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WORLD SME NEWS

APRIL 2022

ECOSOC

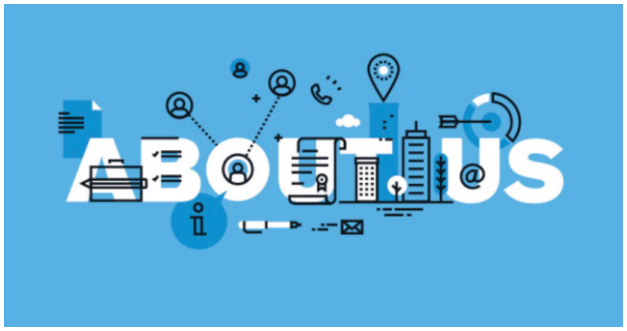
WASME is one of the most representative, effective and leading international non-govern-mental organizations engaged in the promotion of MSMEs worldwide. WASME works closely with MSME experts in different parts of the world and also enjoys consu-tative/Observer status with concerned agencies in UN system such as UNCTAD, ITC, WIPO, UNIDO, UNESCO, UNCITRAL, UNESCAP and ILO, and several other inter-gover-nmental and international organizations.

Since its inception in 1980, as the global voice of SMEs, WASME is actively engaged in crafting the Development agendas for SMEs, advocating for their greater recognition and enabling them to effectively contribute to the economic prosperity and social well being of their respective country.

WASME has been contributing significantly both at policy and operational levels and is instrumental in bringing about major SME policy changes in both developing and developed countries. It has greatly influenced favourable conclusions and recomm-endations of various agencies in the United Nations System.

Through multi-dimensional activities like Policy Advocacy, Information Dissemination, National & International Conferences & Seminars, Events & Trainings, Publication & Research, Network linkages etc. we assist in creating best, integrated, innovative and sustainable working frameworks for SMEs in all industry sectors.

Our monthly Newsletter "World SME News"



featuring developments in MSME sector around the world and fortnightly "SME e-Bulletin" are the special purpose vehicle for information dissemination that empowers SMEs with right knowledge and experience.

With our members, permanent repres-entatives, senior advisors, associates and SME Experts in different countries worl-dwide, we are unceasingly streng-thening international cooperation, building linkages with governments bodies, SME associations, Chamber of Commerce, institutions of different countries to enable sound macro-economic policies, capability of stake-holders to develop conducive business environments, regulatory frameworks, good governance for SMEs.

FROM THE DESK OF SECRETARY GENERAL

APRIL 2022 VOLUME 168

Research paper on "The new paradigm of economic complexity" author by Pierre-Alexandre Balland Tom Broekel c, Dario Diodato Elisa Giuliani , Ricardo Hausmann, Neave O'Clery , David Rigby growth, development, technological change, income inequality, spatial disparities, and resilience are the visible outcomes of hidden systemic interactions.

In UN section, focus is on The Economic and Social Council (ECOSOC) which is at the heart of the United Nations system to advance the three dimensions of sustainable development – economic, social and environmental. It is the central platform for fostering debate and innovative thinking, forging consensus on ways forward, and coordinating efforts to achieve internationally agreed goals. It is also responsible for the follow-up to major UN conferences and summits.
In country focus section, our focus country is Ethiopia, country on the Horn of Africa. The contribution of MSMEs in achieving sustainable development of Ethiopia and identifies the prevailing challenges.

Exclusive Interview with with Milan Ganatra, Founder and CEO of 1Silverbullet. 1SilverBullet is India's first financial B2B gateway platform for three verticals within the financial services space: investments, insurance, and lending.

In the Entrepreneur of Month, we have shortlisted Pip Dhaliwal . He is the founder of Freedom Capital, a full-service organization offering alternative mortgage solutions. Despite having nearly two decades of experience in real estate financing and development, there is much more to Pip than meets the eye.

WASME CORNER covers Ethiopian Ministerial Delegation visited WASME International Secretariat on 2nd April 2022, WASME Welcomes to Mr. Rajendra Prasad Lalchand, Vice President ,European Region, Visit of MSMECC Delegation to WASME and WASME's new office inauguration in south India.

In UN News Scan, we have included the news related to UNIDO Egypt fosters manufacturing sector recovery in a changing economy and Vietnam's Economy to Benefit Most fromRCEP: World Bank.

In start-up section, the focus news is The new brain drain: Indian Web3 startups flockto Dubai amid regulatory uncertainty, stiff taxes.

Women's wing section we have added news related to The Herd Of Female-Founded Unicorn Companies Continues To Grow in 2022 .

DR GYAN PRAKASH AGARWAL

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reader's review

Research paper on "Mental Health Consequences of the COVID-19 Pandemic Among Ontario's Youth: A Cross- Sectional Study author by Muhammad A. Hamid , Aljeena Rahat Qureshi , Suruchi Kapoor , Wardha Shabbir , Atchaya Arulchelvan , Manasvi Vanama , Farwa Abdi , Luxhman Gunaseelan investigated the psychological impacts of COVID-19 on the pediatric population of Ontario, using a survey derived from the Revised Children's Anxiety and Depression Scale (RCADS) system to identify children who may benefit from seeking professional help is worthy and knowledgeable.

Ludovic Bigfarm Belinga
Yaoundé, Cameroon

Article in UN section, focus is on the International Fund for Agricultural Development (IFAD). IFAD is an international financial institution and specialized United Nations agency based in Rome, the UN's food and agriculture hub is very informative.

Ket Wyket
Johannesburg,South Africa

Article on Thailand SMEs which were approximately 3.01 million SMEs in Thailand, which constituted 99.7% of all enterprises. They altogether contributed to 42.2% of the country's GDP and accounted for 78.5% of total private sector employment is doing great job for the country.

Garba Jibrin
Lagos, Nigeria

WASME's recent activities, organised International Women's Day in association with The Federation of Indian Women Entrepreneurs (FIWE), held on Tuesday, 8th March 2022 at 4 PM on Hybrid Mode (Physical – WASME, Noida, India + Virtual) and WASME's upcoming event in association with SHESPro will be organising the "3rd Edition" of the mega event "Global Organic Expo" at IARI, PUSA, New Delhi from 26th to 28th May 2022 doing wonderful jobs for empowering MSMEs.

Mary Kissner
Accra, Ghana

The new paradigm of economic complexity

Pierre-Alexandre Balland, Tom Broekel, Dario Diodato,Elisa Giuliani,Ricardo Hausmann, Neave O'Clery, David Rigby

ABSTRACT

Economic complexity offers a potentially powerful paradigm to understand key societal issues and challenges of our time. The underlying idea is that growth, development, technological change, income inequality, spatial disparities, and resilience are the visible outcomes of hidden systemic interactions. The study of economic complexity seeks to understand the structure of these interactions and how they shape various socioeconomic processes. This emerging field relies heavily on big data and machine learning techniques. This brief introduction to economic complexity has three aims. The first is to summarize key theoretical foundations and principles of economic complexity. The second is to briefly review the tools and metrics developed in the economic complexity literature that exploit information encoded in the structure of the economy to find new empirical patterns. The final aim is to highlight the insights from economic complexity to improve prediction and political decision-making. Institutions including the World Bank, the European Commission, the World Economic Forum, the OECD, and a range of national and regional organizations have begun to embrace the principles of economic complexity and its analytical framework. We discuss policy implications of this field, in particular the usefulness of building recom-mendation systems for major public investment decisions in a complex world.

Introduction

The central point of economic complexity is that some of the biggest societal issues of our time only start to make sense if we look at the systemic interactions that produce them. As an example of a systematic interaction, let us think about Google. Google's monopoly over internet search goes beyond having the smartest engineers, the largest R&D in- vestments, or the best AI. It is the outcome of a self-reinforcing feedback loop in which slightly better predictions attract more users, which in turn provides more data, leading to better predictions. Iterate enough times and you end up with a snowball effect that promotes exponential adoption and control over the internet search market. The same idea applies to individual returns - returns that are increasingly decoupled from talent and effort in a complex society - and instead based on the leverage of complex economic interactions originating from the division of labor, capital flows, media presence, and task automation.

From the division of human knowledge to extraordinary technologies

The far-reaching extent of human technology never ceases to surprise us and capture our imagination. We have harnessed the quantum me- chanical quirks of semiconductors to make microprocessors. We use the general theory of relativity to calculate GPS positions. We use micro- biology to leaven bread, ferment beer and wine and produce vaccines. We use material science to create touchable screens. We can only be mesmerized by how quickly intelligent machines have learned to drive cars, read lung scans, or predict what we will want to listen to, watch, or buy better than any human. But where does all of this knowledge reside? What deter- mines how and where it is put to use? How does it grow?

The framework of economic complexity is intrinsically entangled with these questions. A way of illustrating how the research universe of economic complexity arises from a central understanding of technology is to posit that productive knowledge takes three forms: embodied knowledge in tools and materials or artifacts, codified knowledge in books, formulas, algorithms and how-to-do manuals, and tacit knowl- edge or know-how in brains. Tools exist in 3-dimensional space and can be transported. Codes exist in some symbolic space. Although they can be represented as ink on paper or piXels on a screen, their meaning is not in the material but in the symbols they represent. As such, they can be shared using the many communication technologies we have available. Know-how

resides in brains and only in brains. It moves with enormous difficulty from brain to brain because it is unconscious and does not involve understanding. Examples are our ability to walk, to ride a bike, to use language or to infer a person's intentions from their facial ex- pressions. We know how to do these tasks, but we do not know what it is that we do when we do them and hence, we do not know how to teach others to do them. This is part of what Kahneman and Tversky called System 1. This know-how resides in the wiring of our neurons, a result of a long process of repetition, imitation and feedback. While, during the Renaissance, it was conceivable, if not common, that gifted polymaths excelled in multiple disciplines, the world's knowledge has since grown too much for a single person to even master one field. Today, only the division of knowledge across many individuals allows us to overcome individual human limits and makes the technological progress of modern societies possible.

Third, there are dynamic effects of specialization: not only does it enable societies to accumulate more collective knowledge, but it also allows them to create new knowledge. As invention has been described by many authors as the discovery of new useful combinations of existing ideas , a society of highly specialized individuals, one that has a greater variety of exper- tise, is more likely to be able to combine old ideas into new technologies. This combinatorial aspect of the division of knowledge has serious economic consequences. argue that, as the number of possibilities grows exponentially with the variety of elements to combine, countries with few (many) of those elements will have weak (strong) incentives to accumulate more elements as they may produce few (many) new combinations. This may cause a poverty trap that is responsible, at least in part, for the Great Divergence of incomes observed over the past two centuries.

This directly leads to the core principle of the literature on economic complexity: not only are developed nations more diversified, they are also more complex. That is, developed nations are capable of supplying products or services that require a greater variety (hence a greater amount) of knowledge. Goods and services differ in the amount of knowledge they require and hence in the variety and types of tools, codes and know-how that must be available for their production. For example, internet retailing presumes the local availability of internet services, electronic payments systems and a distribution network. It also presumes a team of people who know about IT, design, marketing, finance, accounting, procurement, contracts and after-service care. This means that, for a place to be able to make a particular good or service, it must be able to assemble the required know ledge components. The most by the absence of the requisite know-how.complex products or technologies are highly leveraged items that everybody wants but very few know how to produce.

