

Promoting Micro, Small and Medium Enterprises (MSMEs) for Inclusive, Equitable and Sustainable Development in South Asia (2013-2016)

Project outline

Project Inception Meeting

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Background

- South Asia is one of the least integrated regions in the world with limited ongoing economic cooperation amongst the eight countries
 - Intra-regional trade – 7.5 % (ASEAN 25%, North America 54%, EU 67%)
- South Asia has a combined population of over 1.4 billion people (20% of world population) and over 500 million people living on less than \$1.25 a day (about the half of the world's poor).
- GDP growth has been high. The region has recorded significant progress on several MDGs; yet, a major development challenge is to steadily maintain inclusive, equitable, and sustainable development pathways with enhanced human development outcomes.



Background – contd.

- An important channel for realizing inclusive and sustainable regional development outcomes would be accelerating the gainful participation of MSMEs within South Asia with a focus on women.
- MSMEs are an important source of employment and poverty reduction, especially for women who don't have employment opportunities outside of home. However,
 - The average growth rate of women's enterprises is significantly lower than the average growth rate of MSMEs run by men (IFC 2011)
 - Women entrepreneurs are clustered in micro and small enterprises, lacking access to networks, financial services, and trainings.
 - The proportion of business owners who are women is much higher than their share of business wealth (in Karnataka, India, 31% female share of owners while female share of total business wealth is 5% (source CPP, IIMB)
 - Formal SMEs owned by women is 8-9% in South Asia (East Asia, Central Asia and Eastern Europe 38-47%, Source: ADB)



Rationale for this project

Since MSMEs are the backbone of the economy, providing major source of formal and informal sector employment for women in most South Asian countries;

- strengthening their participation in the markets, particularly in the regional markets, while leveraging South Asia's existing and potential roles in creation of regional value chains would be important for inclusive and equitable development.
- Special attentions will be given to non-tariff measures that constitute for a notable barrier for the MSMEs to tap into existing and emerging regional value chains and to the operational challenges faced by women owned and led business as well as informal women and individual traders
- A particular focus on supporting women MSMEs to access Indian markets given its economic size and weight in the region



Objectives

- A. Research components
- B. Policy advocacy and capacity development components
 - 1. To systematically identify the constraints faced by women owned and led MSMEs in South Asia in establishing and operating MSMEs including accessing regional markets and the NTMs/ TF linked barriers and ways to ease constraints
 - 2. To analyze South Asia's existing and potential roles in regional value chains
 - 3. To identify capacity development needs of women owned and led MSMEs to join and derive more benefits from the regional market as well as to expand intra- and extra-regional trade.
 - 4. To help address the impediments identified through multi-stakeholder led systematic policy advocacy effort, both at the national and regional levels



A. Research components (Now-2014)

- a. Database generation on women owned and led MSMEs with national and regional federations jointly with private sector partners → B2B portal
- b. Country studies with 1 regional synthesis report on export potential, product lines, non-tariff barriers, including trade facilitation audits at selected borders, firm level survey.

Approach for policy advocacy and capacity development components will be discussed after the information gap and capacity development needs are identified in country studies

Session objectives



Session IV: MSME Development and Regional Value Chains

- To learn about relevant projects in the region and discuss the design of the proposed project ensuring synergies with existing ones; and
- To identify gaps and discuss the added value of the project.

Session V: Discussion on the proposed project

- To discuss the challenges faced by the private sector in South Asia, and mechanisms to address those challenges to enhance private sector competitiveness in general;
- To discuss possible approaches for database generation on women-led and -owned MSMEs (WMSMEs) and country studies that identify critical constraints faced by WMSMEs in participating in regional and extra-regional trade and their moving up the value chain; and
- To agree on the project approach, including research questions and methodology as well as clear outputs and timeline