

*Reducing Poverty by Strengthening
Entrepreneurship in Developing
Countries*

Committee Guide

*United Nations Industrial Development
Organization*



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1. Personal Introduction

Dear Delegates,

I am delighted to welcome you in the *United Nations Industrial Development Organization* (UNIDO) at this year's OLMUN conference and I am really looking forward to your engaged work when trying to solve the issue at hand being of particular importance to the goals of the United Nations.

My name is Justus Neuendorff, I am 18 years old and happy to introduce myself as President of the *United Nations Industrial Development Organization* at this year's OLMUN. Currently I am attending the Liebfrauenschule in Oldenburg.

Due to my staying in the bilingual city of Montreal, Canada, for one year, I am now restarting my MUN career. Since I have taken the role of a delegate at OLMUN 2015, I have been offered several opportunities to take part in MUN conferences such as the BERMUN and a conference in Malmö, Sweden. Hence, I have been involved in numerous committees and councils. However, it will be me first-time chairing a committee at the OLMUN.

See you in June,
Justus Neuendorff

Dear Delegates,

My name is Paul Pagnia, I am 18 years old and very happy to be your chair in this year's committee of the *United Nations Industrial Development Organization*. This year is going to be my last year of school, as I am right now about to do my Abitur at the Altes Gymnasium Oldenburg.

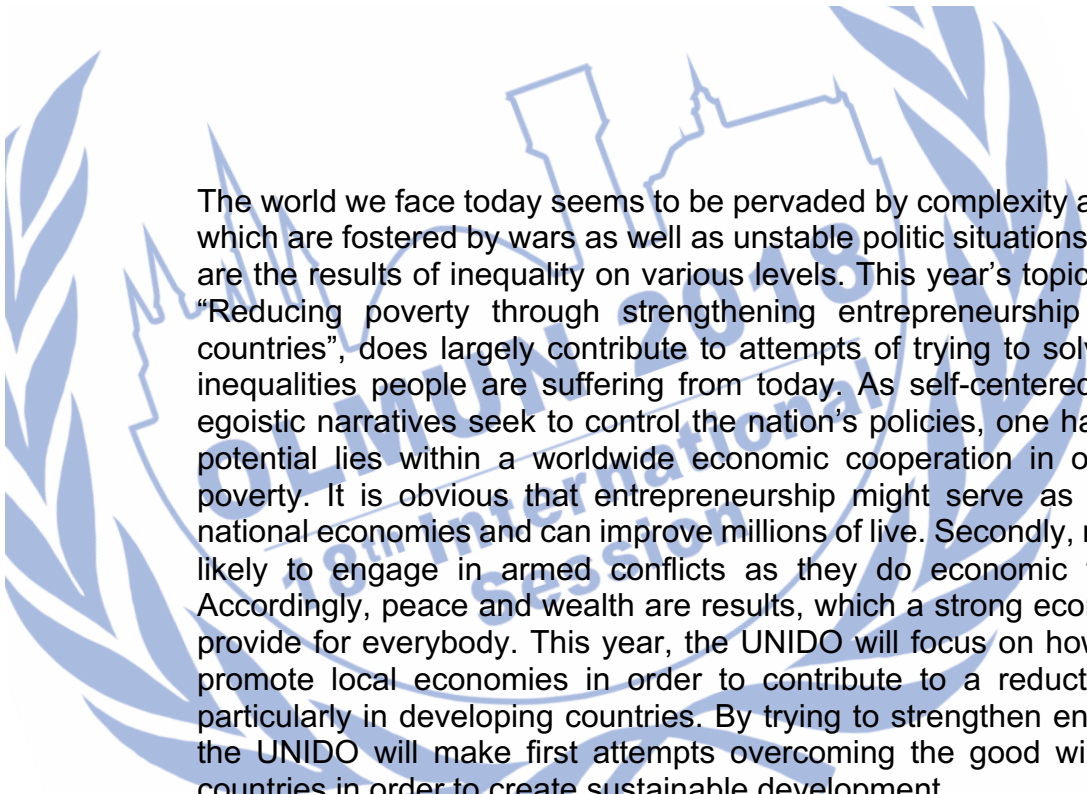
I first took part in a MUN in 2015. I right away fell in love with the discussions, all the important topics and especially the possibility to meet so many new and nice people from all over the world. As my first MUN had such a mesmerizing impact on me I wanted to do more. The following year I did an exchange year in New Zealand. After improving my English skills and having hard time to lose my slang I decided that I want to chair a committee. Last year I was allowed to chair the Commission on the Status of Women with this year's President Nika Andouz. I am very much looking forward to meet all of you!