The contribution of economic complexity to economics and related disciplines

The new approaches to economic complexity discussed below are clearly related to complexity in other areas of science and those new approaches can benefit from and contribute to complexity developments in those other fields. At one level, the brain (society) is composed of very similar neurons (humans) but its capabilities emerge from specialization and interco- nnections, making the idea of a social brain more than just a metaphor. Ecological systems involve specialized species that interact through trophic, mutualistic and other connections. Locations differ in their diversity and species differ in their ubiquity. Moreover, more diverse ecosystems tend to host less ubiquitous species, just as in eco- nomic systems. No wonder many of the methods developed in ecology have been close to the ones that have proven useful in economic complexity.

The notion of economic complexity adds to the toolboX of economics in at least two ways. First, it expands the methods available to reduce the

dimensionality of a problem in order to study it.5 A common approach in economics has been to aggregate data: for example, national accounts use firm, household, government and customs data to calculate aggre- gates such as gross domestic product, investment, consumption, exports and imports. In this process, information is collapsed by adding up different entries. Economic complexity uses methods of spectral analysis and network theory to reduce the dimensionality of the data in ways that preserve more information than mere aggregates. Measures of economic complexity, such as the Economic Complexity Index (ECI), Fitness or production ability introduced in this Special Issue by are examples of spectral methods. that are then studied as weighted networks.

Secondly, economics has had difficulty in studying technology. It has tended to measure it through its consequences: as a shift parameter in aggregate production functions such as meas- ures of total factor productivity . But it does not provide a connection from its consequences to its causes, which may be contained in inform- ation erased through data aggregation. Rich countries are not just like poor countries that get more output out of their capital and labor inputs: they produce radically different things using radically different methods of production. What they produce is in the data before aggregation. Economic complexity methods allow us to reduce data dimensionality, while still capturing information about what countries produce - which has been shown to be important for our understanding of productivity, income and growth.

Outline

In this Introduction to the Special Issue on Economic Complexity, our goals are to highlight the recent rebirth of interest in this topic stemming from the important work of . Throughout the discussion we hope to convey the general importance of the concept and its broad applicability. The core arguments are divided into siX parts of . These arguments outline a general framework for thinking about economic complexity and they move on to target issues of mea- surement, the links between complexity and economic performance, the spatial concentration and geographical scales of complexity, the concept of relatedness and the division of knowledge. offers a brief conclusion highlighting some of the policy implications that derive from our understanding of economic complexity.

Complexity measurement

As introduced above, devised a method to capture the complexity of individual products and countries by looking at the global pattern of exports. The general idea proposed is that complex products are rare (i.e., have low ubiquity), and found only can be extracted from the Mcp matriX by incorporating different in places that produce many other products (i.e., are highly diversified).

Another important stream in the economic complexity literature

revolves around the concept of the product space , which can be thought of as a measure of similarity or relatedness of two products in the Ppa. This can be inferred from the Mcp matriX because if two products have similar rows in the Ppa, countries that are able to do one of them should also be able to do the other. Hence the probability that two products are co-exported by the same countries is informative of their similarity. Symmetrically, one can think of a country space.

Complexity and performance

The economic complexity literature views economic development as a structural trans- formation process, whereby economic growth results from the transformation of a country's productive structure from one dominated by simple low-tech activities, typically unprocessed primary products, to one characterized by more technologically advanced manufacturing processes. By emphasizing changes in the composition of output, the complexity approach

to growth and develo--pment is related to the literature on structural transformation.

While the link between economic complexity and economic growth

has attracted a lot of attention, scholars have also looked at issues of inequality and sustainability. Focusing on the period 1962-2000, find support for the idea that income inequality is lower in countries that export more complex goods. Theoretically, they do not propose a direct connection between the two constructs but rather they suggest that "productive structures represent a high-resolution expression of a number of factors, from institutions to educ-ation, that coevolve with a country's miX of exported products and with the inclusiveness of its economy". Focusing on a different period (1964-2013), find that trade with economically complex countries is negatively correlated with income inequality. also ran a large-scale cross-country analysis over the period 1963-2008 and found an inver- ted U shape relationship between an index of complexity and wage inequality, which is in line with the theoretical predictions of Interestingly, however, they also look within the US over the time window 1990-2014 and find an opposite trend, namely that as US counties become more complex, their wage inequality also increases. While the cross-country result is explained by way of social struggles, democratization and institutional strengthening achieved via economic growth, the mechanisms of the within-country result are less neatly explained except that their result might be driven by changes in counties' sectoral composition also have an interest in understanding the link between the economic complexity of exports and economic inequality at the sub-national level: they focus on the rural-urban divide in Chinese regions (1989-2013) and find that export complexity is associated with lower income inequality only in urban areas where a complex industrial structure offers more diverse working opportunities, greater resilience to shocks, and where workers are more skilled and more capable of networking and increasing their bargaining power with firms. However, they also find that economic inequality does not decline in these regions' rural areas - a result that they explain by way of limitations imposed on rural inhabitants to move to urban areas. All in all, while increasing economic complexity in countries appears to be associated with greater economic growth and cross-country convergence, its impact on across- and within-country inequality is less clear cut and it deserves more research, especially to pin down the causal mechanisms.

Finally, while inequality and environmental performance are two issues of concern in the sustainable development agenda, there are other areas that have attracted interest such as migration. If know-how resides in brains, and it moves with difficulty from brain to brain, then moving brains may become critical to the movement of knowhow, the diffusion of technology and the growth of complexity. A long literature has documented the importance of migration in technological diffusion provide evidence on the in- ternational diffusion of competitive advantage, while others have established links between the movement of complex capabilities and FDI flows, suggesting different pathways for countries to build complexity provide evidence of capability spillovers between co-located foreign and domestic Chinese firms. find evidence that business travel from countries with industry knowledge predicts the growth of productivity, employment and exports in those industries in the recipient country, providing further evidence on the importance of human mobility in the movement of specific elements of knowhow. in this Special Issue find that more complex economies are characterized by greater immigrants' birthplace diversity, showing that diversity of workers' geographical origin - especially among college-educated migrants - leads to greater diversity in the destination export basket. It would be interesting to explore how broader social justice issues, such as social cohesion or human rights protection, change as

countries acquire more productive capabilities and become more complex. Are more complex products more sustainable in a social sense or do they require deeper forms of human cooperation that are correlated with greater social cohesion and rights.

Complexity and geographical scale

Complex economic activities tend to concentrate in space. exploit this fact in their measures of complexity at the international scale. Interest in economic complexity, and its relevance for understanding uneven development, has grown just as rapidly at the sub-national scale. In early work using export data for a panel of Chinese cities, report that eco- nomic complexity is a robust determinant of economic growth. Using patent data, explore shifts in the complexity of knowledge production across US metropolitan areas. For EU regions, use measures of relatedness density to identify the knowledge cores of regions and to proXy for the cost of developing new technology growth paths. The returns to developing these growth paths are measured with complexity-based indicators of the value of competing technologies. explore the evolution of complexity across Chinese provinces since 2000. They report faster growth in complexity for coastal regions of China and a strong positive relationship between economic complexity and the level of GDP per capita. Firm-level export data is used by Zhou et al. (2019) to document the increase in complexity of Chinese exports at the city-level. Export involves fewer missing capabilities. In this interpretation, moving to- wards related activities is more feasible, but not necessarily more valuable.

Relatedness

Relatedness, which describes the relationship between different classes of economic activities, has emerged as a powerful concept to explain economic diversification and technological upgrading. There are two roots with different interpretations of the underpinnings of relatedness. On the one hand, two activities are related if their vectors of capability requirements (the Ppa) are similar. As a consequence, it is easier for a country to move from existing activities to related activities because it different categories of economic activities (or sets thereof), its application usually requires a more structural perspective. A key substantive focus within the research area of relatedness is the transformation of economies through the mechanism of diversification. The principle of relatedness stresses that the probability of diversification is shaped by the existence of multiple related activities, and not by any one particular activity. Assessing activities based on their embeddedness within a wider set of relations to other activities underlies prominent concepts such as corporate coherence and related as well as unrelated variety. The literature on (resource) completeness and on (resource) portfolios add in this context that the relation between two activities is frequently shaped by the presence of expertise in (multiple) others.

Division of knowledge

The division of knowledge has served as the backbone of the main research themes in the literature: the complexity of production, relatedness and diversification. However, there are more nuanced aspects of this paradigm that are increasingly becoming the subject of research in the literature. First, how does trade change the picture? In autarchy, there is little doubt about the links between individual specialization, societal diversification, and growth. But in an open economy, market pressure surely must be pushing against diversification: even a country that is more productive in all industries would find it convenient to disinvest from some activities. This should happen because resources are finite and employing them in one industry has opportunity costs. A handful of papers are beginning to investigate how the paradigm of economic complexity is affected by trade.

Second, as noted by, specialization and division of knowledge necessarily come with coordination costs. This aspect is certainly under-

studied in the context of the literature in economic complexity, but there are a few papers that explore this new domain., for instance, shows that the benefits of the division of labor only materialize if specialized individuals are embedded into teams of complementary workers. In this Special Issue, compare the functioning of financial markets to the principles of economic complexity and argue that, much like for production, financial knowledge is distributed across many specialized agents. They find that this type of complexity is not associated with positive economic growth but increases its volatility.

Finally, technology is not just about tacit knowledge or know-how. It is also the knowledge embodied in tools (e.g., machines) and codes (e.g., blueprints). When technological progress enables us to transfer human know-how into autonomous machines, the expertise of some workers may become obsolete. While studying the effects of automation has a long tradition in economics, the literature on economic complexity is now beginning to explore the meaning of automation from its particular vantage point. Much like the product space can predict the evolution of an economy in its growth trajectory, a few recent papers use information on the knowledge, skills and abilities required by different occupations to construct occupational spaces and explore the impact of automation on labor market outcomes., for instance, use cluster
Conclusion: economic complexity and innovation

Policy

Since the first industrial revolution, exponential gains in economic complexity have accrued in tandem with unprecedented levels of innovation and wealth generation. While a trillion isolated individuals could never build an airplane, let alone put a human on the moon, a far smaller number of interacting agents who specialize and trade can,given the right incentives, produce a dizzying array of massively complex products. Complex products, and the complex sets of capabilities on which they rest, emerge from deep divisions of labor driven by competition within the market economy. This is why the first direct policy implication of the field of economic complexity has been for countries and regions to specialize into more complex economic activities. Supporting economic upgrading by building complex capabilities is a superior development strategy to chasing the ability to produce high-priced goods. Commodity prices can shift rapidly with changing market conditions, regulations, and customer preferences. Developing the capabilities to create and produce complex products is a viable path to secure long-run growth as these capabilities tend to evolve in self-reinforcing processes of recombination, rewarding most of those actors, firms, and places that are already embedded in networks of complex activity.

Continued growth in levels of economic complexity implies further

specialization that is likely to demand increased interdependencies in the economic system. This has important consequences for questions of resilience to exogenous shocks at multiple spatial scales. While more interdependent systems can be more vulnerable to sudden disruptions, complex systems in contrast usually exhibit remarkable robustness to this. In this case, the increasing interdependence in the system needs to go hand-in-hand with decentralization of decision making and capabil- ities, as well as dynamic capabilities of reconfiguration. The latter may be as much about structure as about agency. Here, research has just started. The same applies to sustainability since enhanced complexity in some regions of the world may have a neither neutral nor positive impact on other non-complex regions. Increasing interactions of specialized actors are likely to imply more movements of people, goods, and energy, all of which involve substantial environmental and social costs. For instance, increasing mobility of talent not only drains environmental resources, but also challenges established social networks and cultural embeddedness, and as a consequence individual

as well as social well-being.

