



# **Accelerating Global Actions for a World without Poverty**

**Enhancing productive capacities, entrepreneurship  
and development**

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**Inter-agency Expert Group Meeting on  
The Implementation of the Third United Nations Decade for the Eradication of  
Poverty**

**UN-ECA, Addis Ababa**

**19 April 2018**

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# Motivation

Entrepreneurship is increasingly playing a more important role in global development (UNU-WIDER, 2008; WBER, 2011):

- Since the 2000s we have seen the emergence of the so-called entrepreneurial economy: knowledge-driven goods and services are now more flexibly provided by smaller firms
  - The emergence of a class of innovators requires a more facilitating state.
- In emerging economies, notably in Brazil, India, and China, rapid growth has been driven by a genuine entrepreneurial revolution.
  - The need in these economies to sustain growth through sustainable access to resources, knowledge, markets, and low-carbon industrialization puts a premium on innovative entrepreneurship.
- In LDCs, where aid dependency is high, donors have been shifting the emphasis in development cooperation towards private sector development.



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# Concluding remarks

- Importance of **adequate policies to foster human capital, employment and investments.**
- **The role of the private sector** in advancing inclusive social infrastructure and in delivering key services such as education, job creation, and in advancing inclusive is crucial to build skills and knowledge, which are necessary for national economic competitiveness and development.



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# Concluding remarks

## What is new?

- **Creative economy:** new chances for transforming and integrating vulnerable countries into the global economy and achieve the SDGs?

Today, the creative industries are among the most dynamic providing new opportunities for developing countries to leapfrog into emerging high-growth areas of the world economy.

**“Adequately nurtured, creativity fuels culture, infuses a human-centred development and constitutes the key ingredient for job creation, innovation and trade while contributing to social inclusion, cultural diversity and environmental sustainability.” Creative Economy Report 2010**



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## Productive capacities

- Productive capacities are “the productive resources, entrepreneurial capabilities and production linkages which together determine the capacity of a country to produce goods and services and enable it to grow and develop” (UNCTAD, 2016).



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- Entrepreneurship:

"Any attempt at new business or new venture creation, such as self-employment, a new business organization, or the expansion of an existing business, by an individual, a team of individuals, or an established business" (Global Entrepreneurship Monitor, 2017).

Occupational perspective of entrepreneurship! (not necessarily ownership or finance driven)



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# Innovation and development

The build-up of innovation capacities has played a central role in the growth dynamics of successful developing countries (Santos-Paulino, Squiciarinni and Fan, 2014).

<b>Early stages</b>	<b>Incremental innovation – associated with the adoption of foreign technology</b>  <b>Social innovation: improve the effectiveness of public services and business</b>
<b>Later stages</b>	<b>Higher-technology - R&amp;D based innovation for competitiveness and learning – allowing for completing the ‘catch-up process’</b>



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## Principles of entrepreneurship according to UNCTAD

1. **Consensus building:** between the government and representatives of all sectors of business activity, local communities, education and financial institutions.
2. **Sustainability:** poverty reduction, gender equality and environmental protection are core goals.
3. **Implementation:** multiple ministries, as well as implementing agencies from the private sector and civil society should be identified and their role clearly defined.
4. **Monitoring and evaluation:** the periodic measurement of policy effectiveness is essential for the management of entrepreneurship policy and should incorporate feedback from lessons learnt on an on-going basis.





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# UNCTAD entrepreneurship framework



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# Components of a national entrepreneurship strategy (UNCTAD)

