



**United Nations**

Department of Economic and Social Affairs



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INDUSTRIAL DEVELOPMENT ORGANIZATION



Permanent Mission of the Argentine Republic  
United Nations  
Ministry of Foreign Affairs and Worship



## MSME Day Virtual Celebration Event 25 June 2020

Organised by the Permanent Mission of Argentina, United Nations Conference on Trade and Development, Department of Economic and Social Affairs, United Nations Industrial Development Organization and the International Council for Small Business

### Key Messages

**Micro-, Small and Medium-sized Enterprises (MSMEs) comprise the majority of business entities globally and collectively.** They significantly contribute to employment and economic growth around the world as they are crucial forces for creating jobs, reducing hunger and poverty, and stimulating entrepreneurship and innovation for achieving the Sustainable Development Goals (SDGs). MSMEs are not small; they are the spine and fabric of our communities and economies.

**The economic recession originating from the Covid-19 pandemic has taken a heavy toll on MSMEs,** including closures, cashflow pressure, erosion of working capital, interrupting supply chains, loss of production, incomes and customers. The pandemic exposed and deepened pre-crisis fragilities in the MSME sector. However, it also underscored the need for a coherent and holistic policy response to build a resilient MSME sector. It also provided an unprecedented opportunity to emerge with a

better set of policies and measures for MSME promotion than those which existed prior to the pandemic.

**National governments have put in place stimulus policies and programmes supporting MSME resilience to the Covid-19 pandemic.** These include concessional loans, debt moratorium programmes, tax breaks, payment protection programmes and rental subsidies among others. Skill training programmes have also been captured to promote entrepreneurship potential in the MSME sector. Inclusiveness of the programmes to reach vulnerable groups, especially women and youth, must be guaranteed to ensure a job-rich and sustainable recovery. Physical and financial infrastructure to provide entrepreneurship opportunities in rural areas should be provided, as well as entrepreneurship opportunities for migrants and refugees. Simple means to support MSMEs do not require changes in policies; for instance, introduction of payment on invoice instead of 30 or 60-day terms was mentioned.

**Informal MSMEs are at significant risks regarding the COVID-19 outbreak and the economic lockdown.** They are unable to access many stimulus programmes as unregistered business entities despite being important livelihood sources of vulnerable groups. Globally, there are 260 million informal sector workers. A majority of them are women and youth. A focus on the informal sector and on women and youth needs to be mainstreamed in policy responses to the Covid-19 pandemic.

**Digitalization and its contribution to sustainable development in the economic resurgence after the Covid-19 pandemic was identified as an effective way to improve MSME resilience.** The celebratory conference discussed the availability and accessibility of the digital infrastructure needed to realize digital transformation. MSMEs would also benefit from improved skills on access to innovation and technology, trade facilitation support to transform and upscale their businesses, including in the context of e-commerce.

**MSMEs have adopted a range of mechanisms to combat the Covid-19 pandemic,** including diversified business models and innovations responding in a timely manner to rapidly changing market demands. Good practices recorded include MSMEs changing production lines and providing personal protective equipment to prevent the virus from spreading while simultaneously maintaining business continuity. The roles of MSMEs as first responders to societal needs and as enduring institutions for jobs, origins of entrepreneurship, and the incubators of innovations cannot be ignored, especially at the time of crisis.

**With the global economy gradually re-opening, MSMEs, including informal ones, need continued policy support for business reactivation,** which features occupational safety and health. This is important as the uncertainty of the second wave of the Covid-19 outbreak still looms. Different MSME policy measures need to be coherent and delivered in accordance with varied situations and demands that MSMEs exhibit during the emergency response, revitalizing, and recovery phases. Deployment of economic stimulus measures could recur when faced with another wave of the pandemic outbreak.

**International cooperation and partnerships are key to building an enabling policy environment for MSME growth.** Public-Private-Partnership (PPP) would be important to leverage the strength of the private sector and better use of a whole-of-society approach to recovery. The public sector could also support the access of MSMEs, including those led by the vulnerable, to financial resources and public procurement opportunities. The United Nations system plays an important role in strengthening the global ecosystem for improving MSME resilience and a transformative recovery for building back better, including through sustainable pathways. The establishment of the Response and Recovery Fund by the UN Secretary-General is an important first step. Participants agreed that MSMEs contribute enormously to the 2030 Agenda for Sustainable Development and to the Sustainable Development Goals. Partnerships among national governments, international organizations, and the private sector are vital in order to fully leverage the necessary MSME power to construct a sustainable and just future.