The growing complexity of the economy has yielded levels of prosperity and innovation that would not have been imaginable only a few decades ago. It has provided policy opportunities for economic devel- opment but also an entirely new set of challenges. Managing human hyperconnectivity and its consequences - ranging from climate change, inequality, spatial polarization, and disease transmission - might be one of the most pressing policy challenges of the 21st century.

Credits

All authors have participated in drafting the article, revising it crit- ically for important intellectual content, and approval of the final version.

Declaration of Competing Interest

The authors have no affiliation with any organization with a direct or indirect financial interest in the subject matter discussed in the manuscript.

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THE ECONOMIC AND SOCIAL COUNCIL (ECOSOC)

About Us

The Economic and Social Council is at the heart of the United Nations system to advance the three dimensions of sustainable development - economic, social and environmental. It is the central platform for fostering debate and innovative thinking, forging consensus on ways forward, and coordinating efforts to achieve internationally agreed goals. It is also responsible for the follow-up to major UN conferences and summits.

The UN Charter established ECOSOC in 1945 as one of the six main organs of the United Nations. Amanda Voisard

Wide view of the Economic and Social Council (ECOSOC) Chamber during the special meeting on the topic of "Ebola : A Threat to Sustainable Development". UN Photo/Amanda Voisard

Coordination within the UN

ECOSOC links a diverse family of subsidiary bodies and UN entities (Organigram) dedicated to sustainable development, providing overall guidance and coordination. These include regional economic and social commissions, functional commissions facilitating intergovernmental discussions of major global issues, expert bodies establishing important global normative frameworks, and specialized agencies, programmes and funds at work around the world to translate development commitments into real changes in people's lives.

Reforms over the last decade, particularly General Assembly resolutions 68/1, 72/305 and 75/290 A, have strengthened ECOSOC's leading role in identifying emerging challenges, promoting innovation, and achieving a balanced integration of the three pillars - economic, social and environmental- of sustainable development. The 2021 review, which was undertaken together with the resolutions on the High-level political forum on sustainable development (HLPF), bolstered ECOSOC's Charter mandate as a coordinator, convener and specialized body for policy dialogue, policy-making and forger of consensus towards the implementation of the 2030 Agenda for Sustainable Development as well as other major UN /conferences and summits under its purview, the response to the COVID-19 pandemic and to address other major global challenges and new issues. Resolution 75/290A thus strengthened the coordination role of the Council, and it also reinforced its deliberative nature. Furthermore, resolutions 75/290A and 75/290B enhanced the coordination between the work of ECOSOC and the HLPF.

Partnership with the rest of the world

Building on its coordination role within the UN system, ECOSOC is a gateway for UN partnership and participation by the rest of the world. It offers a unique global meeting point for productive dialogues among policymakers, parliamentarians, academics, foundations, businesses, youth and 3,200+ registered non-governmental organizations.

A spotlight on global issues

Each year, ECOSOC structures its work around an annual theme of global importance to sustainable development. This ensures focused attention, among ECOSOC's array of partners, and throughout the UN development system.

By emphasizing combined economic, social and environmental concerns, ECOSOC encourages agreement on coherent policies and actions that make fundamental links across all three.

ECOSOC's annual High-Level Segment includes:

- High-Level Political Forum provides political leadership, guidance and recommendations for sustai-nable development, and reviews progress in implementing sustainable development commitments.
- High-level Segment, held on an annual basis, represents the culmination of ECOSOC's annual cycle of work and convenes a diverse group of high-level representatives from Government, the private sector, civil society and academia.

Promoting sustainable development

A view of the Middelgruden offshore wind farm in Denmark. UN Photo/Eskinder Debebe

Sustainable development is the international community's most urgent priority, and the core aim of the 2030 Development Agenda for sustainable development. ECOSOC operates at the centre of the UN system's work on all three pillars of sustainable development-economic, social and environmental. It is the unifying platform for integration, action on sustainable development and follow-up and review.

What We Do

- Promoting Sustainable Development
- Coordination Segment
- Managing the transition from MDGs to SDGs
- Development Cooperation Forum
- Financing for sustainable development
- Coordinating humanitarian action
- Guiding operational activities for devel-opment
- Providing coordination and oversight
- Building partnerships
- Engaging youth
- Raising awareness on emerging issues
- Advising on Haiti's long-term development
- Promoting the peace-development nexus
- Working with civil society

ECOSOC Coordination Segment

The new Coordination Segment of ECOSOC was created by the United Nations General Assembly in June 2021 as an essential part of a range of measures to strengthen ECOSOC (Resolution A/RES/75/290 A). It will allow the Council to better deliver on its Charter role to coordinate the UN system and its subsidiary bodies in the economic, social, health, environmental and related areas. It will replace the Integration Segment and the informal meeting of the Council with the Chairs of subsidiary bodies.

With the new Coordination Segment, Member States will:
steer the Council system towards an efficient and integrated workflow;

- provide forward-looking policy guidance to ensure coherence and direction in the policies and normative work of subsidiary bodies and specialized agencies relating to the 2030 Agenda;
- formulate common action-oriented policy guidance on all matters requiring implem-entation or coordination efforts;
- provide guidance and coordination to subsi-diary bodies, ensuring a clearer division of labour among them, aligning their work with the implementation of the 2030 Agenda and promoting their implementation of the intergovernmentally negotiated ministerial declaration of the previous year;
- provide detailed guidance to the subsidiary bodies of the Council and the UN system on their upcoming work on the main theme and develop action-oriented assessment and recomm-endations so that those bodies best contribute to the preparations for the HLPF thematic review;
- review how subsidiary bodies and the UN system work on the interlinkages among the SDGs and the integrated implementation of the 2030 Agenda, guiding their work for the rest of the Council cycle.

Financing for Sustainable Development

The Economic and Social Council at UN Headquarters. UN Photo/Eskinder Debebe

ECOSOC is charged with reviewing the financing for development follow-up process. In 2002, the

International Conference on Financing for Development, which issued the Monterrey Consensus, brought over 50 heads of state and an unprecedented number of finance and other ministers together to agree on the first international framework for financing development. A follow-up process was continued through intergovernmental negotiations to build on and update commitments, including the Second Global Conference on Financial for Development in Doha in 2008 and the Third International Conference on Financing for Development held in Addis Ababa in July 2015. The subsequent Addis Ababa Action Agenda laid out a new global framework for financing sustainable development that aligns all financing flows and policies with economic, social and environmental priorities, and committed countries to a comprehensive set of policy actions towards the means of implementation for the achievement of the 2030 Agenda for Sustainable Development.

ECOSOC Partnerships Forum

Bill Clinton, Founder of the Clinton Foundation and former President of the United States, delivers the keynote address at the 2015 Partnerships Forum of the Economic and Social Council (ECOSOC) on the theme, "The role of partnerships in achieving the post-2015 development agenda: Making it happen". UN Photo/Rick Bajornas

Every year at the Partnership Forum, ECOSOC and other UN entities collaborate to bring together some of the most influential leaders from government, the private and non-profit sectors, and civil society. They share the latest innovations on how partnerships can best advance intern-ational development.

The Forum broadens the range of people engaging with ECOSOC. It promotes concrete measures for different groups to work together to achieve the 2030 Avenda for Sustainable Development. Past sessions have covered topics such as more and better jobs of young people, innovative solutions for sustainable development and the contribution of partnerships to the internationally agreed development goals, including the sustainable development goals.

We often hear about SMEs as the backbone of the global economy, providing most jobs and making up the vast majority of all companies on the planet, but suffering from particular gaps in capacity and access in order to increase their resilience and become more sustainable. While more work and analysis could always be done, and more focus brought to the particular problems of SMEs, at IOE we have been dealing with these issues for a long time and believe that it is now time for implementation and concrete policy changes at scale. The current crisis has exacerbated many existing issues and also added additional pressures for business continuity and development; as countries prepare different recovery measures, it is the perfect time to focus on SMEs with dedicated support and sustainability incentives. We know many solutions and ways of supporting SMEs but more often than not the problem is implementation, actually going ahead with evidence-based, coherent and dedicated policies, and the means to implement them in a timely and efficient manner. We hear less about the structural and persistent issues

facing small businesses in some contexts and how these systemic issues have not improved much in recent decades. For example, according to the ILO, there are about 365-445 million MSMEs in emerging markets: 25-30 million are formal SMEs, 55-70 million are formal micro, and 285-345 million are informal enterprises; this illustrates the scale that we need to reach to have a long-lasting impact. Looking at it another way,

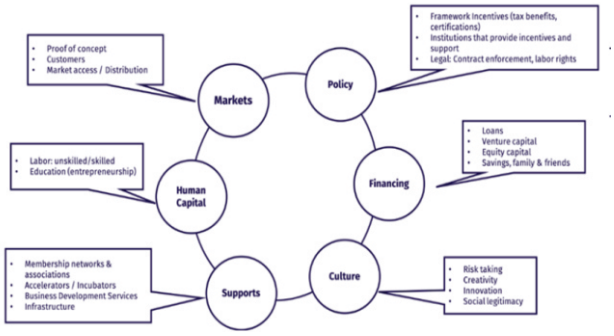
formal SMEs contribute up to 40% of national income (GDP) in emerging economies and significantly more when informal SMEs are included.

In the context of responding to shocks and crises, the resilience of a company is one of the main ways we can assess its readiness to adapt and respond to external disruptions. Resilience is based on the strength of a company's business processes, its internal and external connections and its ability to pivot. Unfortunately, small businesses are usually less resilient than large businesses yet they often face even stronger challenges during these periods. According to International Trade Center (ITC) research, 68% of the companies interviewed in sub-Saharan Africa said that environmental risks were significant for their businesses, yet just 38% of micro, small and medium-sized firms had made an investment in at least one measure to reduce exposure to environmental risks compared to 60% of large firms. Some of the elements more resilient companies had in place according to ITC, are connections to business support organizations, peers and buyers, innovation, employees with the right skills, and access to funds. Many companies adopting more sustainable business practices are reporting positive effects on their business operations and the business case for adopting some of these innovative practices is growing stronger. Among the potential benefits of measures such as increasing energy efficiency, switching to renewable energy, reducing and recycling waste are: increased resilience, cost reduction and higher productivity, compliance with climate regulations, access to markets, and eligibility for green financing. However, it is important to note that these benefits depend strongly on local context, policies and business environments. Solutions need to be catered to national contexts and evidence-based; collaboration between government and private sector, with the coordination of employer and business organisations, is crucial for effective implementation.

In Ethiopia, SMEs and business owners have to contend with structural issues on a daily basis, regular and affordable access to electricity is not a given, getting funding and easily establishing an affordable credit line sounds like a dream, and finding employees with the skills you wish for can be quite the challenge. Even if you surmount these challenges and successfully establish business operations, an unexpected event like the Covid pandemic could turn your hard-earned effort upside down with little hope for assistance and support from the public sector. All this while facing other adverse factors like competition from informal enterprises who don't go through the added effort of following regulations and through the bureaucracy needed to establish a formal enterprise. This is how Dawit Moges, President of the Ethiopian Employers' Federation, described some of the challenges facing small businesses in his home country during a recent IOE side-event at the recent UN ECOSOC Partnership Forum.