Best Regards,
Paul Pagnia

2. General Information

Dear Delegates,

We are delighted to welcome you at the *United Nations Industrial Development Organization* (UNIDO) at OLMUN 2018.



The world we face today seems to be pervaded by complexity and uncertainty, which are fostered by wars as well as unstable political situations. Most of them are the results of inequality on various levels. This year's topic at the UNIDO, "Reducing poverty through strengthening entrepreneurship in developing countries", does largely contribute to attempts of trying to solve some of the inequalities people are suffering from today. As self-centered mindsets and egoistic narratives seek to control the nation's policies, one has to ask which potential lies within a worldwide economic cooperation in order to reduce poverty. It is obvious that entrepreneurship might serve as a catalyst for national economies and can improve millions of lives. Secondly, nations are less likely to engage in armed conflicts as they do economic trade together. Accordingly, peace and wealth are results, which a strong economy is able to provide for everybody. This year, the UNIDO will focus on how one can best promote local economies in order to contribute to a reduction of poverty, particularly in developing countries. By trying to strengthen entrepreneurship, the UNIDO will make first attempts overcoming the good will of developed countries in order to create sustainable development.

This guide serves as a basis for the discussion on this year's topic. Notwithstanding, it is only supposed to be seen as a framework for each delegate's personal research. It is not a sufficient preparation for the conference as it only provides hints, which need to be further developed. When preparing for the debate on the topic at hand, it might be helpful to review one's country's situation regarding a.o. *stability and policy of the present government, recent events in national politics, trade agreements, membership of alliances, natural resources* and *geo-political* considerations. Additionally, delegates are asked to consider the definition of key terms as stated in the beginning of the report in order to guarantee a smooth debate.

Hence, it is now up to each delegate to prepare in the best way possible for the conference, as a successful committee session highly depends on each delegate's individual preparation. In order to do so, you are more than welcome to consider the helpful resources in the end of this report.

We are looking forward to seeing all of you in June and to welcome you to the UNIDO,

Justus and Paul

3. The United Nations Industrial Development Organization (UNIDO)

"The primary objective of the Organization shall be the promotion and acceleration of industrial development in the developing countries with a view to assisting in the establishment of a new international economic order. The Organization shall also promote industrial development and co-operation on global, regional and national, as well as on sectoral levels."

You have just read the first article of the *Constitution of the United Nations Development Organization*. It highlights the industrial development in

developing countries as well as the international cooperation in economy as supreme goals of the UNIDO. Having been signed in 1979, this constitution imposes the main duties of the UNIDO being a special organ of the *United Nations* (UN). It is question of an organ operating in an autonomous manner. Further, it has taken over several key competences when thinking about global economy.

The UNIDO will be simulated for the second time at the OLMUN 2018. Lastly, the cooperation with *non-governmental organizations* (NGOs) is vital for the UNIDO as they provide an objective view on the problems faced in the regions of action. The UNIDO adheres to the principles of sustainable development, which can be seen as the dictum of all its actions, such as economic responsibility, environmental responsibility and social responsibility. This is named the three-bottom line.

4. Definition of Key Terms

4.1. Developing Countries

Former UN Secretary General Kofi Annan once stated in regard to developed regions that such a country “allows all its citizens to enjoy a free and healthy life in a safe environment.” A less developed country on the opposite is not capable of providing such favorable circumstances to its citizens. Thus, it has a relatively smaller industrial base and its *Human Development Index* (HDI) is considerably lower compared to other countries.

