sustainable development and inclusive growth.
up new opportunities for the UNCTAD Empretec centres in Ecuador and Uganda to serve vulnerable groups and contribute to their social and economic integration.60

47. In Uganda, an innovative blended finance programme by the Office of the United Nations High Commissioner for Refugees (UNHCR), the Swedish International Development Cooperation Agency and Grameen Credit Agricole Foundation is targeting 100,000 refugee and host community entrepreneurs, 70 per cent of them women. The programme supports and demonstrates the commercial viability of investing in refugee entrepreneurs and the communities that host them. In Brazil, the Refugee Entrepreneurs Platform,61 an initiative of UNHCR and the United Nations Global Compact in Brazil, aims to increase the visibility of businesses led by refugee entrepreneurs.

48. Entrepreneurship can be a vehicle for the integration of migrants into their host society. New business models emerging from a case study of multicultural companies show that these have a strong capacity for innovating and opening up to new markets and are more resilient to external shocks compared with more culturally homogeneous enterprises.62 An International Organization for Migration (IOM) project stemmed from the need to deepen the knowledge of the phenomenon in Italy with the aim of developing a system to support such initiatives.

49. Globally, the proportion of women entrepreneurs tends to be lower,63 and the effects of the pandemic on their businesses have been relatively more severe. The pandemic exacerbated existing inequalities, especially because it reinforced disproportionate demands on time from unpaid care and domestic work. In all economies, more men own or operate a limited company. On average, women make up a quarter and men make up three quarters of new business owners and directors.64 The Gender Employment Gap Index indicates that, on average across countries, long-run GDP per capita would be almost 20 per cent higher if all gender employment gaps were closed.65 With the economic slump that countries now face, none can afford to continue to miss out on this largely untapped dividend.

50. In 2020, the United Nations Entity for Gender Equality and the Empowerment of Women (UN-Women) scaled up a gender-responsive procurement project, with approximately 40 countries having adopted some aspects of it since. It is also part of the Women’s Entrepreneurship Accelerator partnership to empower 5 million women entrepreneurs by 2030. UNCTAD offers online courses to integrate gender into trade policy, especially for small traders and entrepreneurs.66 Informal cross-border women traders in six border districts of Malawi, the United Republic of Tanzania and Zambia were trained in collaboration with border agencies,67 and, under its eTrade for Women initiative, online masterclasses on women empowerment in the digital economy were

60 An impact assessment of the Empretec programme in Angola in 2021 shows that the number of jobs created by beneficiaries of the programme between 2018 and 2020 increased by 67 per cent and that 85 per cent of the companies recorded a growth in sales over the same period.

61 See www.refugiadosempreendedores.com.br/.


64 Frederic Meunier, Sabrina Fantoni and Sarah Kouhlani-Nolla, “We-Data: measuring the gap in female entrepreneurship around the world”, World Bank Blogs, 2 March 2022.


held for 131 women from 26 countries in the Balkans, Eastern Africa, Latin America and the Caribbean and the Arab region. The seventh edition of the Empretec Women in Business Awards recognized 72 finalists from 31 developing countries in 2020. Through its platform SheTrades.com, ITC connects to over 40,000 businesses and supports their development. The ESCAP “Catalysing women’s entrepreneurship: creating a gender-responsive entrepreneurial ecosystem” programme supported the world’s first bond focused on having a positive impact on women’s livelihoods and established an impact investment fund with a gender lens investing focus. Similarly, Cameroon, Côte d’Ivoire and Senegal have been pilot countries for the implementation of an “inclusive bond” project managed by the African Women Leadership Fund, for which ECA has been a technical adviser. The ILO Gender and Entrepreneurship Together programme was adapted for online delivery, allowing training of trainers and entrepreneurs to continue in countries such as Ecuador, Egypt, Guatemala and Nepal.

51. Progress has been made in finding adequate indicators to assess women entrepreneurship. The World Bank and United States Agency for International Development trust fund for women’s leadership in small and medium-sized enterprises has produced six modules on indicators measuring key determinants of successful women-led small and medium-sized enterprises in developing countries. Specifically, the modules provide a set of standardized questions for measuring core indicators of business outcomes, access to finance, business regulatory environment, human capital, non-cognitive skills and agency that are relevant for a gender-disaggregated analysis.

52. In the next decade, 1 billion young people are projected to enter the labour market. Almost 90 per cent of young people live in developing countries and face scarce, disrupted and informal employment opportunities. The UNCTAD Youth Network highlights youth entrepreneurship as a key element for sustainable economic growth and transformational development. At the United Nations-led Sustainable Development Goals action zone 2020 event on bridging the digital divide, young digital entrepreneurs were spotlighted as key players to generate innovative solutions and leverage technology to address economic and social issues. Similarly, the Youth Forum Declaration (TD/523), adopted in 2021 in the lead-up to the fifteenth session of UNCTAD, set out the priorities and recommendations for a resilient recovery in line with the Sustainable Development Goals, with youth entrepreneurship as one of its key components. ECA has also initiated a work stream on youth inclusion in the African Continental Free Trade Area, hosting several training sessions, webinars and mentorship programmes targeting young African entrepreneurs. Work also continued with the Global Initiative on Decent Jobs for Youth through its global campaign on youth entrepreneurship and self-employment, launched by ILO, ITC, the United Nations Capital Development Fund, UNCTAD and the United Nations Industrial Development Organization. Entrepreneurship was promoted as a way to boost employment opportunities for young people.

