

ECOSOC Partnership Forum

Summary of Spotlight Session Building Back Better from the bottom up: Collaboration with Micro-Small and Medium size Enterprises for SDG Implementation

2 February 2022, 12:00 to 12:50

Background

The Decade of Action on the Sustainable Development Goals (SDGs), launched by the UN Secretary-General in 2019, has had a staggering start due to the COVID-19 pandemic, which has been taking millions of lives, and affecting the livelihoods of billions. Strong and continued progress on poverty eradication, employment creation and sustainable growth, education and gender equality has been slowed or even reversed. Without coherent collaboration with all stakeholders and across various systems there is a real risk that the 2030 Agenda will not be met.

Micro, small and medium enterprises (MSMEs) have been particularly affected by the Covid-19 pandemic and have specific challenges in building capacity to achieve the SDGs. They represent over 90% of companies and over half of employment globally therefore, it is critical they are given particular attention and efficient support in building back better. MSMEs, particularly in developing countries, suffered the most from the pandemic, with 60% of micro and 57% of small businesses strongly affected, compared with 43% of large firms. The pre-COVID-19 resilience score of micro and small firms was 16% lower than that of medium and large firms, according to a survey-based index constructed by the International Trade Centre (ITC) and the ILO Bureau for Employers Activities (ACT/EMP). Research has shown similar results with the share of enterprises considering closing temporarily or permanently being significantly higher for small and microenterprises (6 per cent for small enterprises and 12 per cent for microenterprises) when compared to medium-sized businesses and large enterprises, 3 per cent and 2 per cent, respectively. Furthermore, a World Bank survey of more than 120,000 companies in 60 countries reported that only one in ten companies surveyed in low-income economies had received some sort of public support, compared with half of all businesses in high-income countries. There were also substantial disparities by firm size, with the probability of accessing policy support ranging from 25 per cent for micro firms to 43 per cent for large firms (World Bank 2021b).

The Spotlight Session focused on MSMEs, their struggles and priorities in the current context and how multi-stakeholders' partnerships can support them, provide concrete and practical examples of collaboration with the private sector that can enhance recovery and reaching the SDGs.

ECOSOC Partnership Forum

Issues

The session presented information, data and stories from MSMEs – as reflected in the multi-media initiative “Business Heroes”, launched by IOE. The stories /videos illustrated MSMEs struggles, resilience and successes, from addressing informality to promoting good governance and legislative frameworks. Please, listen to a business hero- from DRC discussing her struggles [here](#).

Relevant statistics/facts stated by ILO, UNCTAD and IOE colleagues:

Akustina Morni, IOE Senior Advisor, Dr Chantal Line Carpentier, Chief of UNCTAD New York Office, Patrica Veringa-Gieskes, Business Owner and Entrepreneur, DRC and Farid Hegazy, ILO ACT/EMP Specialist, Egypt.

- 9 out of 10 workers in the developing economies work in the private sector.
- 90% of companies are made up of SMEs and SMEs contribute to at least 50% of the global economy.
- In Africa, the pandemic led to a negative growth of -5.1% thereby plunging the continent into the worst recession in 25 years.
- The COVID-19 pandemic has had a disparate impact on SME-dominant sectors, specifically in tourism, trade, and services.
- Women-led MSMEs have been especially hard hit, with many reporting revenue losses of over 50%, largely due to their smaller size, informality, and concentration in heavily affected sectors.
- The biggest challenges to business survival were associated with inadequate financing support. The few respondents who benefitted from government aid received amounts totalling \$40-\$50 in local currency.
- Employer Organisations/associations have been critical in assisting MSMEs during this crisis.

Recommendations that were discussed:

- Strengthening awareness of opportunities for SMEs,
- Accessing more reliable available credit,
- Investing in skills and capacities,
- Speeding up the adoption of digital technologies,
- Developing new business models,
- Reshaping and redefining customer bases and
- Strengthening credit institution