4.2 Entrepreneurship

Entrepreneurs possess the capability of seizing opportunities and are simultaneously eager to launch a new venture to exploit favorable circumstances in order to create wealth. By addressing a certain market with a new idea, entrepreneurs don't only insert land, capital and natural resources but they also accept the risk of failure. Commonly, such an enterprise starts as a small company e.g. a Start-Up. A lack of market demand as well as a lack of funding or even bad business decisions are the most frequent reasons for a lack of success. If such an enterprise manages to become stable and profitable, it can be regarded as a source for strengthening regional or national economy.

4.3. Impact Investing

The term impact investing has been defined by the *Global Impact Investing Network* (GIIN). It is considered as the “investments made into companies, organizations, and funds with the intention to generate social and environmental impact alongside a financial return”. This sort of investment has experienced an enormous growth, which has also been promoted by *The Rockefeller Foundation* since 2007. It is crucial to distinguish *impact investing* from *ethical investing* as it is only targeted to provide capital to enterprises having “a stated mission of serving underprivileged communities or the

environment.” Conventional private equity and venture capital funds are major actors for *impact investing*. Moreover, it plays a major role in achieving the *Sustainable Development Goals* (SDGs) which are aimed to alter the way we live in a noteworthy manner by 2030.

4.4. Microfinance: Microcredits, Microsavings and Microinsurance

Microcredits are small long-term loans, issued to foster impoverished borrowers, which would not be able to procure credits otherwise. Microcredit is a specific investment in a defined project. Thus, microcredit is essential to entrepreneurs intending to found or to expand a business particularly in developing countries. Launched in 1970, the supreme aim of microfinance is the alleviation of poverty through providing credits to individuals who would not have had access to financial services. Microsavings allow such entrepreneurs to save their liquidity fractionally for future investments. Moreover, the term includes Microinsurances, which envisage providing insurance policies to people who would not be able to provide risk management themselves.

4.5. Poverty

The *World Bank* defines poverty in the following way: “Poverty is hunger. Poverty is lack of shelter. Poverty is being sick and not being able to see a doctor. Poverty is not having access to school and not knowing how to read. Poverty is not having a job, is fear for the future, living one day at a time.” One distinguishes two different kinds of poverty. The term absolute poverty describes the severe situation of lacking basic human needs, whereas relative poverty means the conditions in which people lack the minimum amount of income needed. Ending poverty in all its forms is cardinal to the SDGs.

4.6. Protectionism

Being the adverse of *free trade*, the objective of any protectionist policy is to shield the domestic economy from competition from foreign companies. It means the isolation from foreign markets which is supposed to lead to a growing demand for products manufactured locally. Simultaneously, it has the potential to abet emerging markets as they are no longer in competition. Protectionist measures, such as increasing import taxes, should enhance national economy by securing jobs. Nevertheless, they might often also lead to more expensive goods on the national market and to less innovation, due to a lack of international competition. *Protectionism* might even result in a protectionist spiral harming the international economy in an exceptional manner.

4.7. Public funding

Public funding describes the amount of money invested by the government in order to maintain and improve communities through goods and services. Generally, it comes through taxes and is gathered and distributed on different levels.

4.8. Small- and medium- sized enterprises (SMEs)

The EU recommendation 2003/361 offers a detailed and universal definition of *small- and medium- sized enterprises* (SMEs), which are also referred to as *small- and medium- sized businesses* (SMBs). A company is listed within the SME category if it employs less than 250 people and if its annual revenue is less than 10 million EUR. The UN has later adopted this definition. SMEs address local markets and do not serve global demands. Hence, a major role in regional economy is allocated to such enterprises representing the majority of companies in nearly all economic sectors.

4.9. Sustainable development

In 1987 *Sustainable development* has been defined by the *United Nations Brundtland Report* as “development that meets the needs of the present without compromising the ability of future generations to meet their own needs.” It aims for a balance between the improvement of lifestyles and well-being on one hand and the preservation of natural resources and the ecosystem on the other hand. Moreover, it means a development in the economic, social and environmental sector based on renewable and secure sources. Being in effect since 2016 the SDGs are acknowledged as a globally binding framework for any political and economical operation. The fulfillment of the 17 SDGs and 167 associated targets is envisaged for 2030.

