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Statement at the

Global Symposium on the Role of Micro, Small and Medium Enterprises (MSMEs)
in the achievement of the Sustainable Development Goals (SDGs)

United Nations Headquarters, New York, 7 June 2018

Ambassador Martin Garcia Moritan,
Excellencies,
Distinguished participants,
Ladies and gentlemen

I am very pleased to join you in this important discussion on the role of the Micro-, Small and Medium- Enterprises (MSMEs) in achieving the Sustainable Development Goals (SDGs).

MSMEs comprise a major share of total private sector entities around the world, in both developed and developing countries.

In recent years, MSMEs have been recognized globally as a crucial force in contributing to the achievement of the SDGs ... from poverty alleviation, zero hunger, economic growth and decent job creation, to reduced income inequalities, gender equality, and sustainable cities and communities.

Indeed, MSMEs are strong engines of job creation. This is important, because some 600 million jobs will be needed in the next 15 years to absorb the growing global workforce, mainly in Asia and Sub-Saharan Africa. Much of this need will be met through the MSMEs.

In emerging markets, 4 out of 5 new positions have been created by MSMEs, which is about 90% of total employment in the formal sector.

Job creation through MSMEs leads to economic growth and directly benefits the poor and vulnerable, particularly women and youth.

It reduces poverty, increases income and positively impacts on household investments in education and health, all of which bear tremendous potential for fulfilment of multiple SDGs.

Recognizing the importance of the MSMEs, the UN General Assembly adopted in 2017, a resolution ‘designating 27th June as the “Micro-Small and Medium-Sized Enterprise Day”’.

I take this opportunity to recognize the leadership of Argentina in this historic initiative.

Likewise, in the Addis Ababa Action Agenda on Financing for Development, the United Nations underscored the importance of MSMEs in achieving the SDGs, advocating for concerted support from national governments, financial institutions and development banks to support MSME growth.

Ladies and gentlemen,

Our gathering today is vital. It represents a global partnership of jointly exploring opportunities and solutions for MSME development and growth, as the catalyst for fulfilling the 2030 Agenda and the SDGs.

Yet, notwithstanding the importance of MSMEs for SDGs, they face multiple challenges, including limited access to finance and lack of capacity and knowledge, particularly with regards to business development, marketing and strategic management skills.

In addition, many countries have not been able to fully tap the potential of MSMEs due to weak political, institutional and regulatory mechanisms.

Limited access to sufficient financial resources is another major challenge. Without formal registration and with limited collateral and credit records, MSMEs are often perceived as high-risk loan recipients by commercial banks.

As a result, the current credit gap is estimated to be US\$ 1.2 trillion for formal MSMEs, and US\$ 6 trillion for informal MSMEs.

Lack of liquidity has left MSMEs unable to pay their employees and cover overheads to achieve economy of scale in the medium and long term.

Combined with the challenge of formalization, the issue of access to finance significantly hampers MSME growth and their potential to help expedite achievement of the SDGs.

Despite these and other challenges, MSME entrepreneurs are an indispensable agent for change in their communities.

MSMEs often spearhead the transformation of technical innovations into demand-driven development solutions in both urban and rural settings.

I am also very pleased to note that women MSME entrepreneurs have exhibited outstanding performance in growing their businesses in the face of mounting challenges. Moreover, their continuing efforts to nurture self-reliance and confidence among poor women and youth is commendable.

I am pleased that many participants here today have also attended the Science, Technology and Innovation Forum (STI Forum) held over the past two days.

There are strong synergies between MSMEs and the generation and dissemination of science, technology and innovations.

A substantial part of scientific and technical innovations come from MSME entrepreneurs in developing countries.

MSME entrepreneurs, with their in-depth knowledge on the demands of local communities, possess strong power to transform scientific, technical innovations into replicable development solutions.

MSMEs have become not only incubators, but also facilitators for replication, of innovations.

Ladies and gentlemen,

At our gathering today, I would like to advocate once again for urgent and concerted supports by the international community for inclusive and sustainable growth of MSMEs.

Specifically, this would include:

- the establishment of coherent and transparent regulatory frameworks,
- pilot and scaling up of micro-credit and loan guarantee solutions, and
- provision of universal access to ICT and basic infrastructure that allow MSMEs to close and even leapfrog informational and financial gaps.

I am pleased to note that participants to the symposium include experts and experienced practitioners on MSME growth for SDGs – from member states, research communities, international organizations and the private sector.

I believe this is crucial to foster knowledge exchange and global learning on MSME growth for SDGs. I expect that your in-depth discussion will identify good practices and recommendations to eliminate bottlenecks and maximize the potential of MSMEs for accelerated achievement of the SDGs.

More importantly, I believe the strategic discussions will incentivize efficient mechanisms to be mainstreamed into global policy discussions and national development plans, for fully harnessing the momentum of MSME growth for SDGs.

On this occasion, I extend my sincere thanks to the People's Republic of China, who have generously funded this symposium.

I understand the symposium also serves as the kick-off workshop of the project “*Enhancing National Capacities for Unleashing Full Potentials of MSMEs in Achieving SDGs in Development Countries*” which will launch a series of capacity building and technical cooperation activities on MSME growth in nine developing countries. These are Brazil, Cambodia, Fiji, Kenya, Laos, Sri-Lanka, Tanzania, Peru and the Philippines.

I believe this symposium would support stocktaking ongoing initiatives, challenges and opportunities on MSME growth for SDGs in these countries. And, further facilitate participatory consultation and demand mapping that steer project implementation in a demand-driven approach.

Finally, I wish you a productive and successful symposium, and a pleasant stay in New York.

Thank you.