



Micro, Small, and Medium-sized Enterprises Day.

"African entrepreneurs contributing to, and benefitting from AfCFTA."

27th June 2023.

African Union Headquarters.

CONCEPT NOTE

1. Introduction

The United Nations General Assembly declared the 27th of June as the Micro, Small, and Medium-sized Enterprises (MSME) Day. The day was set aside to raise public awareness of how SMEs' contribution to sustainable development and the global economy. Recognizing the need to focus on the importance of micro-, small and medium-sized enterprises in achieving the Agenda 2063 Goals, in particular in promoting innovation, creativity, and decent work for all, and the importance of encouraging the formalization, participation, and growth of micro-, small and medium-sized enterprises in international, regional and national markets, including through access for all to capacity-building and financial services, such as affordable microfinance and credit.

As part of the effort to inspire economic growth and transformation on the continent, the AU SME Strategy was developed and adopted in 2019 by the Executive Council. The Strategy was endorsed by the Heads of State and Government during the 17th Extraordinary Summit on Industrialization and Economic Diversification on 25th November 2022 in Niamey, Niger. Its main objective is to develop competitive, diversified, and sustainable economies underpinned by dynamic, entrepreneurial, and industrial sectors that generate employment, reduce poverty, and foster social inclusion. An Integrated Programme Delivery Framework for the Implementation of the AU MSME Strategy recommended regular interface and knowledge exchange meetings on the status of SME development resulting from the implementation of the SME Strategy to take place at the regional and continental levels.

2. Objectives

The purpose of commemorating MSME DAY is to provide awareness of the positive impact of MSMEs on our African Economies and provide avenues to share knowledge and information to support MSME Development through various programs from AU Partner Organizations. Commemorating MSME Day is to also build awareness of the upcoming 2nd AU MSME Annual Forum which will take place in Niamey, Niger from 4-8 September 2023. Under the theme "*Start-up Acts: An emerging instrument to foster development and Innovation in Africa*".

3. Planned Activities for MSME Day 2023

The African Union Commission, Economic Development, Trade, Tourism, Industry and Minerals Department (AUC-ETTİM) recognizes the importance of MSMEs as drivers of economic growth and job creation on the continent. In this regard, the AUC-ETTİM is

organizing a High-level event that will serve the purpose of commemorating the International Day of MSMEs, this will take place in a High-Level commemoration event, two important panel sessions, and an experts group meeting with Ministries, Directors, and Agencies in-charge of MSME development in AU Member States.

- i. High-level event
- ii. Panel discussion on Start-up Acts: An emerging instrument to foster development and innovation in Africa.
- iii. Panel Discussion on the Role of SMEs in Boosting Intra-African Trade
- iv. Experts Group Meeting (EGM)

a. High-Level Event

The high-level event will be graced by principals of Institutions working in developing and promoting MSMEs on the continent. Some of the institutions include AUC-ETTAM, African Union Development Agency (AUDA-NEPAD), Africa Business Council (AfBC), the International Trade Centre (ITC), United Nations Industrial Development Organisation (UNIDO), and the World Association for SMEs (WASME).

The two-panel sessions promise to be highly stimulating policy-oriented platforms bringing together eminent African and international business leaders and entrepreneurs, academics, emerging youth Start-Ups in Digital and Innovation, and other stakeholder groups to engage in practical conversations for enhancing inclusive growth and economic transformation through an ecosystem that fosters innovation and accelerates Africa's structural transformation.

b. Panel Discussions (Hybrid)

Panel 1: "Start-up Acts: An emerging instrument to foster development and innovation in Africa"

Start-up Acts can significantly improve private sector development and tackle high unemployment rates and economic development. The passage of Start-up Acts in Tunisia and Senegal, in 2018 and 2019 respectively, paved the way for multiple proposals in other African countries that reflect the growing interest in improving the enabling environment for start-ups and investors.