Business owners worldwide

ILO analysis on entrepreneurship and the system conditions for developing enterprises can provide some useful insights. According to research, proper access to financing as well as business development services provided over 1-2 years are crucial for enabling 'entrepreneurs to increase income, expand their enterprises, as well as create jobs, beyond what would have been possible with finance alone; and at the same time, allowed financial institutions to realize higher client retention as well as a larger, more skilled client base'. It seems it is easy to overlook the complexity and difficulty of launching and running a new business without appropriate support. A good question to ask oneself, if I were to launch a business tomorrow what would it be? How many of us have a successful business idea just waiting to be mplemented, and how many are certain it would work and be successful in the long term? Now hold onto that and ask yourself if that business



idea is sustainable and perfectly emission-free? iIn most countries of the world, it is currently more difficult to operate a sustainable business than a conventional one. Furthermore, the SDGs are a complex and exhaustive agenda with many different elements and components as well as objectives that can sometimes be in partial conflict. For example, I can be an SME owner in the food sector and therefore directly contribute to Goal 2 by distributing quality food to a local population, but at the same time I am using fossil fuel vehicles for this distribution and my electricity comes from the national grid which is powered by a large share of coal power plants. In this scenario, I'm contributing to one SDG already but I am also preventing SDG7 from being reached due to the fossil fuel sources of my energy consumption. Now, I could potentially try and replace my vehicles with electric ones and I could try finding alternative sources of electricity but if my business is in a country that lacks electric charging stations, or where the electricity grid does not offer green energy, some of my sustainability options are limited.

We have to look at the whole system and act on some of the framework conditions which are impeding action. SMEs are usually in dynamic and competitive markets and they operate on a business logic. Unless there are incentives for alternatives and those alternatives are easy to access most business owners default to the easiest and cheapest option. And most of the easiest and cheapest options are not sustainable in most places of the world today. We have to have a more detailed system way and look at, on the one hand, the entrepreneurial ecosystem (Figure 2) while also looking at the industrial system and access to sustainable products and services in any given market.

Entrepreneurial ecosystem (ILO, 2020)

Digitizing ME finance and making use of transactional and alternative data offer an opportunity for addressing both sides of this problem according to World Bank analysis.

Novel approaches and methods like the circular economy offer promising paths to creating economic growth and value while also ensuring sustainability objectives are met and emissions reduced. However, they require the whole system to develop and adapt and this takes time. Other approaches for developing markets and optimizing their performance could also have promising impacts, like the efforts of ILO's Lab and the Market Systems Development approach. Most businesses are still in a conventional system with conventional processes, methods and services and are trying to survive a harsh competitive environment which can sometimes be exacerbated by unexpected shocks. As we have seen with Covid, most businesses don't respond very well to strong shocks that require them to quickly adapt. They require stability, clarity and support in implementing gradual changes.

Creating real change for SMEs and scaling up sustainability efforts and progress across the world for small and medium companies requires dedicated, persistent and systemic efforts which need to be done in close collaboration between private and public sectors. There are many initiatives and projects already out there, environment, local policies, overly restrictive regulations and bureaucracy, dedicated lines of support and targeted incentives all need to be changed in order to spur more sustainable SMEs and create a greener business environment. IOE is working on many of these issues with its members and strives to promote the importance of employers and business organisations in the development of local business communities.

Ethiopia

Ethiopia, country on the Horn of Africa. The country lies completely within the tropical latitudes and is relatively compact, with similar north-south and east-west dimensions. The capital is Addis Ababa ("New Flower"), located almost at the centre of the country. Ethiopia is the largest and most populated country in the Horn of Africa. With the 1993 secession of Eritrea, its former province along the Red Sea, Ethiopia became landlocked.

EthiopiaEncyclopædia Britannica, Inc.

Ethiopia is one of the world's oldest countries, its territorial extent having varied over the millennia of its existence. In ancient times it remained centred on Aksum, an imperial capital located in the northern part of the modern state, about 100 miles (160 km) from the Red Sea coast. The present territory was consolidated during the 19th and 20th centuries as European powers encroached into Ethiopia's historical domain. Ethiopia became prominent in modern world affairs first in 1896, when it defeated colonial Italy in the Battle of Adwa, and again in 1935-36, when it was invaded and occupied by fascist Italy. Liberation during World War II by the Allied powers set the stage for Ethiopia to play a more prominent role in world affairs. Ethiopia was among the first independent nations to sign the Charter of the United Nations, and it gave moral and material support to the decolonization of Africa and to the growth of Pan-African cooperation. These efforts culminated in the establishment of the Organization of African Unity (since 2002, the African Union) and the United Nations Economic Commission for Africa, both of which have their headquarters in Addis Ababa.

EthiopiaEncyclopædia Britannica, Inc.

Demographic trends

Ethiopia's population growth rate is well above the global average and is among the highest in Africa. Birth and death rates for the country are also well above those for the world. Life expectancy is about 50 years of age, about average for the African continent but lower than that of the world. Although the general age of the population is slightly older than it was in last decades of the 20th century, Ethiopia still has a relatively young population, with more than two-fifths under age 15.

Internal migration has occurred for a number of reasons, including conflict and various government land-resettlement schemes. During the 1998-2000 war with Eritrea, for example, more than 300,000 Ethiopians in the Eritrean-Ethiopian border region were internally displaced, and, after periods of drought and famine in the early 2000s, some 300,000 people were moved from drought-prone areas to western parts of the country. Conflict between the federal government and the Tigray regional forces that began in 2020 led to the displacement of more than two million Tigrayans.

Economy of Ethiopia

Under Haile Selassie I (reigned 1930-74), Ethiopia's economy enjoyed a modicum of free enterprise. The production and export of cash crops such as coffee were advanced, and import-

substituting manufactures such as textiles and footwear were established. Especially after World War II, tourism, banking, insurance, and transport began to contribute more to the national economy. The communist Derg regime, which ruled from 1974 to 1991, nationalized all means of production, including land, housing, farms, and industry. Faced with uncertainties on their land rights, the smallholding subsistence farmers who form the backbone of Ethiopian agriculture became reluctant to risk producing surplus foods for market. Although land has remained nationalized, conditions in rural Ethiopia have improved slightly, as the government has given considerable attention to rural development. Still, the question of land ownership has remained contentious and has hindered the development of commercial agriculture.Despite progress with economic reform since the 1990s, Ethiopia remains one of the poorest countries in Africa and the world. In 2001 Ethiopia qualified for debt relief under the Highly Indebted Poor Countries initiative of the International Monetary Fund (IMF) and World Bank, and in 2005 Ethiopia was one of several countries that benefited from 100 percent debt relief of loans from the IMF, the World Bank, and the African Development Bank.

Manufacturing

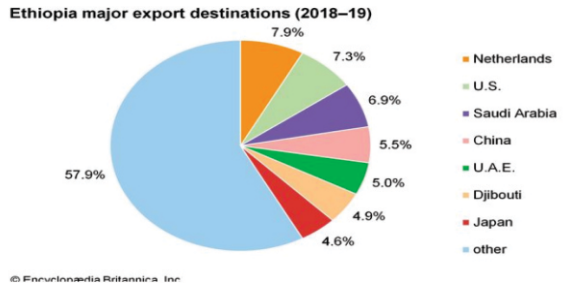
Modern manufacturing contributes about one-tenth of Ethiopia's GDP. Products are primarily for domestic consumption. Among the most important are processed foods and beverages, textiles, tobacco, leather and footwear, and chemical products. Cottage industry and small enterprises are more important than industrial manufacturing in offering nonfarm employment and in producing a variety of consumer goods-for example, furniture, farming and construction implements, utensils, woven fabric, rugs, leathercrafts, footwear, jewelry, pottery, and baskets. Some of these products reach the tourist market.

Finance

The National Bank of Ethiopia is the country's central bank. It issues the national currency, the birr, and is also responsible for regulatory functions. There are many commercial banks, most of which are located in Addis Ababa. The Commercial Bank of Ethiopia is the largest commercial bank, with branches throughout the country. The Development Bank of Ethiopia provides loans for agricultural and livestock development and investment in manufacturing. Since the end of the 20th century, more financial institutions have begun extending loans for business and real-estate development.

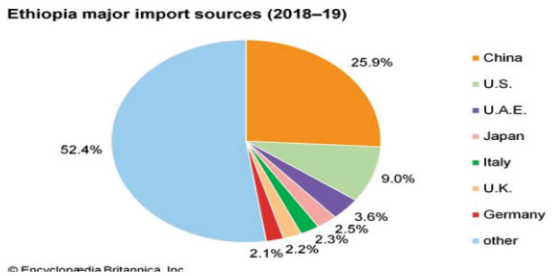
Trade

Ethiopia's exports are almost entirely agricultural. Coffee is the primary foreign-exchange earner; other exported products include khat, hides and skins, live animals, oilseeds, and gold. Manuf-actures, especially machinery and trans-port equipment, and chemical products account for much of the value of imports; food products and fuels are also important. Significant trading partners include Saudi Arabia, China, and the United States. With more being spent on imports than earned from exports, Ethiopia's balance of payments has been negative for many years.



Ethiopia: Major export destinatio-nsEncyclopædia Britannica, Inc.

Ethiopia: Major import sourcesEncyclopædia Britannica, Inc.



The promotion of SMEs has been a key area of intervention in recent years in view of the major employment challenges (ILO, 2015). For that reason, the employment share of the self-employed in low-income countries is almost five times (54%) the share in high-income countries (11%), and the employment share of micro-enterprises (2-9 employees) also much higher (ILO, 2019b). Small and medium enterprises have embraced technological innovations in crea-ting new opportunities as well as expanding their businesses. In particular, high mobile phone penetration has brought opportunities to SMEs in rural and urban areas of Africa (Amankwah-Amoah et al., 2018).

Establishment of MSEs strategy by itself cannot alleviate the problems facing MSEs and improve the development of the sectors (Hunegnaw, 2019). The ability of the firm to operate for longer time depends up on a proper tradeoff between management of investment in long-term and short-term funds (Dinku, 2013). The more rapid growth of small firms in Ethiopia is offset by a very high rate of firm failures (Page & Söderbom, 2015), this risk of business failure is high during the first 2-4 years of business operation (Woldeh-anna et al., 2018). Given the implication of MSMEs to the national development goals and it is a key development policy, there is little evidence that explore its role and prevailing challenges in a broader context. Hence, this review article aimed to provide an exploratory insight on the contribution of MSMEs in achieving sustainable devel-opment of Ethiopia and identify the prevailing challenges. The review contributes to the existing literature by providing evidence for these specific questions. (1) What is the role of MSMEs in attaining sustainable develo-pment goals of sub-Saharan Africa specifi-cally Ethiopia? (2) What are the challe-nges hindering the development MSM-Es in the country? This literature review identifies the specific research gaps uniquely relevant for future researches and policy direction for the development of the sector.

Implication of MSMEs towards sub-Saharan Africa sustainable development

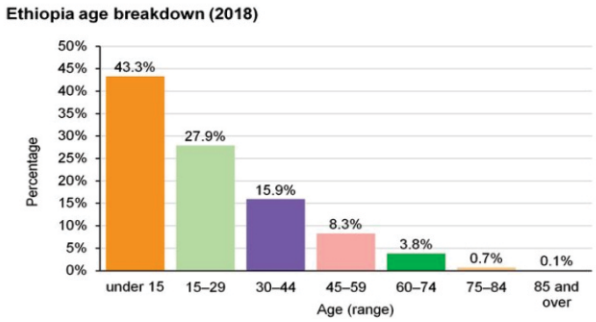
Entrepreneurial activity is crucial to the achievement of multiple SDGs, including SDG 1: "End poverty in all its forms everywhere"; SDG 8: "Promote inclusive and sustainable economic growth, employment and decent work for all"; SDG 10: "Reduce inequality within and among countries" (Bosma et al., 2020). The United Nations' SDG 8 sets out a global consensus that business enterprises should aim for sustained, inclusive, and sustainable economic growth and also ensure decent work and living environments for all (Lin & Koh, 2019). Small and medium-sized enterprises play a key role in job creation, providing two-thirds of all formal jobs in developing countries and 80% in low-income countries.

