

SMEs: The Missing Transforming Middle

Thematic Day Agenda, Wednesday 21st June (at 20 June)



DCED Annual Meeting
2023
19-22 June
Geneva, Switzerland

Small and medium sized enterprises (SMEs) are key actors in economic, social and environmental transformation. However they exist in immature systems of support and financing. The SME Development space now has a much better understanding of what these systems should look like.

During this year's thematic day, we will collectively explore exciting examples of these systems working effectively and the roles donors can successfully play. The following agenda names some of these examples, but we also want to learn from you. Half of each session will be spent in small group work learning from one another, unearthing further examples, and exploring shared priorities to form an agenda moving forward.

08:15- We will be convening at a **venue TBC** in **central Geneva**. Please arrive in time to sign in and pick up a cup of
09:00 coffee. *Due to the popularity of this event, pre-registration with the [DCED Secretariat](#) is essential.*

09:00- The opening sessions will set the scene, providing an overview of the critical challenges facing low and
10:05 middle income countries, and the vital role SMEs have to play. **We will meet Jane**, to hear how her enterprise is rising to meet these challenges, and to **hear her experiences and perspectives of the value of support systems.**

10:30- During the middle of the day, we will consecutively dive into **two of the key dimensions of SME support:**
15:00 **BDS and Finance**, exploring their value with **Dean Karlan**, and examples of **how effective markets of support and finance are being built.** In parallel to the finance session **a second group will explore the keys to unlocking green growth.**

Between the morning and afternoon sessions we will break for lunch.

15:30- The last sessions of the day, again in two tracks, will build on what we have heard, looking at
17:00

- ways in which government, the private sector and the development sector can and are **weaving together interventions** in BDS and finance with interventions in improving market access and the enabling environment, and
- how to do **market systems development at scale** with interventions in improving market access and the enabling environment

We will then do a quick recap of the key points of the day, summarize the agenda that has emerged to **inform collective work going forward**, and reinforce ways in which donors and actors can effectively intervene to strengthen specific dimensions of the system, or weave together multiple dimensions, and regardless of which path is chosen, intervene in a way that contributes to more effective, resilient and sustainable systems of support.

The overall objective of the day is to **leave inspired, informed and practically equipped with examples and connections** to develop effective and sustainable systems of support that **enable SMEs to drive transformation.**

For more detail, please see the following pages.

09:00 Welcome and scene setting: the scale of the employment challenge and the role of SMEs in transforming low and middle income countries

Welcome to Geneva! Mia and Liliana will welcome us with opening remarks, before laying out the scale of the employment challenge. This will set the scene as we spend the day ahead exploring the role of SMEs, and the systems in which they sit, in generating inclusive economic growth, progressing against the SDGs and transforming low and middle income countries.



*[Mia Seppo](#), ILO
Assistant Director
General, Jobs & Social
Protection*



*[Liliana de Sa Kirchknopf](#),
Head of Private Sector
Development at SECO,
and co-chair for the DCED*

09:20 Entrepreneurs rising to simultaneously deliver social, environmental and economic impacts

Exotic EPZ Ltd are an agro based social and environmental enterprise that processes and exports nuts and are working on a plan to export edible oil products. Jane Maigua will describe her and her fellow founders journey from starting up in 2017, to now employing 187 people, 75% of whom are women, and 85% are youth, while sourcing directly from 4,500 smallholders, and powering their enterprise through renewable energy.

Through a question and response we will interrogate the role the emerging ecosystem of support and finance have played, or not played, in Exotic's journey from start-up to exporting enterprise.

We will then turn to you for recollections of the most impressive entrepreneur you have met.



*[Jane Maigua](#), co-
founder and
Managing Director,
Exotic EPZ*



*Interviewed by Mary
Mwangi, Argidius
Foundation*

10:05 Coffee

10:30 The value of specific support system dimensions: Business Development Services

Building markets of SME support proven to be effective

Exotic EPZ are one of a small segment of SMEs, who accessed services provided by Enterprise Support Organizations that received funding from Argidius Foundation amongst other donors. These “growth firms” collectively generated a quarter of all Kenya’s formal employment in 2019.

But how do we know any of this support made a difference? And will it disappear as funding interests move elsewhere?