**1**

**Formulating National Entrepreneurship Strategy**

**2**

**Optimizing  
the Regulatory  
Environment**

**3**

**Enhancing  
Entrepreneurship  
Education and  
Skills Development**

**4**

**Facilitating  
Technology  
Exchange and  
Innovation**

**5**

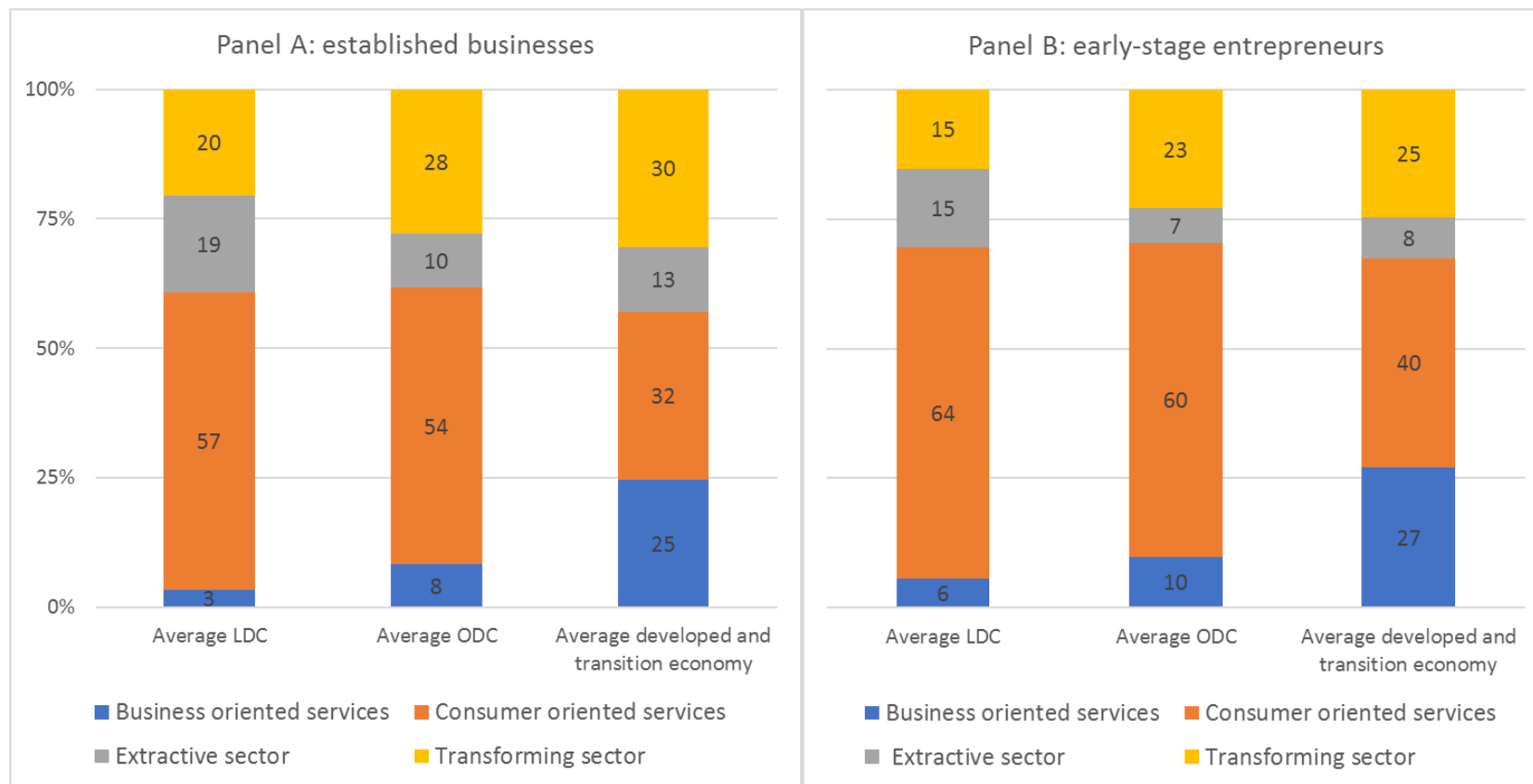
**Improving  
Access  
to Finance**

**6**

**Promoting  
Awareness and  
Networking**



# Enterprises by activities in LDCs



- Most enterprises (57%) in LDCs appear to be concentrated in consumer-oriented services (especially among early entrepreneurs)
- A relatively small share of early entrepreneurs in LDCs report some innovation.

Source: UNCTAD LDCR 2018, forthcoming



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# Entrepreneurial activities in LDCs

- Entrepreneurial activities in the LDCs are characterized by higher discontinuation rates than in the rest of the world (especially with the end of the business itself).
- Main challenges of entrepreneurship in LDCs:
  - Unprofitable business & limitations in the business environments
  - Difficult access to finance
  - Human capital / skills constraints and access to other social services
    - Low investments in human capital may affect the already low growth rates of income, implying a vicious circle of under-development



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# Entrepreneurship and rural development

## Can we diversify rural development?

- Non-farm enterprises in rural Sub-Saharan Africa are most often operated for economic necessity and survival (Christiansen et al 2017).
  - Consequently, they tend to have low productivity, do not create many jobs, and do not drive structural transformation.



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# Entrepreneurship and rural development

A closer look:

- Most households operate businesses in easier-to-enter activities.
- Most are informal, often operating only seasonally and creating few jobs.
- **Productivity is low**, and enterprises perform poorly.
  - Nonfarm enterprises are less productive when operated by women, located in rural areas, or operated in response to a shock (drought, flood, or illness)
- Being unable to cope with shocks, reacting to seasonality in agriculture, or trying to provide jobs for household members can force households into operating an enterprise.



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# Entrepreneurship and rural development

- Non-farm enterprises will benefit from policies that:
  - Improve the business environment
  - Assist rural households to manage and cope with risk, and strengthen the capabilities of individuals to be entrepreneurial.
    - Improvements in data collection on rural enterprises is crucial!



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# Concluding remarks

- Importance of **adequate policies to foster human capital, employment and investments**.
- **The role of the private sector** in advancing inclusive social infrastructure and in delivering key services such as education, job creation, and in advancing inclusive is crucial to build skills and knowledge, which are necessary for national economic competitiveness and development.
- **Creative economy:** new chances for transforming and integrating vulnerable countries into the global economy and achieve the SDGs?





**Thank You!**

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