5. The Coherence of Entrepreneurship and the Fulfillment of the SDGs

Being in effect since 2016 the implementation of the SDGs has become one of the major businesses of the majority of the UN bodies. Bearing in mind, that their achievement is anticipated until 2030, effective solutions have to be found. Entrepreneurship is one of the key instruments within any approach to solve the issue. In its note on “*Promoting entrepreneurship for development*”, the *United Nations Conference on Trade and Development* (UNCTAD) lists several reasons on the importance of entrepreneurship in the context of the sustainable development.



(Source: <https://sustainabledevelopment.un.org>)

Entrepreneurship has the ability to:

- Create jobs
- Foster economic growth
- Encourage innovation
- Empower women
- Improve social conditions
- Engage in encounter environmental challenges.

“There is a consensus that entrepreneurship is key to sustainable development and critical to poverty reduction, gender equality and environmental sustainability.” Due to the observations made by the UNCTAD, one can comprehend that entrepreneurship serves several of the SDGs e.g. reducing poverty (goal 1), gender equality (goal 5), decent work and economic growth (8) and climate actions (13). It should hence be aimed to promote entrepreneurship in order to maximize the positive impact it has on millions of lives.

Delegates should also keep in mind that the promotion of entrepreneurship is consequently linked to other fields of action.

The promotion of entrepreneurship affects (comp: UNCTAD):

- Innovation and technological development
- Education and skills development
- Creation of networks within a business sector
- Finance accumulation.

These effects exhibit various linkages on other SDGs such as quality education (goal 4). Delegates are appealed to for recognizing the importance of entrepreneurship in regard to the achievement of the SDGs. They should focus on assisting innovative companies which work in the area of green technology

in order to foster sustainable development. Evidence suggests that a promotion of entrepreneurship in different sectors may strength an economy and “enhance national prosperity and cause economic development and growth”.

Delegates have to consider that the implementation of entrepreneurship policies has to be adapted to particular national realities and that each member state has his own needs when implementing such a policy.

The Central American Integration System (SICA) has observed that member states circumstances might differ in the following fields:

- Educational system
- Supportive ecosystem
- Institutional articulation
- Society’s mindset
- Culture
- Available financial resources.

One might often tend to forget about the particular importance of the following two types of entrepreneurship. This is the reason why delegates are also asked to consider *women’s entrepreneurship* as well as *youth entrepreneurship* while writing their resolutions. It is crucial to comprehend that these types of entrepreneurship have dissimilar requirements and divers potential.

5.1. Women’s Entrepreneurship

Women’s entrepreneurship is key to gender equality and cultural changes. Delegates have to consider that half of all customers worldwide are female. It is evident that, especially in *less economically developed countries* (LEDCs) societies are likely to adhere to traditional stigmas. Women’s entrepreneurship goes hand in hand with an empowerment of women which leads to independence. Delegates might include the empowerment of women through the tacklement of social and cultural barriers in their preparation. Secondly, it is worth noting that women tend to become entrepreneurs in female-dominated sectors and that they face extreme struggle when looking for financial resources. Governments have recognized the issue and have thus promoted women’s access to new markets. Lastly it is important to create public awareness of the topic in order to encourage this type of entrepreneurship.

5.2. Youth Entrepreneurship:

Youth entrepreneurship is exceedingly important when trying to reduce poverty. By the creation of businesses, young people can be gathered in order to chair and exchange their economic and political ideas. Delegates might concentrate on youth entrepreneurship in order to reduce youth unemployment and to open up the way for innovative ideas which might advance societies in the future and may even have the potential to change the market. This sector of entrepreneurship does especially face the problem of a lack of adequate knowledge. A network of trainers, teachers and role models might help to promote the economic know-how within the younger part of society. Delegates might focus on international cooperation concerning the issue as well as tackling the fear of failure hindering young entrepreneurs to launch a venture.

6. Which Effect can Impact Investing have on the Economy?

Impact investing generally seeks venture opportunities in less developed countries and encourages thereby approaches which can improve millions of lives in numerous ways.