Investing in SMEs can contribute to 60% of the targets established in the SDGs and about $1 trillion additional SME investment help developing countries reach the SDGs. Small and medium enterprise contribute to 83% of SDG 8 (Promote sustained, inclusive and sustainable economic growth, full and productive empl-oyment and decent work for all) targets, and 88% of SDG 9 (Build resilient infrastructure, promote inclusive and sustainable indus-trialization and foster innovation) targets (ITC, 2019).

Even though, the contribution of MSEs to total employment and gross job flows were underestimated (Li & Rama, 2015), it contributed to economic growth through their operational activities, via job creation in Nigeria economy (Matthew et al., 2020) and micro-enterprises alone account for a staggering 97% of manufacturing sector employment in Ethiopia (Li & Rama, 2015). Entrepreneurship and new venture creation in South Africa emphasize on employment opportunities for MSMEs employees, and the social dimensions of poverty reduction approaches are broader than these economic imperatives (Rambe & Mosweunyane, 2017). Small-scale enterprises employment has absorbed over 49% of the increase in the labor

Services

The services sector, primarily tourism, contributes to about two-fifths of Ethiopia's GDP. Although tourism was curtailed during the period of Derg rule, Ethiopia once again promotes the tourist potential of such historical wonders as the rock-hewn churches of Lalibela, the antiquities at Aksum, and the Gonder castles. Of equal attraction are Ethiopia's diverse peoples, their intriguing cultures, and the natural beauty of their land. Unfortunately, potential has been limited because of a lack of tourism infrastructure and continuing political instability in the country. The 1998-2000 conflict with Eritrea and lingering tensions have discouraged tourists from visiting places such as Aksum, one of the most attractive destinations in northern Ethiopia.



Ethiopia: Age breakdownEncyclopædia Britannica, Inc.

Ethiopia hosts refugees from several neighbouring countries. The overwhelming majority of refugees are from Somalia, but there are also sizable numbers from Eritrea, Sudan, and South Sudan. Most have fled their countries because of conflict or famine. Conversely, there is some movement of Ethiopian refugees, most claiming political persecution and destined primarily for Kenya or the United States. In addition, since the last quarter of the 20th century, many young educated Ethiopians have opted to move to the Untied States or European countries for greater opportunities.

Growth in the working age population is expected to be even more rapid, increasing by 265.8% in Africa and by 306.6% in sub-Saharan Africa, compared to 28.3% globally (Bhorat & Oosthuizen, 2020). Consequently, unemployment is a colossal problem in sub-Saharan Africa (Dey, 2012). Entrepren-eurship can be a cure for Africa's problems such as unemployment, inequality, low productivity, disconnect from global value chains, etc. (Devine & Kiggundu, 2016). The General Assembly adopted resolution 71/221 recognizes the important contribution entrepreneurship to sustainable develop-ment by creating jobs, driving economic growth and innovation, improving social conditions, and addressing social and environmental challenges (UN, 2018). Hence, investment in entrepreneurial vent-ures can contribute immensely to economic growth and job creation (Arko-Achemfuor, 2017) and thus jobs provide income, which improves living standards and consumption possibilities (IFC, 2013). Micro, small and medium-sized enterprises (MSMEs) are a major source of growth, innovation and jobs and their potential impact on achieving many of the sustainable development goals is much greater than their size (ITC, 2019). Therefore, there is a great interest of young people to start a business and many of them are willing to undertake risks and challenges of entrepreneurship (Papulová & Papula, 2015).

Sustainable development goals (SDGs) in Africa emphasize on labor-intensive sectors (SDG 8.2), increase small-scale enterprises' access to affordable credit in support of decent job creation and entrepreneurship (SDG 8.3 and 9.3) (Brixiová et al., 2020). The informal sector (nonfarm) has been a growing source of employment for a large section of the African youth, but also for older workers trying to seize entrepreneurial opportunities. Its contribution to GDP and poverty reduction has been substantial, and it has become a major point of entry into the labor market (AFDB, 2019). Small and medium-sized enterprises (SMEs) make crucial contributions to job creation and income generation.

force in five countries of sub-Saharan Africa (Botswana, Kenya, Malawi, Swaziland and Zimbabwe). Similarly, about 80% of employment growth in Tanzania accounted by informal enterprises (Diao et al., 2018).

Accessing finance for entrepreneurship development in Africa is still continuing and new challenges to MSMEs (Atiase et al., 2017; Beck & Cull, 2014). Access to credit currently fails to support entrepreneurship development in Africa (Atiase et al., 2017; Wang, 2016), and SMEs have limited access to finance even though banks have sufficient liquidity (Brixiová et al., 2020). Most financial institutions undermine smaller enterprises and instead focus on big businesses that can provide the required collateral for their loans (Atiase et al., 2017). Difficulty to obtain formal credit were due to small capital of MSEs below critical collateral value (lack tangible assets as collateral) (Jin & Zhang, 2019), high risk premiums, and higher transaction cost to banks, as SMEs loan size are generally small (Quartey et al., 2017). Sub-Saharan Africa have low financial inclusion index (Ofori-Abebrese et al., 2020). Hence, access to finance remains the largest obstacle for SMEs in the region and 75% of enterprises were financed by internal funds and other 10% used traditional banking loans (Leke & Signé, 2020). For example, 79% of informal businesses have never obtained loan, and only 21% utilized bank loan in South Africa. From this, only 19% of formal businesses used a bank loan to start their business (IFC, 2020b). In Tanzania, only 30% of MSMEs had access to financial services (Ishengoma, 2018).

The limitation of finance has an inhibiting effect on the growth of African firms (Fowowe, 2017). For example, financially constrained firms have 6.6% lower marginal revenue product of capital relative to unconstrained firms. Moreover, constrained firms are also more inefficient and less productive relative to unconstrained firms in sub-Saharan Africa. Constrained firms are 15% less efficient due to borrowing constraints compared to unconstrained firms (Amos & Zanhouo, 2019). For instance, SME access to bank finance can further increase the contribution of SMEs to the Ghanaian economy and increase their chances of survival and success through exports (Abor et al., 2014).The low performances in sub-Saharan Africa attributed exclusively to factors outside firms, such as poor infrastructure and unfavorable governance (Mano et al., 2012). The risks faced by entrepreneurs in Nigeria SMEs arose from the increasing complexity and sophistication of the industrial sector and increasing macroeconomic instability (Ejembi & Ogiji, 2017). The operational environment of SMEs strongly indicate that their productivity is constrained by lack of adeq-uate infrastructure as well as inefficient institutions in Nigeria (Effiom & Edet, 2020). The lack of business infrastructure hampers MSMEs' ability to scale and grow in South African, lack of equipment as the second largest challenge at startup (IFC, 2020b), and limited awareness of government program (Fatoki, 2017).

The impact of COVID-19 on sub-Saharan Africa MSMEs

COVID-19 lockdowns and social distancing measures influenced the MSMEs operation. Finding from study carried out in 132 countries revealed that two-thirds of micro and small firms reported that COVID-19 has affected their business operations and one-fifth of SMEs confirmed they face risks of closing down permanently within 3 months (ITC, 2020). The COVID-19 outbreak has posed great challenges for the survival and growth of SMEs (Guo et al., 2020). The upheaval caused by the spread of COVID-19 have a devastating effect on small businesses. Moreover, the economic fallout from this pandemic get worse for small businesses and their employees (Liguori & Pittz, 2020). The feature of MSMEs such as more labor-intensive activity hurt during COVID-19 lockdowns, limited reserves and lack of collateral for new credit lines are key factors which make SMES highly vulnerable to the impact of COVID-19 pandemic

Productivity and competence of MSEs. These enterprises in Debre-Markos town obtained from microfinance, Iqub, Idir, own capital and relatives than large banks (Tadesse, 2014). The main sources of initial capital for MSE's are microfinance institution followed by bank and own capital (Alemu, 2018). Insufficient credit services for youth is a challenge in implementing rural youth economic develo-pment (Abdi, 2019). Financial institu-tions' reluctance to give credit to young SMEs due to fear that firms may be defaulter (Nega & Hussein, 2016). The revolving funds of 10 billion birr for MSEs (FDRE, 2017) were not enough to ease financial challenges of the sector. The existence of inadequate loan size, borrowing cost and collateral requirement (Goshim & Tefera, 2018; Sissay, 2016; Tadesse, 2014), and high rate matching fund and liquidity problem for matching fund (Abeiy, 2017; Amentie et al., 2016; Sissay, 2016) constrained MSEs access to finance in Ethiopia. Moreover, loan duration affects MSEs access to finance from formal financial institutions (Petros, 2017; Tadesse, 2014). The business firms' obstacle in Ethiopia (Fig. 4) showed that finance and electricity were the first and second major challenges in Ethiopia. As depicted in Fig. 5,

	Obtain operating license		Obtain construction-related permit		Obtain import license	
	Small	Medium	Small	Medium	Small	Medium
Sub-Saharan Africa	17.7	17.9	42.5	49.1	14.8	15.2
Ethiopia	4.4	10.4	48	28.9	13.7	4.8

finance is a major barrier and high loan rejection rate for MSEs than medium enterprises.Fig. 4

Financial challenges across enterprise size. Source: Author calculation from World Bank enterprise survey (2015) Financial challenges across enterprise size. Source: author calculation from IFC database (2019).

Micro and small enterprises (MSEs) needs business knowledge, skills and entrep-reneurial orientation to profitably operate their business consistently in the existing business dynamics (Ghebremichael & Kassahun, 2014; Tarekegn et al., 2018). However, there are personal factor such as lack of business vision, risk averse of members, personal business exposure aggravate MSEs mem-bers dropout (Daba & Atnafu, 2016). The impact of aspiration to expand existing business and starting additional new business on growth of the MSEs is much higher for small enterprise compared to microenterprise (Amha, 2015).

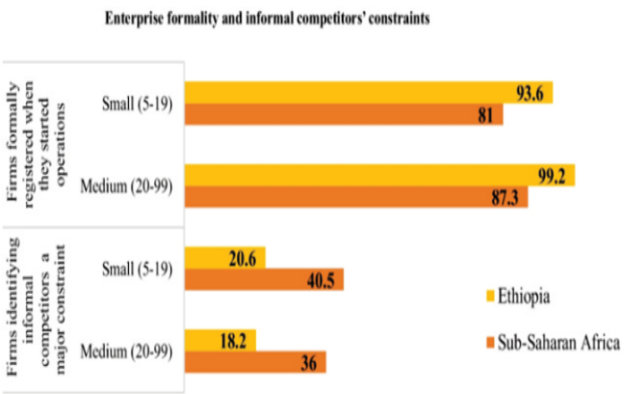
Barriers against the development of MSMEs in Ethiopia

The existence of favorable working enviro-nment like government played a key role in the growth and development of MSEs (Hailu, 2016; Yimesgen, 2019). This support service program on average increased Dire Dawa MSEs monthly sales by 28%, employement by 42%, and capital asset formation by 60% (Eshetu et al., 2013). However, these supports are not sufficient for the development of micro and small enterprise (Hailu, 2016). In addtion, lack of training to start their own venture (Tewolde & Feleke, 2017), lack of awareness about the contribution and accessibility of consultancy service are the major problem of enterprises (Kidane et al., 2015). The ease of obtaining licenses to SMEs in Ethiopia was better relative to sub-Saharan Africa region (Table 2).