Designed to make it easier for start-ups to operate, Start-up Acts include an amalgamation of policies intended to increase the incentives for young people to start a venture, investors to put their money into promising companies, and other ecosystem actors to lend their support where it's needed. For Tunisia and Senegal the two first movers in this arena, these policies are part of broader government strategies to position their countries as innovation hubs by leveraging an emerging tech scene to improve economic development.

Moderator: Ms. Eferiekose Ukala, Founder of ImpactHer

Panelists:

- i. **ITC**, to present on “Comparative research on Start-Up Acts in Africa”
- ii. **Mr, Oussama Messaoud** - Secretary-General of Tunisian Startups
- iii. **Mr, Amadou Sarr Diop** - *Director of Small and Medium Industries Ministry of Industrial Development and Small and Medium Industries, Senegal*
- iv. **Ms, Belinda Baah**, I4Policy
- v. **Dr. Alex Ariho**, *CEO at African Agribusiness Incubators Network (AAIN)*

Panel 2: Role of MSMEs in Boosting Intra-African Trade.

The Session will look at the role of MSMEs in developing the continent by contributing effectively to the continental market ushered in by the Africa Continental Free Trade Area (AfCTA).

The panel discussion will, therefore, look among others providing solutions for MSMEs to effectively participate in the continental market. It will unearth the various strategies that can be or have already been employed to address the challenges faced by MSMEs such as finance, access to affordable energy, and market intelligence.

Moderator: Mr. Peter Githinji

PANELISTS:

- i. **Ms. Lily Sommer**, *Programme Management Officer – AfCFTA, ITC*
- ii. **Jennifer Eweonam**, CEO, DZORDZOE Skincare
- iii. **Providence Mavubi**, *Director in charge of Industry and Agriculture programme at COMESA Secretariat*
- iv. **Harry Innocent Iyalla**, *President AAASME*

- v. **Mrs. Arzika Mamadou Rabito**, *AWIP President*
- vi. **Mrs. Chinwe Florence Ezenwa**, CEO Lelook Bags

c. **Experts Group Meeting (Virtual)**

Expert Group Meeting for MDAs in Charge of MSMEs: Aligning National Policy Frameworks and Action Plans with the AU MSME Strategy and Facilitating a Common African Position on MSME Development Through Trade.

Background and context

Small and medium-sized enterprises (SMEs) form the backbone of Africa's economy, representing over 90% of businesses and employing about 60% of workers, many being women and youth. Africa's small businesses play an important role in creating jobs and are critical drivers of economic activity and poverty reduction. Yet these businesses face a host of challenges, including limited access to finance, a lack of trade market intelligence, undeveloped sales channels, and restrictive policies, among others.

In order to change this and position SMEs at the centre of private sector-led development and trade, several initiatives have emerged in recent years at the national, continental, and multilateral levels.

National level: Several African Union Member States have committed to supporting innovation and providing incentives to the business community. In order to promote entrepreneurship, many countries have also formulated legislation such as Small Business Acts (SBAs) and Start-Up Acts. In addition to Tunisia and Senegal, which adopted a Startup Act respectively in 2018 and 2019, at least 16 more African countries are in the process of adopting one. Others have developed national SME and entrepreneurship-related policies which seek to create an enabling environment.

Continental level: The African Union Commission (AUC) has developed an MSME Development Strategy and Action Plan which was adopted in February 2019. This continental strategy presents guidelines for supporting competitive African SMEs that are integrated into regional and global value chains. The vision of the strategy is to "develop competitive, diversified and sustainable economies underpinned by dynamic, entrepreneurial and industrial sectors that generate employment, reduce poverty and foster social inclusion".

Multilateral level: 88 WTO members signed a statement at the WTO's 11th Ministerial Conference (MC11) in December 2017 declaring their intention to create an Informal

Working Group on MSMEs to explore ways in which WTO members could better support MSMEs' participation in global trade. The Informal Working Group now meets several times a year and 98 WTO members participate in the discussions. Currently, 6 of the 55 African countries are part of the Group - Côte d'Ivoire, Kenya, Mali, Mauritius, Nigeria, and Togo.