When starting a business, an entrepreneur often depends on loans. Having a credit history facilitates the process of lending money, as this is the essential for any financial institute when considering if an entrepreneur is creditworthy. 2.5 billion people, one third of the world's population, do not have a financial identity. Thus, they are not considered creditworthy by any bank, which means that they will not receive a credit to found or to expand their business. They are thereby not granted the opportunity to become entrepreneurs and their potential to improve the local economy and their own lives is rejected. Delegates might also concentrate on how the trustworthiness could be improved for people having no financial identity, as an enormous potential, especially for developing countries, is hidden in this field of action.

This is also exemplified by *Mkopo Rahisi* being a mobile application, which builds credits scores for those 2.5 billion people using mobile data. Having created a certain profile, based on data such as local consistency, financial transaction and key relationships, *Mkopo Rahisi* considers the trustworthiness of its clients and has succeeded in improving the economic situation of those people which have contributed to strengthening the regional wealth.

When doing their research, the delegates should recognize that there is a dual mission to impact investing as they are often granted to initiatives or ideas which support social or environmental causes.

7. Which effect can Microfinance have on the Economy

Microcredits are characterized by a low interest rate, which a normal bank would not consider. The capital providers in these cases are international organisation and funds such as the *International Finance Corporation* (IFC), the *European Fund for Southeast Europe* (EFSE) and the *Grameen Bank*. When lended out for first time, the repayment rate is quite high, though there is not a consensus about whether women or men are better borrowers, even if studies of the *Grameen Bank* have found out that 15.3 percent of male borrowers struggle to repay their loans, whereas only 1.3 percent of female defaulters are not able to repay their credits. Also due to the social mission of microcredits in empowering women in order to promote gender equality, women are more often the target of microcredits. Delegates have to correlate this evidence with the policy of their country since the preferential treatment of women is controversial within the international community.

First of all, microcredits has the capacity to ease access to funding. This funding can also be provided by different groups such as the government, or private equity companies. As a particular business brache develops, it is more likely to be detected by public funding.

The following example illustrates the potential of *impact investing* for improving people's lives in developing countries:

“The United Nations Development Programme and the Government of Ghana provided funding to Empretec Ghana to establish a revolving fund designed to provide credit to SMEs in tourism, manufacturing, construction and non-traditional export sectors to expand their businesses. The objectives of the three-year project were to build the productive capacity and facilitate the growth and expansion of SMEs, and build the Empretec Ghana's capacity to deliver credit to long-term basis and provide loans to revitalize or expand their businesses. Eligible SMEs were required to repay the funds within 12-18 months. During the project, 631 entrepreneurs, most of whom were women, received credit and created 1,632 jobs. Since its inception in 1996, Empretec Ghana has continued the scheme.” (Source: UNCTAD)

Such positive results have also been observed in Argentina:

“Banco de la Nación Argentina and Fundación Empretec in Argentina launched an initiative in 2009 designed to provide medium- and long-term funding and technical assistance to dynamic and innovative technology-oriented SMEs. With regulatory barriers in Argentina precluding SMEs from accessing financing, Banco Nacion established a dedicated trust fund designed to provide funding to promising Start-Ups and enhance the development of productive capacities, while catalysing knowledge and creativity in society. The model addressed market failures associated with SME financing for Start-Ups, in particular, market uncertainty that is characterized by an increase in risks for new market entrants, information asymmetries and moral hazard associated with lack of experience and inadequate capital. These make it difficult for financial institutions to make an assessment, potentially increasing the costs associated with management and assessment. Fundacion Empretec offered access to medium- and long-term credit to technology enterprises at a concessional rate, combined with specialized technical assistance.”
(Source: UNCTAD)

Delegates are asked to acknowledge these examples in order to call for concrete action when writing their resolutions.

Secondly, one can deduce, especially from the second business case, that an enterprise is in need of more than capital only. In order for microcredits to support economic development, it is also essential to promote infrastructure so that a firm can prosper and capital is utilized in a satisfying and sustainable manner. Assimilable pre-conditions have to be fostered in order to create a state of equal competition.