This session will highlight BDS interventions proven to cost effectively enable the SME growth and productive job creation that is so vital for economic transformation, present examples of how markets of sustained support have been built, and explore the roles donors can successfully play.

The spotlight will then turn to you. Small group work will explore what you have found to have worked and not worked, and what your perceptions are of the challenges and opportunities to scale up markets of effective support. Feedback from small group work will be used to inform the agenda moving forward from the thematic day.



[Dean Karlan](#), Professor at Northwestern, founder of IPA, and Chief Economist at USAID



[Marnix Mulder](#), Triple Jump, (fund manager of the Dutch Good Growth Fund from the Netherlands Ministry of Foreign Affairs)



[Nicholas Colloff](#) OBE, Argidius Foundation



Moderated by [Rebecca Harrison](#), CEO African Management Institute

12:00 Lunch

13:30 Session A1 The value of specific support system dimensions: Finance

Financial innovation for SMEs and the SDGs: new and renewed financial institutions and instruments tackling multiple challenges

New and renewed financial institutions and instruments are making inroads in addressing the missing middle of SME finance, and at the same time, financing progress against vital social and environmental challenges. Donors have an important role to play in catalyzing this financial innovation. This session will showcase:

- The evidence of the impact of finance on SME growth
- How one of Africa's largest banking group's transformed its SME lending to disburse >\$450m to SMEs in Kenya through its new cash-flow and relationship based lending product and business club offer, while at the same time improving the proportion of loans to women owned SMEs from 22% to 51% and laying the foundation for a new green SME finance capability. The product is the banks second most profitable, a major achievement when the median loan size is \$40k.
- How a new financial institution has created a sustainable and scalable model which incentives client SMEs to create good jobs. Investment and highly efficient business support is being combined to make unviable investments viable. Support is costed in and full commercial coverage was reached in 2022. The model is scaling in secondary cities across Uganda, client SMEs are moving existing employees into better paid and more secure contracts as part of financing agreements, while growing and generating new quality jobs. The median loan size is \$20k.
- The challenge of scale for the missing middle – aggregating opportunities to attract international institutional capital. Designing a fund of funds for local capital providers, to mobilize domestic and international capital into SDG aligned SMEs, piloting in in Ghana and then looking to roll out the template across the continent.
- How the SDG Impact Finance Initiative is working to mobilize new financial solutions and collaboration between public and private partners



[Naomi Ndele](#), Head SME Banking and Agribusiness, KCB Bank Group



[Joshua Bicknell](#), Co-Founder & Director, Balloon Ventures



[Dean Karlan](#), Professor at Northwestern, founder of IPA, and Chief Economist at USAID



[Yofi Grant](#), CEO, Ghana Investment Promotion Centre



Josien Sluijs, Independent Executive President, SDG Impact Finance Initiative



Moderated by Piers Cumberlege, The Ground Up Project

Again we will then turn to your experience and perceptions, moving to small group work to unearth further examples of institutions and instruments that are successfully lending into the missing middle, identify where wicked problems remain, and inform the agenda moving forward from the thematic day.

13:30 Session A2

Empowering the green transformation: taking a systems approach or promoting green enterprises?

The last DCED member survey in 2022 identified “Climate change and green growth” as the number one area of growing agency interest. How are implementers and funders responding to this challenge?

In light of this year’s thematic day theme, this session will explore different ways of addressing the green transformation challenge and debate with the participants what else is needed.

We will hear from the Dutch-African INCLUDE knowledge platform about the recent report on [Green Jobs in Africa](#) – which looked at the implementation model of the Challenge Fund for Youth Employment, and analyzed “the barriers and drivers of green job creation in firms”.

In a contrasting view we will hear from the ILO green jobs and market systems development teams on what is understood as a [market system approach to the environment](#) and their “research into practical guidance to help projects and donors ultimately better integrate and achieve environmental objectives in MSD programmes”

Finally Kristin O’Planick from USAID will join the panel to reflect on these approaches and USAID’s work on green growth from a donor perspective. Kristin will also reflect on [USAID’s Climate strategy](#) published last year.

The moderator will then put a task to participants in the room that will structure questions to the panel on how we can empower a green transformation.



