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**Follow-up to the World Summit for Social Development and
the twenty-fourth special session of the General Assembly:
priority theme: strategies for the eradication of poverty to
achieve sustainable development for all**

Statement submitted by The World Union of Small and Medium Enterprises, a non-governmental organization in consultative status with the Economic and Social Council*

The Secretary-General has received the following statement, which is being circulated in accordance with paragraphs 36 and 37 of Economic and Social Council resolution 1996/31.

* The present statement is issued without formal editing.



Statement

INSTITUTIONAL REFORMS AND ENCOURAGEMENT OF PRIVATE INITIATIVES: THE KEY STRATEGY FOR THE ERADICATION OF POVERTY

INTRODUCTION, OBJECTIVE AND PURPOSE OF STATEMENT

Though the World Bank statistics show that as of 2013 (more reliable recent data are still missing) fewer people live in extreme poverty than ever before, still more than 767 million people are living under the international extreme poverty line of \$1.90 a day. Poverty remains unacceptably high. An increasing number of activists demand Governments and International Organizations to undertake more effective political actions to completely eradicate extreme poverty in the forthcoming decades.

It is indisputable today that a political system must be understood by everyone, not only by national governments and intergovernmental organizations (such as the European Union and the UNO organizations). These organizations certainly play a most important role in the eradication of poverty, but the spectrum of policy is much wider and also includes, and above all, the smaller units, the families, the municipalities and cities, the private sector, and the employers 'and workers' organizations and other NGOs. These institutions also make political decisions every day in their own domain. We have encouraging examples, e.g. in China, India and African Countries, that it is possible to motivate people to help themselves to escape the poverty trap, provided that they receive some reasonable incentives, such as micro loans without interest and guarantees by Governments, Banks and private Sponsors. Nobel Prize Winner for economics 2017, Richard H. Thaler, USA 2017, would call it applied "Nudge Theory", a concept for decision making of individuals that practically works.

However, Micro- Small- and Medium Enterprises cannot solve alone alleviation of poverty, but this world wide approx. 500 million members comprising society decisively contributes not only to increasing the growth of the national Gross Domestic Product per capita (GDP per capita Purchasing Power Parity) of a country, but also helps to improve the quality of life of the population and their wellbeing.

Our statement does not aim at formulating political declarations addressed to Governments, but intends to contribute to a better awareness of the role of the private sector for eradicating poverty, particularly in less privileged economies by suggesting possibilities of cooperation with all entities involved as well on communal, national, and international level.

OVERVIEW OF THE ISSUE AS IT RELATES TO THE WORK OF WUSME

WUSME agrees with studies evaluating that:

- SMEs create more than 90% of all jobs,
- SMEs drive the socioeconomic paradigm which, in turn, promotes appropriate economic growth and development,
- the creation of SME's is the most effective way to alleviate poverty in both developed and developing countries.

The focus of national and international SME policy was and remains, therefore, to propose to governments, appropriate international organizations, financial institutions, chambers of commerce and other relevant agencies and institutions:

- to grant SMEs greater and less restrictive access to critically needed financial resources,
- to allow SMEs greater latitude regarding compliance with regulations clearly created to constrain much larger businesses and organizations;
- to assist SMEs wanting to enter partnerships across national borders, and to support SMEs in identifying new business opportunities.

SPECIFIC EXAMPLES OF INITIATIVES PROMOTED BY WUSME

“TUTUMIKE”: SPECIAL PROGRAM FOR THE REPATRIATION OF THE REFUGEES IN AFRICA

The TUTUMIKE program has been conceived by WUSME to facilitate a sustainable reintegration of the refugees into the Democratic Republic of Congo through training of new entrepreneurs.

In view of its significant social impact, TUTUMIKE has been favorably acknowledged by the Government of the Democratic Republic of Congo, which conferred WUSME an official mandate to present it to the United Nations High Commissioner for Refugees in Geneva.

Heart of this program is the establishment of centers for entrepreneurial education and training for the returnees in nine provinces of the country to provide them with the tools necessary to start a new small business or crafts activity in their home land. In order for the Democratic Republic of Congo and Africa as a continent, to have a truly sustainable progress, it is necessary to invest more in the development of education, training in specific skills and knowledge of innovative technologies, making its inhabitants and communities self-sufficient and well-being.

NETWORKING PLATFORM FOR SMEs

WUSME is currently engaged in the creation of a networking platform able to match demand and offer of conditions useful for the implementation of economic projects with an overall impact on SME's. This platform is also meant for enterprises to present their activities, products and services and identify potential financing opportunities and investors.

SMEs FUNDING: ALTERNATIVE SOLUTIONS

WUSME is currently engaged, together with Partner Organizations, in promoting systems and solutions which may allow enterprises to raise funds also as an alternative to traditional bank credit. In particular, WUSME is committed to foster the use of Guarantee Funds and crowdfunding platforms which may allow the implementation of specific programs and projects for SMEs crisis prevention and development and provide micro-finance opportunities for entrepreneurs in less developed countries, contributing to the achievement of the Millennium Development Goals and the alleviation of poverty.

WUSME PATEI: WUSME PAN AFRICAN ENTREPRENEURIAL TRAINING INSTITUTE

WUSME welcomed the proposal, received by South Africa, to establish a WUSME Pan-African entrepreneurial and vocational training institute: WUSME PATEI.

The initiative is fully consistent with one of the priorities of the Organization: education and training of small entrepreneurs, especially with regard to women entrepreneurs in developing countries. In the poorest and most disadvantaged areas

of the world, long lasting improvement of basic living conditions can only take place through education, acquisition of skills and use of innovative technologies. With projects like this, WUSME aims to implement initiatives that facilitate SMEs to take a real and significant step forward.

A WAY FORWARD: EXPECTATIONS, SPECIFIC RECOMMENDATIONS

To support the development of MEs, particularly to enhance their ability to access investment projects, encourage international business partnerships, facilitate trading beyond borders and the transfer of innovative technologies, particularly those benefiting less privileged economies. Access to finance remains a major concern and common problem for all enterprises. The International Workshop on Innovative SME Financing, held in the framework of the 4th General Assembly of WUSME in San Marino on 16th and 17th April 2016, ended with the recommendation of a new general approach to the WUSME AGENDA 2021. The consensus reached is for a holistic approach, based on which smaller companies be enabled to fully reap the benefits of a more diversified financial offer. In today's world, we must find the conditions to foster a higher level of investment in SMEs competitiveness and flexibility, necessary to operate in a globalized market, as well reduce the level of bureaucracy, a very important factor, especially for those who intend to start-up a new business. This is the vision that will guide WUSME's action in the next future, as Organization determined to combine the converging forces of SMEs, related institutions, economic associations and international organizations.

CLOSING SENTENCE

Main purpose of WUSME'S activities will be: to enable Small and Medium Enterprises to play that key function as engines for growth in every economy of the world, with most effective impacts on areas of particular strategic concern in economic or social terms including the eradication of poverty and to achieve utmost wellbeing for all.