Lastly it is question of the capital providers. As it has previously been stated, capital for microcredits is provided by international funds, banks or organisations. The *EFSE* serves as an example for explaining how such a fund is financed. The *EFSE* obtains its financial resources by a.o. the *European Commission* and the *Federal Ministry for Economic Cooperation and Development* of Germany. Delegates have to review their country's policy on whether the state should have such an influence on businesses and which

measures could be taken in order to support supranational organizations. There might also be countries not considering the financing of SMEs as a duty of international organizations, but as the task of each individual state, conserving its integrity and independence. Further, there are numerous evidences, that investments made on local level generate the greatest profit. Notwithstanding, delegates have to examine their country's policy on the principle of subsidiarity.

8. The Importance of small- and medium-sized Enterprises:

When thinking of reducing poverty through strengthening entrepreneurship in developing countries, a fundamental role in any attempt to solve the issue may be assigned to SMEs in order for these ventures to promote long-term growth. Promoting SMEs means to improve economy which leads to wealth and its distribution. As it has already been stated earlier, SMEs are organized as a family business or a partnership or association. One distinguishes three types within the category of SMEs:

Company category	Employees	Annual revenue
Medium-sized	more than 250	≤50 million EUR
Small	more than 50	≤10 million EUR
Micro	more than 10	≤2 million EUR

(Source: EU recommendation

2003/361)

The *Organisation for Economic Co-operation and Development* (OECD), affirms that SMEs account for more than 90 percent of all firms outside the agricultural sector and that a development of SMEs is a key instrument in poverty reduction efforts. Delegates should thus focus on promoting SMEs in order to enhance economy.

Interesting details about SMEs can be gained when taking a look at their development. At first, every entrepreneur will have to invest capital, land and natural resources, but his enterprise will immediately experience a certain cash flow. His revenue will rise steadily. At one point the entrepreneur will not be able to increase the revenue made by his enterprise even if he increases the amount of investment. The growth stagnates due to the local market being already saturated. As SMEs will concentrate on serving local or national markets, their sales quantity is limited. Nevertheless, having passed a certain state, SMEs are stable and a safe generator for jobs in a given economy. Simultaneously, SMEs are not in need of huge investments neither will they generate a deficit for entrepreneurs when launching their business as they don't depend on huge investments. It is now obvious that SMEs differ from *Innovation driven enterprises* (IDE), which will possess an unlimited growth of revenue. This type of entrepreneurship does require a huge investment in the beginning. Since SMEs are able to generate revenue even if no massiv investment has

been taken, this form of business is predestined to be in the center of any approach of strengthening entrepreneurship, especially in developing countries.

Major problems faced by SMEs:

Having recognized the importance of SMEs, delegates should focus on how such enterprises can be promoted and which obstacles they face.

The *World Bank* has found, that one of the most fundamental difficulties SMEs are confronted with, is access to funding. It is important to consider that beside Start-Ups already existing, these firms can be in need of financial resources. Delegates should focus on how access to funding can be facilitated. There are various financing mechanisms, which enable SMEs to get access to capital. Traditional banks are often risk averse, which leads them to charging an elevated rate of interest. However, they remain an important source of financing for SME. Hence, SMEs don't depend on banks anymore. Additional ways of financing are:

- *Impact investment*: The dual mission of impact investment is important when considering it as a valuable source for capital. It is one of the most favourable ways in order to reduce poverty as it encompasses the promotion of social and environmental returns. Its importance, when wanting to reduce poverty can not be overestimated.
- *Crowdfunding*: Crowdfunding allows firms to directly accumulate money from many individual persons and institutions. Nonetheless, it is not that relevant when thinking about developing countries as they struggle with a lack of digital infrastructure. Additionally, digital crime demolishes any kind of trust.
- *Venture capital*: Investors, such as corporations, individuals and institutional investors provide capital to Start-Ups having the potential to grow. This type of investment does also provide infrastructure, such as internet connection and office space.
- *Angel investment*: An individual is referred to as a “*business angel*”, when it provides capital to Start-Ups in exchange for ownership equity or convertible debt.

The situation is still aggravated by property rights having not yet been defined accurately.

Secondly, SMEs often face regular burdens which hinder especially inexperienced entrepreneurs to launch a business. Delegates should attempt to simplify legislation. This could be done by e.g.:

- Shortening the complexity of laws
- Abolishing archaic laws
- Ensuring that laws are modified and further developed by time.