68 See https://etradeforall.org/et4women/about-etrade-for-women/.
69 See www.unescap.org/projects/cwe.
73 See https://unctad.org/es/node/1582.
53. Overall, the unprecedented changes for which entrepreneurs were unprepared have brought back to the discussion table the role of States in providing business development services. As part of the United Nations framework for the immediate socioeconomic response to COVID-19, UNCTAD coordinated the Global Initiative towards post-COVID-19 resurgence of the micro-, small and medium-sized enterprises sector in cooperation with the regional commissions and the Department of Economic and Social Affairs. The United Nations-wide response strengthened the capacity and resilience of micro-, small and medium-sized enterprises in developing countries and economies in transition to mitigate the economic and social impact of the global COVID-19 crisis. Partner agencies assisted Governments and entrepreneurs by providing targeted advisory and capacity-building services, including through the UNCTAD network of Empretec centres and certified Empretec trainers. The Department and UNCTAD also supported member States in further strengthening entrepreneurial skills of such enterprises, skills that foster business resilience and sustainable entrepreneurship. ESCAP created the Asia-Pacific MSME Policymakers Network, an experience-sharing and coordination mechanism for policymakers responsible for policy on micro-, small and medium-sized enterprises in the region, while the Economic Commission for Latin America and the Caribbean, in collaboration with UNCTAD, supported regional institutions for micro-, small and medium-sized enterprises by identifying lessons learned and good practices from the pandemic and by generating spaces for dialogue between such enterprises and competition institutions. ECA provided training, online tools and policy recommendations to enhance the competitiveness of micro-, small and medium-sized enterprises and assist them in identifying new markets and new sectors of opportunity in the region. Focusing on the Middle East, the Economic and Social Commission for Western Asia developed the online platform “Manara”, a smart search engine that links and references all existing documents to themes related to micro-, small and medium-sized enterprises. ECE developed guidelines and best practices for micro-, small and medium-sized enterprises in delivering energy-efficient products and providing renewable energy equipment and to ensure resilience and progress towards a circular economy in sustainable resource management and critical raw material supply chain solutions. It also launched a course aimed at enabling such enterprises to select and implement international standards relevant to their specialization, emerging needs and business development plans.

54. Since the outbreak of the pandemic, there has been a significant increase in the development of online training courses and tools. UNCTAD joined forces with the United Nations Institute for Training and Research to develop the e-learning courses on policymaking for inclusive and sustainable entrepreneurship and on entrepreneurship for migrants and refugees. The latter, which was done together with IOM and UNHCR, was designed to support policymakers and practitioners to understand the benefits of promoting entrepreneurship and its impact on sustainable development. The ILO Start and Improve Your Business programme developed new tools and materials over the past two years to respond to the impacts of the COVID-19 crisis. With the support of the German Agency for International Cooperation, ILO has also been implementing the Sustainable and Resilient Enterprises training programme for small businesses through a combination of webinars, self-guided e-learning and individual coaching that seek to strengthen their resilience in the face of complex and compound natural, bioenvironmental, techno-industrial and sociopolitical hazards. ECA and the African Institute for Economic Development and Planning jointly developed an online training course on the role of technology and innovation for African businesses in addressing the impact of COVID-19, with the objective of building the capacities of businesses and policymakers in Africa to capitalize on the role that technology and innovation can play in building resilience. ECE developed a
self-paced online training course ⁷⁴ to help micro-, small and medium-sized enterprises to build back better from the crisis by showing how international standards can improve business resilience, both in terms of preparedness and recovery.

VI. Conclusion

55. Since 2020, the COVID-19 pandemic and related lockdowns have led to major health, social and economic challenges, sparing no country. Governments in many countries launched support schemes to keep economies and businesses afloat. Businesses were put to the test and were forced to demonstrate their resilience. Those that had already embraced digitalization and were part of a large business network were in a better position to survive. Business models were adjusted by most entrepreneurs, and digitalization across all sectors was accelerated. However, new difficulties arise with multiple crises in the food, energy and financial areas, among others, due to the war in Ukraine, bringing additional challenges to which Governments need to react.

56. Since the adoption of resolution 75/211 in 2020, countries have significantly increased their efforts to support businesses, including micro-, small and medium-sized enterprises, and to promote entrepreneurship. Despite this, divides between and within countries have further deepened and widened, and increased action is required to achieve the 2030 Agenda.