Micro and small enterprises were formally registered when they start operation in Ethiopia. The challenge of informal competitor lower in Ethiopia than sub-Saharan Africa and its effect decrease as firms grow from small to large enterprises (Fig. 6). This is due to large firms have the capacity to compete at large scale than small enterprise. Informal firms are also more credit constrained compared to formal firms (Aga & Reilly, 2011).

Micro and small enterprise access to sufficient premises in proper location increases enterprises financial performance (Ababiya, 2018). Poor infrastructure (Abeiy, 2017; Kinati et al., 2015) would cause more than 25% worktime loss daily due to power interruption (Cherkos et al., 2018) and business location identified as significant factors that hinder the growth of enterprises (Batisa, 2019). Power outages affected firms' productivity, and the overall total cost due to outage increased by approximately 15% of firm's aggregate cost (Abdisa, 2018). The cost of power outages for MSMEs in Addis Ababa is substantial, and a reduction of one power outage corresponds to a tariff increase of 16% (Carlsson et al., 2018). The location of enterprise effect on business performance raises two different arguments. Empirical evidences showed that MSEs desire to established in the center of town for attracting large customers even though rent in the downtown is high (Yimesgen, 2019). The second argument showed that MSEs that operate out of town have better performance. This is because MSEs have easy access for input and potential for business expansion (Kebeu, 2014). Entrepreneurial opportunities were increasing in Ethiopia, as presented in Fig. 7 over the 5 years. The score of ease of doing business increased over the last 5 years. However, the score of getting credit is stagnant which indicates access to finance were the long existing challenge of MSMEs development in Ethiopia.

Performance of doing business in Ethiopia. Source: author calculation from World Bank Enterprise database (2020)



The presence of market linkage enables MSEs to supply their produce and acquire inputs in the commercial value chain, which create jobs and improve efficiency of enterprises. However, the existing vertical linkage between MSEs and large enterprises are very limited, and limited access to raw materials (Mechalu, 2017; Mohammed & Beshir, 2019) and high cost of raw materials are major challenges of MSEs (Seifu, 2017). The absence of market linkage identified the critical problems of enterprises (Daba & Amanu, 2019; Dabi, 2017). Furthermore, there are weak institutional and sectoral linkages (Abera et al., 2019). As a result, informal linkages have a significant role to access market (Hadis & Ali, 2018).

Micro, small and medium-sized enterprises (MSMEs) has been a key area of intervention to sustainable development specifically in growing youth population of sub-Saharan Africa. Given the implication of MSMEs in national development goals and it is a key development policy, there is little evidence particularly at broader context. Hence, this review article presents a systematic review of studies on the contribution of MSMEs in achieving sustainable development of Ethiopia and identifies the prevailing challe-nges. The paper has also demons-trated that MSMEs has myriad role in economy growth, poverty reduction, industrialization and livelihood as a whole. Micro enterprises in Ethiopia account the greatest share of employment from deve-oping countries. Investing in small and medium-sized enterprises (SMEs) can contribute in some measure to 60% of the targets established in the SDGs. Manuf-acturing sector of Ethiopia micro-enterprises account for a staggering 97% of employment, 80% of employment growth in Tanzania accounted largely by informal enterprises. The review pointed that employment in micro-enterprises leveled as high in terms of its extent of importance to poverty reduction, empowered women socially, economically, and contributing to local economy and communities through income tax payment in Ethiopia.

INTERVIEW WITH

Milan Ganatra
Founder and CEO 1Silverbullet

Business-to-business (B2B), also called B-to-B, is a form of transaction between businesses, such as one involving a manufacturer and wholesaler, or a wholesaler and a retailer. Business-to-business refers to a business that is conducted between companies, rather than between a company and an individual consumer. 1SilverBullet is India's first financial B2B gateway platform for three verticals within the financial services space: investments, insurance, and lending.

Kindly brief us about the company, its specialization, and the services that your company offers.

1SilverBullet is India's first financial B2B gateway platform for three verticals within the financial services space: investments, insurance, and lending.

Brief us about the Founder/CEO of the company and his contributions to the company and the industry.

My journey in the fintech space began way back in 1999 when I founded my first company, Miles Software. It was a time when the term 'fintech' itself was still finding its place in India's financial lexicon. Over the course of my 19 years as CEO of Miles Software, I worked hard to make wealth management easy with user-friendly tools by leveraging my expertise in technology and finance. After having successfully exited Miles Software in 2018, and selling it to a Nasdaq-listed company, I had already identified my next venture and challenge within the ecosystem that I knew I wanted to transform.

How is your company helping customers deliver relevant business outcomes through the adoption of the company's technology innovations?

1Silverbullet is providing its clients with a user-friendly, plug-and-play console to choose and integrate APIs based on their use cases and run a pilot within a sandbox environment. It also has features that monitor the performance of APIs, meter the number of calls made (for billing) and high-quality documentation to help them (investors and financial institutes) understand how they can better use the APIs of 1Silverbullet to their benefit.

How has the adoption of APIs in India evolved over the last few years?

Technology has raised consumer expectations for curated experiences. We are witnessing Digital Darwinism, consumer needs are evolving at a high pace, and they are demanding more and looking for better experiences. Keeping up with these demands is harder than ever, and the race amongst financial institutions to satisfy them has also grown.

How do you plan to revolutionize the Indian market and what are your plans to tap the market?

Every great revolutionary product or service starts by identifying a problem that exists. In our case, the problem is a disjointed and unevenly digitised chain of communication between financial product manufacturers, distributors, and investors. With 1Silverbullet, we aim to address them by digitising as well as democratising the entire workflow. To simplify, my long-term vision is to create a network similar to a UPI or a VISA for investments and insurance products.

What is the edge your company has over other players in the industry?

Our main differentiator is that we provide new-age financial companies with a ready-made, digitally-enabled back-end, i.e. connectivity at a low cost. In addition, we bear the burden of ongoing maintenance. This allows them to focus on managing their front-end and core strength offering rather than worrying about integrating the back-end, reducing their time to market by half.

What are your growth plans for the next 12 months?

While we are currently live with the investment gateway, and Insurance vertical being in an advanced beta stage our immediate plan is to go live with at least 14 life insurers and 10-12 health insurers as well as to add corporate fixed deposits under the investment gateway.

Source:https://www.analyticsinsight.net/exclusive-interview-with-milan-ganatra-founder-and-ceo-of-1silverbullet/

Pip Dhaliwal
Founder,
Freedom Capital

British Entrepreneur Pip Dhaliwal Shares How He Became a Leader in Alternative Lending

Pip Dhaliwal is the founder of Freedom Capital, a full-service organization offering alternative mortgage solutions. Despite having nearly two decades of experience in real estate financing and development, there is much more to Pip than meets the eye. Before his success as an entrepreneur that provides other entrepreneurs with opportunities to receive the funding needed for their investments, he held a job as a mortgage officer for a traditional bank, often stuck denying applicants based on specific criteria.

The problem with traditional financial organizations is that they tend to have this cut and dry process, where they're only willing to approve applicants that they feel are much less of a risk. So, those without lengthy credit histories or years of employment at the same job tend to get denied when requesting funding to work for themselves by making investments. Realizing this was a massive problem across the board, Pip decided a change needed to happen and would eventually proceed to open the doors of Freedom Capital.

"As an entrepreneur myself, I like to see the good in people. I know millions of people are out there with some of the most amazing visions, but they might not know where to go or who to turn to for the capital needed to start their latest investment venture," says Pip. "Of course, this has been a problem for entrepreneurs for decades. Many have had to take a shot at crowdfunding in the past to try to get even the slightest bit of compensation to use towards building their businesses. Although crowdfunding can work in some situations, it's not a guaranteed solution, which is why Freedom Capital exists. We're offering alternative mortgage lending to those who don't necessarily meet the strict criteria that regular banks have."

The idea behind Freedom Capital was to provide convenient and alternative mortgage solutions to those looking for financing who'd typically get denied elsewhere. Understanding what it's like to have to turn people away while working as a mortgage officer, Pip Dhaliwal wants others to know that Freedom Capital can help, with a team of specialists available to answer questions and go over different solutions that work in favor of the clients.

"As a mortgage brokerage, we genuinely care about our clients and want the best for them. We want them to be well-informed on every decision they make during the alternative lending process. Our specialists walk each client through the step-by-step process of applying for funding and offer expert advice. What we do is far different from traditional banks," shares Pip. "At Freedom Capital, we specialize in providing alternative types of financing that you won't find with traditional lenders. We want entrepreneurs to make wise investments that help them earn a decent return to generate wealth. No one should be denied the opportunity to do that because of their credit history or lack of lengthy employment history."

Those interested in applying for alternative financing can visit Freedom Capital on the web and complete the convenient application form. A mortgage specialist will reach out to provide additional details.
Source: https://www.mid-day.com/brand-media/article/british-entrepreneur-pip-dhaliwal-shares-how-he-became-a-leader-in-alternative-lending-23223678

ETHIOPIAN MINISTERIAL DELEGATION VISITED WASME INTERNATIONAL SECRETARIAT ON 2ND APRIL 2022

The High Level Ethiopian delegation including Mr. Siteshi Lemme Bekule, Manufacturing Industry Development Institute, Govt. of Ethiopia and Mr. Milkessa Jagema Toleta, Director General, Manufacturing Industry Development Institute, Ethiopia visited WASME International Secretariat in Noida, India on 2nd April 2022.

The exchange meeting was focused on discussing the challenges and opportunities faced by the SMEs in Ethiopia and identifying the various opportunities to empower SMEs in the country through collaboration and association with WASME. The delegation was joined by Dr. Sanjiv Layek, Executive Secretary, WASME, Mr Suresh Kumar Gupta, Vice President, WASME, Er. Ramesh Kumar, Mr. Dheeraj Chadda Senir Advisor, WASME and Ms Archana Sharma, Director Planning and Development, WASME.

Dr. Layek, shared about WASME and its strengths in promoting SMEs throughout the world and highlighted recent activities, collaborations and achievements. He mentioned that WASME as one of the most representative organization for SMEs, with strategy to revive and empower them provide handholding to startups in the field of credit, marketing and technology. Mr Suresh Kumar Gupta, Vice President, WASME discussed the various challenges faced by SMEs in Ethiopia and mentioned various opportunities in which WASME can support SMEs in overcoming the challenges including skill development, entrepreneurship development, market linkage, etc.

Mr. Siteshi Lemme Bekule, while appreciating WASME for its significant work being done to promote SMEs worldwide shared SME development situation in his country. Mr. Milkessa Jagema Toleta, shared that the SME policy in the country came into existence in last 10 years only and are now in the process of restructuring to cater to their development needs so that SMEs can formally be integrated with the socio economic development of the country.

Dr Ramesh Kumar, Senior Advisor, WASME spoke about the various technology innovation of India and suggested the ways to collaborate with WASME for technology transfer and best practices of SME development. Ms Archana Sharma highlighted the various benefits of being WASME member and suggested the delegation to join hands with WASME to formally facilitate the road map of SME development in Ethiopia with the help of WASME activities like policy advocacy, conferences, training programmes, enterprise support etc.