Despite these efforts to support MSME development, the potential of the African private sector has not yet been fully unleashed to contribute to job creation and economic transformation as envisaged in Agenda 2063. Policy documents and discussions now need to be translated into practical and targeted interventions.

African countries must take deliberate and coordinated action to implement national-level SBAs, Start-up Acts, and other policies related to MSMEs. Some can offer important learnings for Member States that either do not have national-level legislation to promote SME and start-up development or have not established appropriate institutional structures to support the adoption and implementation of legal instruments.

A strategic approach will be required to guide African countries to align their national policy frameworks to support the implementation of the AU SME Strategy. Although the AU SME Strategy and Action Plan is a "continental" policy document, implementation will take place at the "national" level and therefore the strategy must be translated and contextualized to domestic realities. The actions outlined to support SME development cut across several sectors - such as finance, tax, business registration, skills development, transport, and statistics - and therefore Ministries, Departments, and Agencies (MDAs). This will require an effective coordination mechanism led by the MDA responsible for MSMEs working closely with all relevant government actors, the business community (including SMEs themselves), financial institutions, civil society, and other important stakeholders.

Furthermore, since Africa is home to the largest number of MSMEs globally, African countries must be pro-active, forward-looking, and engage in the WTO Informal Working Group on MSMEs discussions. This will help to ensure that the Ministerial Declarations on MSMEs are more responsive to the needs and priorities of African MSMEs, and take into full account the situations of WTO members at different stages of development. Abstaining from the discussions may risk pushing Africa's small businesses further behind in the global trading system. The AU MSME Strategy offers a platform for coordination and benchmarking on SME priorities and policies, and the establishment of a common African position at the multilateral level. This would create greater leverage for the continent to challenge recommendations that could be deemed unfavourable to Africa's transformation agenda.

It is in this context that the AUC and International Trade Centre (ITC) in cooperation with the African Association of SMEs (AASME) are organising an Expert Group Meeting (EGM) for MDAs in Charge of MSMEs on "Aligning National Policy Frameworks and Action Plans with the AU SME Strategy and Facilitating a Common African Position on MSME Development Through Trade". The EGM will take place virtually on 27 June 2023 on MSME Day.

Objectives

The purpose of the EGM is to bring together Directors at MDAs in charge of MSMEs to coordinate efforts to support MSMEs to build competitiveness and participate in trade in Africa and globally.

The specific objectives of the meeting are to:

1. Sensitise on the AU SME strategy to inform and guide on the alignment and coordination of national policy frameworks for MSMEs.
2. Sensitise on the purpose of the WTO Informal Working Group and the benefits of participating as a member in the discussions of the Group.
3. Facilitate peer learning through sharing lessons and best practices on SME development.
4. Identify and discuss the critical opportunities and challenges for SMEs to participate in trade on the continent and globally, to inform the development of an Action Document for validation by Directors at the AU SME Forum.

The Action Document will be subsequently presented to the Ministers in charge of SMEs at the 18th Extraordinary AU Summit on Industrialisation.

Expected output

Guideline document to inform the alignment and coordination of national policy frameworks and action plans with the AU MSME Strategy.

Action Document on MSME development to be presented to Ministers in charge of MSMEs.

Expected Outcome

Increased awareness on the importance of strengthening the competitiveness of SMEs to integrate into regional and global value chains through the implementation of national policies and legislation aligned to the AU MSME Strategy and recommendations of the WTO Informal Working Group on MSMEs.

Complementary actions

The WTO Africa Group Ambassadors Retreat in Geneva in September 2023 will be briefed on the Action Document endorsed by African Ministers in charge of MSMEs.

This document will be subsequently presented as a common African position (recommendations) at the 13th WTO Ministerial Conference (MC13) discussions of the MSME Informal Working Group in Dubai in February 2024, and will therefore inform the MSME Declaration.

Contacts:

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