Looking at the *Index of Doing Business* published by the World Bank, a high correlation of wealth in a country and the complexity of launching a business is

shown. Usually, developing countries struggle most to enable entrepreneurs to start and register their company.

9. Possible Solutions

9.1. Protectionism as a means to promote SMEs Development in Developing Countries

Since the US president Donald Trump has imposed import taxes on foreign goods, the debate about whether protectionism can serve as a means to promote national economy in a globalized world, has regained its power. Evidence suggests, that every national economy, such as the American or the German national economy have benefited from import taxes in the beginning, which have been reduced over time. Delegates have to ponder the advantages of a free market and those of protectionism for the promotion of entrepreneurship in developing countries. Some delegates might even intend to quit the free market in order to strengthen their national economy first. When doing so, they have to consider, which impacts a spiral of protectionist policies might have on the international economy.

9.2. The Schwab Foundation for Social Entrepreneurship

In the last section of this report, delegates are introduced to an enumeration of possible solutions. Among others, the *Schwab Foundation for Social Entrepreneurship* and the *World Economic Forum* have contributed to the creation of several attempts to solve the issue at hand. Delegates are thus more than welcome to consult their *“Policy Guide to scaling social innovation”*. In the following part of the report, this guide serves as a basis to illustrate possible solutions to the question of *“reducing poverty through strengthening entrepreneurship”*. Nonetheless, it is still noteworthy, that delegates are asked to come up with more developed and detailed solutions corresponding to their country’s policy.

- It will be essential for governments to *secure markets* in order to develop long-term investments. The creation of an appropriate environment for doing trade and business is vital for every resolution. This can be achieved through the enforcement of laws or the creation of new laws regulation local and global markets. In order to guarantee a fair competition. The country of Rwanda might serve as an example for visualizing the issue. Having experienced an economic growth, the whole country’s economy has been destroyed by the genocide in 1994. The feeling of uncertainty is often hindering long-term loans and investments from entering the country.

- *Developing new departments* can help to coordinate actions taken within a country. Secondly, a shift of competences might help to evaluate practices without being biased. A *strong partnership with the private sector* has to be the supreme goal of a country's policy. The establishment of new departments might be able to foster such a dialog and might also take a consulting role for enterprises and could also capture market data.
- As it has also been mentioned earlier, the *creation of networks* might help to link actors. Hence, there is the opportunity to reduce an entrepreneurs fear of failure before launching his business. It might as well provide role models and mentors and help especially female entrepreneurs to communicate with one another.
- When a country tries to emphasize the importance of SMEs for entrepreneurship, it might also consider the *reduction of taxes* and a *reduction of transaction costs* to promote economic growth and local responsibilities.
- The *creation of regional stock exchanges for SMEs* might be a rather promising opportunity in developing countries. Through such a means, the access to capital can be facilitated and a public interaction would be ensured.
- The *formulation* of an universal definition of microfinance might be helpful to specify which companies can be considered creditworthy.
- It could also be part of a country's policy to establish a national fund for the promotion of SMEs. The *India Inclusive Innovation Fund (NIIIF)* has raised US \$ 91 million for the improvement of the national infrastructure. This is a model delegates might adhere to.
- One can also consider to *encourage local MPs to promote regional ideas on a national level*, so that their ideas and perspectives can be widespread.
- Raising studies about the issue, the american consulting firm "*McKinsey*" has recently found evidence, that a divers investments (an investment in various sectors, such as the agricultural sector, the healthcare sector and the education sector) has to be encouraged in order to foster long-term improvement.
- Delegates should not lose sight of the public when trying to promote entrepreneurship. *Raising public awareness* will be one essential part of each delegates research.
- Developing countries are in particular in need of *technical assistance* and *education*. They are only able to compete with other countries when they are able to educate their own population in order to conserve and generate a certain expertise.