It was highly interactive meeting where both WASME and the Ethiopian delegation shares mutual aspirations for working together. The delegation was felicitated by Dr Sanjiv Layek and Mr. Suresh Kumar Gupta. The meeting ended with Vote of Thanks by Er. Ramesh Kumar.

WASME CORNER

WASME WELCOMES MR. RAJENDRA PRASAD LALCHAND, VICE PRESIDENT ,EUROPEAN REGION

VISIT OF MSMECC DELEGATION TO WASME

MSMECC Delegation led by Mr Devraj Dasari Chairman visit to WASME, Interaction with APEDA officials , A Ministry of Industry and Commerce , Govt of India body , on 7th April 22

INAUGURATION OF WASME-SOUTH INDIA CHAPTER

WASME south India chapter has been inaugurated on 25th April 2022 by All India Executive Secretary "Dr. Sanjiv Layek". The chapter has officially started its operations and services, will be opened for Entrepreneurs of Andhra Pradesh, Telengana, Karnataka, and South India region.Since 1980 WASME has been working for betterment, sustainable growth and employment generation programme and empowering small and micro entrepreneurs. This is the first time WASME has initiated its operations in South India in association with MSME chamber of commerce under the chairmanship of "Shri Devraj Dasari".The services will be beneficial to local Enterpreneurs to reach Global markets through Global Exposure, fulfilling the government of Indian Prime Minister call for Vocal for Local and making them Global under "Atam Nirbhar Bharat Abhiyan".So MSME Chairman Devraj Desari has taken this initiation in association with WASME and will work according to the parameters of the Local government policies.It will also taken participation in the Government platforms, so that entrepreneurs voice can be heard on the right platforms and will get recognition and added benefits. Both the associations WASME and MSMECC will work towards empowering MSMEs in credit, technology and market access across the globe.

UN NEWS

Opinion| UNIDO Egypt fosters manufacturing sector recovery in a changing economy

The UNIDO Regional Hub in Egypt was established in 1999 covering eight countries: Egypt, Algeria, Djibouti, Libya, Morocco, Sudan, Tunisia and Yemen. UNIDO activities in the region address several aspects of ISID aiming at simultaneously promoting economic growth, social inclusion and environmental sustainability. Based on a strong partnership with the government and the private sector, the UNIDO technical cooperation portfolio includes 64 projects in the region with a total budget of $138m. These projects focus on job creation and local economic development; promotion of the agro-industry sector and upgrading of its value chains; creation of SME clusters and industrial parks; promotion of resource and energy efficiency and green jobs; in addition to projects supporting countries to fulfil their obligations under multilateral environmental agreements (the Montreal Protocol, the Stockholm Convention, and the Minamata Convention).

UNIDO Egypt fosters manufacturing sector recovery in a changing economy

Dr. Bassel El-Khatib, Regional Director and UNIDO Representative

The United Nations Industrial Development Organization (UNIDO) is the specialized agency of the United Nations that promotes industrial development for poverty reduction, inclusive globalization and environmental sustainability. The mission of UNIDO is to promote Inclusive and Sustainable Industrial Development in Member States. The Organization's programmatic focus is structured in four strategic priorities which are creating shared prosperity, advancing economic competitiveness, safeguarding the environment, and strengthening knowledge and institutions. In this article, I will talk about UNIDO Egypt role in promoting ISID in the region; the Programme for Country Partnership (PCP) which is UNIDO's new innovative model in accelerating ISID; and UNIDO flexibility in responding to the new emerging priorities such as COVID-19 and Decent Life Initiative.

The UNIDO Regional Hub in Egypt was established in 1999 covering eight countries: Egypt, Algeria, Djibouti, Libya, Morocco, Sudan, Tunisia and Yemen. UNIDO activities in the region address several aspects of ISID aiming at simultaneously promoting economic growth, social inclusion and environmental sustainability. Based on a strong partnership with the government and the private sector, the UNIDO technical cooperation portfolio includes 64 projects in the region with a total budget of $138m. These projects focus on job creation and local economic development; promotion of the agro-industry sector and upgrading of its value chains; creation of SME clusters and industrial parks; promotion of resource and energy efficiency and green jobs; in addition to projects supporting countries to fulfil their obligations under multilateral environmental agreements (the Montreal Protocol, the Stockholm Convention, and the Minamata Convention).

Following the 15th General Conference, in line with the new mandate, and to accelerate the ISID, UNIDO has developed an approach for the PCP, which aims to offer sustainable solutions for long-term industrial development by leveraging resources through more effective and high-level national partnerships and international commitment. The PCP model has five main features: government ownership at the highest political level; clear consideration of the objectives of UNIDO ISID; alignment with national industrialization priorities and national development plans; focus on industrial sectors and priority intervention areas; and multi-stakeholder partnership and joint resource mobilization.

Now, we are implementing the PCP model in 11 countries. Egypt is the second Arab country to benefit from this large-scale UNIDO programme. In April 2021, Mostafa Madbouly, the Prime Minister of Egypt and Li Yong, Director General of

UNIDO, signed a five-year PCP with a total budget of €172m. The PCP is fully owned by the Government of Egypt and is adopted after the strategic direction of President Abdel Fattah Al-Sisi. The PCP Egypt technical cooperation framework resulted in the formulation of six components.

As part of the PCP Egypt, currently, we are executing 15 projects with a total budget of $36m. A few key projects to mention: Tomato Value Chain; Industrial Motors Efficiency; Solar Heating for Industrial Process (SHIP); Global Eco-Industrial Parks; Greening Hurghada; and Circular Economy of Single-use Plastic Value Chain.

In Egypt, "Decent Life Initiative" has been developed to specifically address poverty related issues and has had a great impact over the last years. This initiative will improve the quality of life in the poorest rural communities within the framework of the Sustainable Development Strategy: Egypt's Vision 2030, through decreasing multidimensional poverty and unemployment rates. UNIDO's technical cooperation is contributing to this important initiative, through mainly five projects: (1) Inclusive Green Growth Project which is implemented in Qina and Luxor; (2) The Egyptian Cotton Project which is implemented in Kafr El-Sheikh and Damietta; (3) The Employment for youth in Egypt (EYE) in Menofeya and Qalioubeya; (4) Women Economic Empowerment Project in Beni Suef, Minya, Fayoum, and Behira; and (5) Egypt Local Food Contest which covers small food producers all over Egypt.

Egypt is one of the countries that dealt with the crisis in a proactive and effective manner. It took many measures that contributed to limiting the impact of the crisis on the industrial sector. In cooperation with the Ministry of Trade and Industry and many national partners, UNIDO has implemented various initiatives to reduce the negative impact of the pandemic. UNIDO provided a trusted blueprint for policy recommendations to facilitate a recovery that is inclusive, sustainable and resilient. This included the following policy support activities: a roadmap on inclusive and sustainable industrial development in Egypt; Egypt's participation in global and regional value chains and post COVID-19 industrial recovery; enhancing the readiness for the adoption of industry 4.0; the strategic foresight exercise on the manufacturing sector in the times of COVID-19; disruptions to global value chains and industrial policy; roadmap for developing the PPE sector in Egypt; and the guidance on COVID-19 for the manufacturing sector.

UNIDO interventions in Egypt over the last years have resulted in 20,000 farmers improved produce quality, food safety practices and added value to crops; 3,500 youth with skills for decent jobs and entrepreneurship; €28m increase in exports of agro produce to European markets; EGP 67m mobilized for an industrial zone in Luxor; 500 MSMEs integrated into value chains and markets; 1560 ODP tonnes reduced since 1993; increased productivity for 6,375 products through resource efficiency; 3.58 MtCo eq less carbon emissions emitted by industry; saved 913,000 cubic metres of water used in the industrial sector; and saved 1247 GWh of energy at industrial firms.

UNIDO, through its wide initiatives and programmes, is committed to improving the economic, social and environmental performance of the Egyptian manufacturing sector. Also, emphasizing the readiness of the organization to provide a support framework of technical assistance which will contribute to achieving the industrialization objectives of the Government set through Egypt's Vision 2030, the National Structural Reform Programme 2021-2024, as well as the Sustainable Development Goals (SDGs) of the 2030 Agenda of the United Nations.

Source:https://dailynewsegypt.com/2021/12/03/opinion-unido-egypt-fosters-manufacturing-sector-recovery-in-a-changing-economy/

Vietnam to benefit most from RCEP: World Bank20

The World Bank expects Vietnam to enjoy the highest trade and income gains among Regional Comprehensive Economic Partnership (RCEP) members. In a latest report, the bank said the average trade weighted tariff imposed by Vietnam declined from 0.8 per cent to 0.2 per cent, while the tariffs faced by it reduced from 0.6 per cent to 0.1 per cent between 2000 and 2035.In the most optimistic scenario, where all benefits are applied, Vietnam has the highest gains of all RCEP member countries, Vietnam Briefing, an unit of Japan's Dezan Shira & Associates, reported citing the World Bank document.

Vietnam's income levels will increase by 4.9 per cent relative to the baseline, higher than other countries, where the income level increases by 2.5 per cent. Trade will also increase the most in this scenario, with exports expanding by 11.4 per cent and imports by 9.2 per cent relative to the baseline, the report said.

All RCEP member countries will see an increase in exports and imports. Vietnam's exports will expand by 11.4 per cent and imports by 9.2 per cent.

Sectors that recorded the highest growth include textile and garments, mainly due to the reduction of non-tariff measures.

In the scenario where only the tariff reduction is implemented, the impact on Vietnam's economy is negligible, with real income close to zero, the World Bank said. Trade will also witness a small reduction relative to the baseline, with both exports and imports declining by 0.3 per cent. It is attributed to the fact that Vietnam enjoys relatively low tax rates thanks to other free trade agreements.According to the report, RCEP also provides an opportunity to promote growth and support recovery after the COVID-19 pandemic.RCEP will help Vietnam access consumer markets which is twice the size of the markets in the Comprehensive and Progressive Agreement for Trans-Pacific Partnership (CPTPP), as RCEP includes China, the Republic of Korea and Japan. However, it required Vietnam to raise standards to meet higher demand and stiffer competition, the report said.Another advantage that RCEP brings to the country is that it is creating more equality in the job market because sectors that employ women are expanded, such as textiles, apparel, electronics and some service sectors. The wage of female workers will increase faster than that of male ones, especially in Vietnam.

Source:https://www.fibre2fashion.com/news/textile-news/vietnam-to-benefit-most-from-rcep-world-bank-280204-newsdetails.htm#:~:text=All%20RCEP%20member%20countries%20will,reduction%20of%20non%2Dtariff%20measures.

STARTUP NEWS

The new brain drain: Indian Web3 startups flock to Dubai amid regulatory uncertainty, stiff taxes

Roadside signboards described the museum -- just minutes away from the world's tallest construction, the Burj Khalifa -- as the "most beautiful building on Earth" ahead of its gala opening.

If there was one recurring theme that cut across multiple Web3 meetups held in Bengaluru, New

Delhi and Mumbai in the last month, it was Dubai. A city that has almost become an emotion and a panacea for entrepreneurs building on the Web3 platform-the so-called next version of the Internet, which will be decentralised and run on blockchain-even as they grapple with an uncertain regulatory landscape and hefty taxes in India. Every second founder we met at these meetups has either moved to Dubai or is in transition.