57. In the light of the above, the following recommendations are aimed at designing and implementing policies to provide effective support to entrepreneurs and micro-, small and medium-sized enterprises, especially in developing countries:

Entrepreneurship policy should be coherent, targeted and effectively implemented

- As experience with technical assistance has shown, countries have many policies aimed at promoting micro-, small and medium-sized enterprises and entrepreneurship for different sectors and from different perspectives (education and training, innovation, access to finance and markets, regulation). This often results in multitudes of strategies with overlapping objectives. Policymakers should aim to design a simplified and coherent approach to entrepreneurship development.

- As illustrated in the present report, entrepreneurship promotion efforts often fail to distinguish between necessity entrepreneurs and opportunity entrepreneurs. Support for these two types should be distinct, as they have different needs and promotional mechanisms have different effects. In many cases, too much focus is placed on the promotion of more attractive, technology-intensive opportunity entrepreneurs. Governments, especially in low-income countries, should balance the policy effort and resources devoted to the two types, in line with their relative importance in the economy.

- Experience has shown that a multi-stakeholder approach remains critical for the successful formulation and implementation of entrepreneurship policies. However, coordination efforts among ministries, institutions and agencies involved in entrepreneurship promotion sometimes consume significant resources. Lessons learned from UNCTAD technical assistance work shows that, in some cases, providing clear objectives and targets and delegating implementation responsibility to business development agencies or other relevant institutions can be more efficient and effective.

⁷⁴ Available at https://e-learning.unece.org/.
Government programmes to support business in times of crisis and uncertainty should be more inclusive of and accessible to micro-, small and medium-sized enterprises and entrepreneurs

- Over the past two years, many Governments introduced support schemes for business that, by design, were relatively more beneficial for large firms. Reasons include the need to focus on large employers or certain strategic sectors. Small firms, which are often more relevant for the economy and for employment in the aggregate and are often less resilient financially, should be able to gain access to support to a greater degree.

- Further efforts are also required to expand access to support measures for the most vulnerable groups, such as women, young people, ethnic groups, persons with disabilities or low-literacy groups, as well as refugee and migrant entrepreneurs. This includes self-employed entrepreneurs, who are often active in the informal sector in developing countries, which is mostly bypassed by social support policies.

Government strategies aimed at increasing the formalization of small businesses should be more mindful of the sustainability of results and the need to provide benefits to entrepreneurs

- Formalization of micro-entrepreneurs in developing countries is important, not only to expand the formal economy and increase fiscal revenues but also to make entrepreneurs more resilient, increase their access to finance and public support programmes, and boost their growth perspectives. However, experience with technical assistance shows that many programmes focus excessively on registering entrepreneurs (“making them formal”) and not enough on providing benefits and overcoming barriers to continued operation in the formal sector (“keeping them formal”).

Digital economy policies should cover not only support for business digitalization but also digital government services and digital financial services for business

- As illustrated in the present report, a lesson from the pandemic is that the businesses that were able to survive and continue to grow were those able to digitalize their operation and distribution. Support for the digitalization of micro-, small and medium-sized enterprises and gaining access to the opportunities that digitalization can bring is therefore also a way to increase businesses’ resilience. The efforts of Governments themselves to digitalize their service provision to businesses also benefit micro-, small and medium-sized enterprises and entrepreneurs. Online platforms for administrative procedures for businesses help small firms to start and run their business and make it easier to reach vulnerable entrepreneurs or those in remote areas. Finally, digital services, including financial services (fintech), offer potential solutions to barriers to entrepreneurship and can help micro-, small and medium-sized enterprises to build resilience to negative shocks. The promotion of inclusive entrepreneurship can be facilitated through dedicated support for innovative solutions to social and environmental challenges.

Entrepreneurship development strategies should be inclusive, sustainable and Sustainable Development Goals-oriented

- As illustrated in the present report, entrepreneurship promotion policies can be highly effective in integrating and providing opportunities for the most vulnerable economic groups, including women, young people, and migrants and refugees. Examples of policies that can be oriented towards vulnerable groups
include skills training on digital and financial literacy, mentoring, and networking opportunities. Supplier linkage programmes and initiatives in special economic zones or innovation hubs have also proved effective. Policies for the promotion of social entrepreneurship and activity in the circular, green and blue economy provide further opportunities.

*Coherent entrepreneurship strategies are best designed on the basis of solid evidence and data on entrepreneurial and small-business activity in the economy*

- Governments should strengthen data collection to generate better insights for the promotion of sustainable entrepreneurship and to monitor and evaluate progress in implementation.

58. In developing countries, resilience during and recovery from the multiple crises, and ensuring that entrepreneurship contributes to the achievement of the Sustainable Development Goals, will require substantial technical assistance for the development of coherent, coordinated and targeted entrepreneurship strategies focused on improving the business environment for entrepreneurs and designing support mechanisms that help to reverse the trend towards deeper and wider divides and that aim to leave no one behind.