

Opening Remarks
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“Global Policy Dialogue Post Covid-19 Resurgence of MSMEs and
Competition Policy”
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Distinguished guests,
Ladies and gentlemen,

I am pleased to join you today at the opening session of the Global Policy Dialogue on the “Post Covid-19 resurgence of MSMEs and competition policy.” I would also like to join the organizers of this Global Policy Dialogue – UNCTAD, ESCAP, ECLAC and ESCWA to welcome you to this timely policy dialogue.

As we gather here today, one thing is clear. The digital divide between and within countries that was worsened by the COVID-19 pandemic created winners and losers. Whether for their own inefficiencies, or the sub-optimal business environments they often find themselves in, MSMEs, particularly informal MSMEs and those led by women and youth, were not able to make

the most from the expanded online market opportunities as they did not accelerate their digitization.

The outbreak of the COVID-19 pandemic forced all businesses, including MSMEs to reevaluate their business models where the traditional face-to-face or foot traffic setting was the norm given that many of them are located in the service sector. As a result, businesses began to realize the need to incorporate innovative approaches that include “contactless” ways to deliver their products and services. MSMEs that failed to go digital were forced to shut down operations until conditions improved. Sadly, for many MSMEs, the pandemic was a death nail.

Given the current status of the pandemic, it has become more imperative for MSMEs to rethink their business models in order to overcome the current crisis and similar future shocks. Digitalization and digital tools can help MSMEs reduce costs, standardize and automate business processes and reduce the reliance on foot traffic and manpower. Moreover, going digital will enhance MSMEs competitiveness and better understand consumer behaviors. Digitalization has also been shown to deliver value to customers and to ensure business continuity.

When it comes to MSMEs adapting to the COVID-19 crisis, governments played an important role in supporting MSMEs to weather the storm. Governments provided stimulus packages that included direct loans and grants, tax deferrals, wage subsidies and other forms of assistance for reduced working hours. These measures were temporary and not much was done on the

digitalization front. Hence, governments and MSMEs must realize that appropriate competition policy that fosters digital transformation of MSMEs is key for surviving the current and future crises.

The pandemic has laid bare and exacerbated existing challenges MSMEs are facing, underscoring the need for an enabling policy environment that supports MSME formalization, growth and resilience as the key to elevate MSME resurgence and their contributions to the achievement of the 2030 Agenda for Sustainable Development and the Sustainable Development Goals.

Therefore, while we underscore the importance of competition policy in the digitalization of MSMEs, we should continue to prioritize addressing the myriad challenges facing MSMEs in developing countries. First, we have the MSME finance problem. Despite the importance of MSMEs to economic activity and employment, their access to finance remains limited. Difficulties in obtaining finance can hamper the ability of MSMEs to invest, go digital, or grow, hindering overall growth in economic activity and employment.

Second, market imperfections, such as information asymmetries or weak creditor protection, often make it more difficult for financial intermediaries to provide adequate support to MSMEs, undermining their ability to compete.

Other challenges faced by MSMEs that impact their ability to compete include small markets, inadequate investment in infrastructure and lack of reliable and affordable energy to enable them to compete effectively. These problems are not new. Nevertheless, they reinforce the need for concerted national efforts to ameliorate the business environment to ensure that MSMEs

thrive in a world reshaped by COVID-19 and new trade agreements such as the African Continental Free Trade Area (AfCFTA) Agreement.

Together with UNCTAD and Regional Economic Commissions, the Division for Sustainable Development Goals of UNDESA is part of the joint programme ‘Global Initiative towards Post Covid-19 Resurgence of the MSME sector’. Under this joint programme, we have supported the design and implementation of policy mechanisms promoting MSME formalization in The Gambia and Kenya, as the means to expand access of MSMEs to financial resources, high-value market opportunities and business development services, including promoting MSME digitization.

Through our MSME work, we are working closely with government authorities in Cambodia, the Lao PDR and the Philippines on the design and delivery of MSME supporting policies in diverse areas. In Cambodia, we supported the planning and implementation of the country’s first simplified MSME registry policy. In the Philippines, we have supported efforts to enhance the resilience of MSMEs in the creative industry sector.

A consistent focus of our global MSME programme is to build an enabling policy environment comprising coherent and transparent policies supporting MSME resilience and resurgence using demand-driven and inclusive approaches. The more we commit our efforts towards this critical topic, the more we realize the importance of streamlining interagency coordination, particularly between the competition and MSME authorities, in upholding an enabling policy environment.

An enabling environment that fosters competitive markets is central to investment, efficiency, innovation, and growth, measures that benefit consumers in immeasurable ways. Therefore, it is important that public policies that support competitive markets are designed in such a way that they level the playing field, including for MSMEs that provide employment to a large share of the labor force in both developed and developing countries.

Hence, we need to ensure that MSME authorities are equipped with knowledge on competition policy issues, non-tariff measures and requirements pertaining to consumer safety, health and environmental protections. In the contexts of global and regional market integration, such knowledge, as well as good practices to coordinate and monitor compliance, will become increasingly important to support MSMEs integrating into global and regional value chains and acquiring high-value market opportunities.

Similarly, competition authorities need to understand and appreciate the demands and challenges of MSMEs, particularly those of informal MSMEs led by women and youth entrepreneurs. This will strengthen the contributions of competition policies towards building a level playing field conducive for fair competition and cooperation that are indispensable for inclusive growth and shared prosperity.

It is from this perspective that we find this global policy dialogue crucial and timely. The dialogue has not only brought onboard United Nations entities committed to supporting MSMEs and their contributions to sustainable development. It has also convened competition and MSME authorities from

government counterparts from different countries to exchange views and good experience on topics crucial for the post-COVID-19 resurgence of MSMEs.

I therefore look forward to stimulating discussions during this Global Policy Dialogue. I am sure the discussions will shed new light on facilitating interagency coordination between competition and MSME authorities that contribute to MSME formalization, growth and resurgence in the post-COVID-19 pandemic era.

Going forward, it will be critical to recognize the heterogeneity of the MSME sector and ensure that coherent policy support is tailor-made to the specific needs of MSMEs in terms of strengthening competitiveness and enhancing resilience.

In addition, we need to ask ourselves a few key questions that include how competition policy can address the impact of cutting-edge technologies such as big data, 5G, blockchain, cloud computing, artificial intelligence, robots, and the emergence of new digitalized business models on MSMEs.

I thank you for your attention and look forward to a very engaging Global Policy Dialogue on these important issues.