The solutions, delegates might develop during their research are likely to address the fields of actions mentioned in the following visualisation:

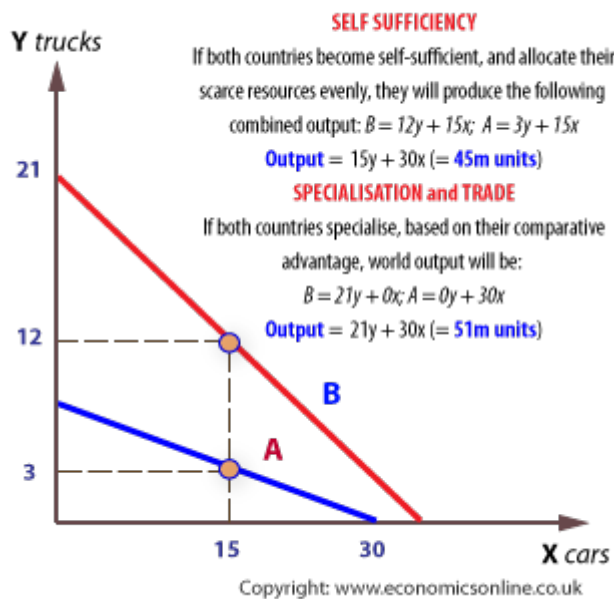


(Source: The Schwab Foundation and The World Economic Forum, in “Policy Guide to scaling social innovation, in http://www3.weforum.org/docs/WEF_Breaking_Binary_Policy_Guide_Scaling_Social_Innovation_2013_2604.pdf)

9.3. Promoting Entrepreneurship focusing on sectors based comparative advantages of individual economies:

By using the comparative advantage developing countries are able to specialise on only some sectors of their economy in order to strengthen them. The theory of the comparative advantage was developed by David Ricardo in 1817 and published in the book “*On the Principles of Political Economy and Taxation*”. This theory was from then on used while the globalization to especially encourage the fast economical growth of many countries. By only focusing on a few sectors and specialising on the education to promote the growth of these sectors developing countries would improve their advantage further on. This will then lead to a better infrastructure and more international investments. By improving the Infrastructure, the education and attracting

international investors developing countries will then be able to build up more companies, develop in any kind of way and strengthen entrepreneurship.



(Source:http://www.economicsonline.co.uk/Global_economics/Comparative_advantage.html;<https://www.weforum.org/agenda/2013/05/five-ways-to-promote-entrepreneurship-in-africa/>)

10. Helpful Links

Since its foundation in 1953, the **U.S. Small Business Administration (SBA)** follows the objective to promote SMEs through providing help on various fields. The **Rockefeller Foundation** is also engaged in this field:

<https://www.sba.gov/about-sba/what-we-do>

<https://www.rockefellerfoundation.org>

The **UNITED NATIONS** inform about the SDGs as well as about the *United Nations Development Programme*:

<http://www.undp.org>

<http://www.un.org/sustainabledevelopment/sustainable-development-goals/>

The 27 June has become the Micro-, Small and Medium-sized Enterprises Day. On its website, the **UNITED NATIONS** inform about their mission for SMEs:

<http://www.un.org/en/events/smallbusinessday/index.shtml>

The **EUROPEAN COMMISSION** on which definition applies to SMEs:

http://ec.europa.eu/growth/smes/business-friendly-environment/sme-definition_de

EU recommendation 2003/361:

<http://eur-lex.europa.eu/legal-content/EN/TXT/?uri=CELEX:32003H0361>

The **EUROPEAN COMMISSION** on promoting entrepreneurship:

https://ec.europa.eu/growth/smes/promoting-entrepreneurship_de

International Journal of Economics, Commerce and Management on factors affecting loan repayment by women entrepreneurs:

<http://ijecm.co.uk/wp-content/uploads/2015/04/3461.pdf>

The **World Bank** on the development of SMEs:

<http://www.worldbank.org/en/topic>

The Index of Doing Business, published by the **World Bank**:

<http://www.doingbusiness.org/rankings>

The **Deutsche Bank** on the evolving market of social entrepreneurship in the world:

<http://poll2016.trust.org>

The *Logistics Performance Index* (LPI), published by the **World Bank**:

<https://lpi.worldbank.org/international/global/2014>

The Economist provides several articles concerning microfinance:

<https://www.economist.com/search/gcs?ss=microfinance#masthead&gsc.tab=0&gsc.q=microfinance&gsc.page=1>

InfoDev provides information on the current situation

<http://www.infodev.org/growth-entr>