



High Level Political Forum 2024: Global Multi-stakeholder Small Island Developing States Partnership Remarks

Mark Pereira, CEO of Zed Labs and Wam

Wednesday, July 10, 2024

Empowering MSMEs for Sustainable and Resilient Prosperity

Introduction

The empowerment of Micro, Small, and Medium Enterprises (MSMEs) is essential for enabling sustainable and resilient prosperity in Small Island Developing States (SIDS). MSMEs are not just economic units; they are the backbone of our economies and the key to bouncing back after natural disasters. By empowering MSMEs through strategic partnerships, we can build resilience and foster economic growth.

The Importance of MSMEs

Micro, Small, and Medium Enterprises (MSMEs) contribute significantly to GDP growth and economic stability and are often more agile and innovative than larger corporations. However, MSMEs are not adequately supported in our SIDS countries, leading to a lack of resilience and an inability to withstand economic shocks.

Resilience and Prosperity through MSMEs

MSMEs are the best investments governments can make for two main reasons: resilience and prosperity. When a country is hit by a disaster, MSMEs can adapt and recover more quickly than larger entities. This agility makes them crucial for economic recovery and stability. Additionally, MSMEs are instrumental in growing entire economies. The focus for resilience and prosperity truly lies with MSMEs.

Empowering MSMEs through Partnerships

To empower MSMEs, we must foster strong partnerships. MSMEs often naturally collaborate and are filled with youthful energy and innovation. However, they need guidance and support. This is where the SIDS diaspora can play a crucial role by creating lines of sustainable income and support that can supplement or even match the efforts of the UN and other NGOs.

The Role of Remittances

Let us not forget that remittances match the amount of foreign direct investment flowing into these nations. We've seen an example with Venezuela, where easing the flow of capital through remittances has empowered MSMEs and helped their economy recover. This demonstrates that these same channels can bring in further capital, attract foreign direct investment, and enhance resilience after natural disasters through effective capital distribution.

The Need for Public-Private Partnerships (PPPs)

This focus on MSMEs cannot be achieved alone. The UN's ABAS agenda is far ahead of our local governments' agendas in terms of foresight and strategic planning. Thus, PPPs focused under the ABAS agenda are of utmost importance. The UN's ability to create impactful programs that enable local governments to collaborate with the private sector is a powerful tool for creating effective change on the ground.

Creating Enabling Environments

The UN's role becomes one of creating harbouring environments, or sandboxes, that enable action. Local governments can benefit greatly from this framework, which provides the necessary foresight and structure to achieve sustainable development and resilience.

Impact of Correspondent Banking Issues

The issue of correspondent banking has been a significant barrier to the effective distribution of capital, especially in times of crisis. After Hurricane Beryl, the inability to allocate capital effectively highlighted the critical need for improved financial infrastructure. Correspondent banking relationships often impose high costs and delays due to stringent AML and CFT requirements, hindering timely financial aid distribution.

Blockchain and AI Solutions for Remittances

In contrast, the use of blockchain-based USD stablecoins has shown promise in enhancing cross-border payments. Venezuelans, for example, have been leveraging blockchain technology and stablecoins like USDC to remit funds across borders. This method has not only uplifted the economy by facilitating dollarization but also provided a faster, more cost-effective, and transparent way to transfer money. By integrating AI with these blockchain solutions, we can add insights on top of these datasets to significantly improve the transparency and management of large datasets for AML and CFT policies. De-risking these populations allows us to target the micro level more effectively rather than applying blanket policies. This proposes a solution that not only addresses the correspondent banking issue but also improves financial aid distribution, thereby enhancing the resilience and prosperity of our small island nations.

Turning to Diaspora, Innovative Technologies, and Youth

To truly overcome these obstacles, the key stakeholders are our SIDS diaspora, innovative technologists, and our youth. These are the paths of least resistance; these are our lifelines to prosperity. Our diaspora communities can provide valuable resources and connections, while innovative technologies like blockchain can offer more efficient solutions. Engaging our

youth is crucial, as they bring fresh perspectives and are often the most adaptable to new technologies.

Call to Action

In conclusion, empowering MSMEs through strategic partnerships is essential for achieving sustainable and resilient prosperity in SIDS. We must mobilise adequate financial and human resources, foster collaboration across all sectors, and leverage innovative technologies to support MSME growth. By doing so, we can build a future where SIDS are resilient, sustainable, and prosperous.