*Siri Lijfering,
Knowledge
Manager INCLUDE*



*Kristin O’Planick -
MSD team lead at
USAID - Washington
DC*



*Isaac Cowan Gore
technical specialist
MSD, ILO Geneva*



*Moderated by Mette
Grangaard Lund,
Technical Officer, Green
Jobs and Just Transition,
Enterprise Department,
ILO*

15:30 Session B1 Weaving together multiple support system dimensions

Bringing together advances in key dimensions of SME Development to accelerate transformation

What does it require for development actors, including national governments and international donors, to simultaneously work across dimensions of entrepreneurial ecosystems to strengthen enterprise access to support, finance, market and operate in a more conducive enabling environment? This session will explore approaches being taken by key actors: a national government, an international development actor, and one of Asia's major private sector organizations, and point to the opportunities, challenges, trade-offs and ways of working critical at this level of ecosystem development.

- We will learn from the previous Kenyan administration's efforts to focus on growth orientated enterprises as catalysts for economic growth, how key segments of MSMEs are identified and prioritized at a national level, and important roles the government needs to play to incentivize, facilitate, and enable successful enterprise development. Anne will also speak to the challenges of moving growth enterprises up the political agenda in an economy dominated by informal enterprises.
- We will hear how the new Team Europe initiative Invest in Young Businesses in Africa (IYBA) is moving away from traditional interventions and taking a long term approach to build markets, support and develop new and early stage ecosystem actors, and increase the quality and quantity of financial instruments and technical assistance available for very-early and early stage enterprises in fragile countries.
- The new President of the Confederation of Asia-Pacific Chambers of Commerce and Industry (CACCI) will outline his strategy to help businesses get SET for the future by supporting SMEs in: 1) Sustainability, particularly in relation to supporting the move to net-zero; 2) Entrepreneurship and in particular inclusive entrepreneurship so that inequality is addressed and innovation is increased, and 3) Trade with specific focus on digitizing SMEs as well as mediation to ensure trade reinforces global peace and doesn't disturb it.



[Anne Mutahi](#), *SME Advisor to Kenya's last President, and board member of Financial Sector Deepening Kenya*



[Peter McMullin](#), *President of the Confederation of Asia-Pacific Chambers of Commerce and Industry (CACCI), Entrepreneur & Philanthropist*



[Miquel Campo-Llopis](#), *Policy Officer, European Commission*



Moderated by Anne Chappaz, International Trade Centre

We will then move to table discussions for the last time as we identify further examples of multidisciplinary approaches and tease out success factors and challenges and key questions to take forward.

15:30 Session B2

Transformation needs scale – what is our best bet?

Are private sector and SME development interventions a literal “drop in the ocean” for private sector development in emerging economies?

What is needed to achieve scale in market systems and private sector development? How do we define scale at different levels?

These and more questions will be explored in this session in which we will

- hear from the Dutch Ministry of Foreign Affairs and their global approach to systems change in the Cocoa sector: the [Dutch Initiative on Sustainable Cocoa](#)
- From Gareth Davies, author of a “getting to scale” in Market Systems development paper published in the BEAM Exchange a few years back and updated recently [here](#).
- And from Alex Kucharski on a different scaling perspective, more from a donor/investor lens from British International investments
- Finally on the panel, Tonderai Manoto will provide a reality check from the field on what scale means in a country like Sierra Leone...how can we achieve it?

The moderator will then also bring in the public in a facilitated exchange on key questions in getting to scale and transforming economies



*Daan van der Meer,
Policy Officer
Sustainable Production
and trade (DDE)
Netherlands MFA*



*Gareth Davies
International
Monitoring,
Evaluation, and
Learning Consultant
Tandem Consulting*



*Alex Kucharsky
BII – London*



*Tonderai Manoto
Programme Manager
EU funded project
Opportunity Salone-
Freetown (ILO)*



*Moderated by
Andrea Inglin,
policy advisor
SDC, Bern.*

16:45 Wrap up

Merten, Diepak and Nicholas will thank participants, enablers and speakers, and share their perspectives on the key points emerging from the day, and summarize take home messages.



Merten Sievers, ILO SME Unit, and co-chair of the DCED



Diepak Elmer, Co-Head of the Economy and Education Section at SDC



[Nicholas Colloff](#) OBE, Argidius Foundation

17:00 End