The scene started changing fast after November 2021 as high taxes and stringent rules around cryptocurrencies were being anticipated in the Crypto Bill. Since then, over a hundred Indian entrepreneurs have moved to Dubai and registered businesses, according to anecdotal data from industry executives. There is no concrete research yet that pinpoints the exact numbers, but they say it is no longer a question of 'Are you moving?', but 'When?'Moneycontrol spoke to over a dozen people from the space, including investors, entrepreneurs and researchers, but to speak candidly about this sensitive issue, most of them have requested anonymity.

Why are they moving out of India?

"India is still difficult for Web2 startups, who prefer registering outside. In the case of Web3, it is just a delay, till the entrepreneurs figure out where to move to," says a Web3 entrepreneur who shifted to Dubai in 2021 to build security for decentralised apps (dApps).

He adds that while clarity in regulations is one part, the hostility with which these startups are treated is another reason. "Bank accounts are frozen, notices are served by separate departments of the government, no support is given if you ask for clarity, the builders then start wondering if it's really worth the hassle."The reasons almost read like a long laundry list: no clarity in regulations, 30 percent tax on virtual digital assets (effective April 1), 1 percent TDS per transaction (from July 1), no regulations around token launch (more on this later), regular notices from government bodies and red-tapism, say Web3 entrepreneurs and investors.

These concerns were exacerbated in the last few weeks, with crypto trading volumes falling by over 50-70 percent across top exchanges and UPI payments on these exchanges halted after Coinbase announced its entry into India.

"These startups are building globally and there are many countries bringing in rules in favour of entrepreneurs. So, why will we not move there?" He adds: "If you are active in the space, you will find that every six months, a new country comes up with favourable regulations and invites entrepreneurs with luring rules. A lot of places are mushrooming as epicentres for Web3."

Take the example of this entrepreneur who has been in the space for quite a few years and registered his business in Saint Vincent and the Grenadines. "Three-four years back, Malta was a very popular destination but gradually they started bringing in more strict regulations, which became difficult for crypto startups. When we started our registration process, we checked tokenisation rules, fundraising rules, and fund management rules."This is not the first time crypto startups are moving out of India. In 2017-2018, when a ban around cryptocurrencies was being discussed, a string of entrepreneurs had moved out.

Crypto exchanges such as ZebPay and Vauld are two such examples. Unicorns such as CoinSwitch Kuber and CoinDCX are also registered in Singapore. Polygon (earlier known as Matic), which was founded in India, shifted its base to Dubai and has become a global name that entrepreneurs reckon as a Web3 enabler.

"When they raise millions, you need to understand this capital is not even coming to India. The country, which has the business registered, is gaining from it," says a research and policy expert tracking this space. "They structure themselves that way and their sister subsidiaries are based in India."

Earlier while there were no taxes, there was still a market to cater to; but now, with the staggering tax level, the momentum in the space and the market will fizzle out, he adds.

Why Dubai?

"Dubai's Marina has become a small hub for Web3 startups," says Kasif Raza, co-founder of Bitnning, who was also in Dubai to attend these events.

He argues that tax is not the only reason to move out, given that living costs are very high in Dubai. “It's not possible for everyone to move there. But, things are so easy there. From meeting people with one hour's notice to experimentation in building and travelling across countries, everything is fitting in. So, these young entrepreneurs are sharing flats, staying and working together.”

Last month, the ruler of Dubai, Sheikh Mohammed Bin Rashid Al Maktoum, announced the creation of a Virtual Assets Regulatory Authority (VARA) to regulate the cryptocurrency sector. The law does not curtail any innovation at this point unlike in other countries, and this has been a major factor in drawing these startups. With stricter laws being implemented in Singapore, it is slowly losing preference, say experts.

Additionally, Dubai has no personal income tax. This means that there is zero tax on any gains, including gains on crypto currency. This also means there is no need for extensive record keeping and filing.

"Dubai has a lot of clarity and a Sandbox approach. Although you need a license to issue a token, the hassles are much less compared to India," says the entrepreneur cited above. In a regulatory sandbox, one can test innovations under a regulator's oversight, allowing novel financial products and business models to be tested with safeguards.

Entrepreneurs say advantages such as networking opportunities, no restrictions in innovation, access to global opportunities and resources outweigh the cost of living in Dubai.

Bengaluru-based Nilesh Lalwani, who is working to build BigBuc, a Web 3.0 Shopping Platform with crypto cashback and a Buy Now Pay Later model in a decentralised way, has started to look for options in registering his startup. Some of his options include the British Virgin Islands, Dubai and Wyoming. "We will be launching our token by the third quarter this year, so we need to register before that as launching a token is not feasible in India.”

"Registering takes a maximum of 15 days and the whole process is online," he says. The startup is also raising its seed round. Lalwani, though, will continue operations in India, after registering outside.

Talent moving out

Besides entrepreneurs, talent around blockchain, crypto and Web3 is also moving out to find better opportunities. While many are contributing to multiple international projects The investor cited above also added, "Churn has been a massive problem. In Web3, the beginning itself is very distributed. Borderless work will be the future of work. And, no doubt, this will be a challenge for Indian founders. That's when you need to inspire the workforce to work for you, and build something bigger.”

A lot of the entrepreneurs are still bullish about returning to India. "If given a choice, we would not have moved out. So, if the regulation is in favour of the industry, we will always build for India," says an entrepreneur. Many echo that view.

Source: https://www.moneycontrol.com/news/business/cryptocurrency/the-new-brain-drain-indian-web3-startups-flock-to-dubai-amid-regulatory-uncertainty-stiff-taxes-8378-361.html

WOMEN WING

The Herd Of Female-Founded Unicorn Companies Continues To Grow in 2022

Last year was a blockbuster for private companies newly valued at $1 billion or above, and unicorn startups founded by women weren't left out of the growth.

According to Crunchbase data, a total of 595 companies joined The Crunchbase Unicorn Board last year, far exceeding the numbers in prior years. Of these, 83 were founded or co-founded by women, more than quadrupling that category's count from 2020, when there were 18 new unicorn companies with at least one woman as a founder.

2022's new female-founded unicorns

That pace seems to be keeping up into 2022. So far this year, 10 of the 100 or so new unicorns that have been minted have at least one female co-founder.

Of these, Florida-based payments company Stax, Boston-based global employment platform Globalization Partners, and Singapore-based customer engagement service Insider are led by female founder CEOs.

Stax co-founders Suneera Madhani, right, and Sal Rehmetullah, left. (Media handout photo.)

"As a minority woman and executive in fintech, I'm no stranger to discrimination and doubt," Stax CEO Suneera Madhani, who co-founded the company with her brother, Sal Rehmetullah, said in a statement earlier this month when the company raised $245 million at a unicorn valuation. "My brother and I built this company from our parents' home back in 2014. Since then, we've grown 500% in the past three years and processed more than $23 billion in payments for 22,000 businesses nationwide. We share this milestone not just with our team, but every person of color trying to hustle, build their own business and make history."

Female-founded unicorns grow market share

The proportion of new companies joining The Crunchbase Unicorn Board with at least one female founder in 2021 was 14 percent-matching 2019-the highest proportion since 2015.

Female-founded unicorns grow market share

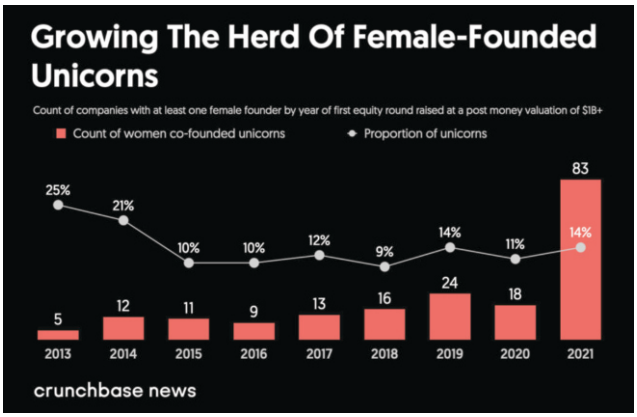
The proportion of new companies joining The

New Unicorns Of 2022 With A Female Co-Founder

Company	Sector	Headquarters	Total equity funding	Valuation
RELEX Solutions	Supply chain	Finland	$803M	$5.7B
Globalization Partners	Global HR	United States	$350M	$4.2B
Athelas	Healthcare tracking	United States	$150M	$1.5B
Livspace	Interior design	India	$427M	$1.2B
Insider	Customer engagement	Singapore	$167M	$1.2B
LEAD School	Edtech	India	$166M	$1.1B
Veev	Real estate	United States	$585M	$1.0B
Stax	Payments	United States	$263M	$1.0B
MinIO	Cloud storage	United States	$126M	$1.0B
Hasura	Software development	India	$137M	$1.0B

crunchbase news

Crunchbase Unicorn Board with at least one female founder in 2021 was 14 percen-



t—matching 2019—the highest proport-ion since 2015.Of these new unicorns-which span agtech, health care, e-commerce, software and delivery, among other sectors-16 are led by

New York-based Papaya Global, an HR and payroll platform, is the most highly valued of the new female-founded unicorns, at $3.7 billion. It was initially valued at $1.2 billion in its Series C in 2021 led by Greenoaks Capital. It then raised a Series D funding six months later, led by Insight Partners and joined by Tiger Global that more than tripled its valuation.

Papaya Global's co-founders from left: CTO Ofer Herman, CEO Eynat Guez and CPO Ruben Drong. (Handout photo.)

"With companies switching to remote work and compliance becoming increasingly complex, we are seeing substantial demand for Papaya's solution, even in a challenging business envir-nment," CEO and founder Eynat Guez said in an announcement of Papaya's most recent funding.

Premium food delivery company Market Kurly, headquartered in Seoul and founded by CEO Sophie Kim, is the second most highly valued new female-founded unicorn, at $3.3 billion. It also raised multiple fundings in 2021 with a step up in valuation from $2.2 billion in July 2021 to $3.3 billion by December of that year in a round led by Anchor Equity Partners.

Oakland-based LaunchDarkly, led by Edith Harbaugh, is the third most highly valued company. It hosts a software feature management platform. In its most recent funding it was valued at $3 billion in a Series D funding led by Lead Edge Capital.

Female-led debuts in 2021

A slate of female co-founded unicorns also went public in 2021: 19 companies out of the total 124 unicorns that went public last year. Of these, seven were taken public by woman CEOs.

Records were shattered for global venture funding and new unicorn creation in 2021. Coinciding with that, there were much larger counts of female-founded unicorns than in any prior year and higher counts of female CEOs leading these companies, though unicorn startups founded by women aren't yet making the meaningful gains in percentage share that we'd like to see.

These were not the only woman-led venture-backed companies to go public at billion-dollar valuations in 2021. Several companies were not valued in a private financing as a unicorn, but were valued in their public-market debuts above $1 billion. They include dating app Bumble, biometric identity company Clear, apparel company FIGS, online fashion brand a.k.a. Brands and biotechnology companies Lyell Immun-opharma, Humacyte and Immunocore.

Methodology

The Crunchbase Unicorn Board includes private unicorn companies with post-money valuations of $1 billion or more and is based on Crunchbase data. New companies are added to the Crunchbase list as they reach the $1 billion valuation mark as part of a funding round.

Please note that all funding values are given in U.S. dollars unless otherwise noted. Crunchbase converts foreign currencies to U.S. dollars at the prevailing spot rate from the date funding from the date funding rounds, acquisitions, IPOs and other financial events are reported. Even if those events were added to Crunchbase long after the event was announced, foreign currency transactions are converted at the historic spot price.

Source: https://news.crunchbase.com/ne-ws/top-women-led-unicorn-companies.2022/

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