



Economic and Social Council

Distr.: General
9 December 2016

Original: English

Commission on Population and Development

Fiftieth session

3-7 April 2017

Item 3 of the provisional agenda¹

General Debate 3 (a): Actions for the further implementation of the Programme of Action of the International Conference on Population and Development at the global, regional and national levels

3 (b) Special theme of the fiftieth session² of the Commission based on the Programme of Action of the International Conference on Population and Development and the key actions for its further implementation

Statement submitted by World Union of Small and Medium Enterprises, a non-governmental organization in special consultative status with the Economic and Social Council³

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.

¹ E/CN.9/2017/1.

² Changing population age structures and sustainable development.

³ The present statement is issued without formal editing.



Statement

Introduction, objective and purpose of statement

Even in the short term, population ageing is altering the demand for goods and service as the consumption patterns of the population are shifting. The objective and purpose of this statement is to contribute to a better understanding of policymakers and national institutions of the importance of SMEs and Crafts for a sustainable social, and economic development and to summarize the impacts of demographic changes on education, innovation, environmental issues and new business opportunities for smaller enterprises.

What demographic changes mean for small and medium-sized enterprises and professions in crafts

Recent studies (e.g. KfW Research, Authors: Dr Michael Schwartz, Dr Arne Leifels) have revealed that demographic factors have a significant impact on short-term turnover expectations of small and medium-sized enterprises (SMEs) and professions in crafts. Demographic change has also an impact on investment, as structural changes in demand in services, products, etc. require realignments of product ranges or marketing strategies. Demographic change offers various opportunities for the economy. Its impacts on sales markets have not yet received much attention. The ageing of the population alters the patterns of consumption of goods and services as older consumers spend their money on different types of goods — more on health and housing and less on mobility. In OECD countries about one-fifth of the turnover growth in the SME sector can be attributed to demographic change. Service providers are particularly well represented among those that benefit from demographic change. At the same time, an estimated 10 per cent of enterprises are concerned about losses in the manufacturing sector.

Contrary to Malthus, although the world population has surged to 7.5 billion, today about 750 million people — just 10 per cent of the total population — live in extreme poverty. China and India, in particular, have lifted hundreds of millions out of poverty in recent decades, increasing their citizens' incomes and improving their health.

China, for its part, also benefitted from a “demographic dividend”: fertility rates fell, and the labour force grew faster than the dependent population, freeing up resources to invest in people and capital. This produced higher growth and improvements in living standards.

For India and other developing countries, however, the demographic dividend is just starting to be felt. In fact, fully 90 per cent of global poverty is concentrated in countries with growing working-age populations, creating an important opportunity for rapid poverty reduction in the coming decades.

Overview of the issue as it relates to the work of the World Union of Small and Medium Enterprises (WUSME)

The WUSME workshop on innovative SMEs financing held in San Marino from 16-17 April 2016 recommended the following general approach: delegates from 70 countries in Africa, Asia, Europe, Latin America and Northern America

agreed that a “holistic approach” will be needed to enable smaller firms to fully reap the benefits of a more diversified financial offer. Since national institutions are decisively responsible for business success and competitiveness of SMEs, a new architecture for SMEs financing calls for reforms of existing institutions and where no such institutions are existing, for the creation of new institutions that assist SMEs and crafts professions to develop awareness and better understanding about the availability of alternative instruments to benefit themselves. Other WUSME international workshops held between 2010 and 2015 have dealt with “Igniting Innovation”, “Waste to Energy”, “Currency Transaction Levy for Financing the Development Goals”, among others.

Health care

The contribution of health to economic development is considered to be high. Studies in the United Kingdom show that 30 per cent of economic growth can be related to improved health and some scientists believe that the improved health of the population has a greater impact on the economic growth than education. Regarding new products in biotechnology, SMEs traditionally play a crucial role. Because of their quick adaptability, ability to identify market niches and considerable innovative potential, these firms form an important component of the health-care industry worldwide.

Environment Protection — Waste to Energy

For example, in July 2014, WUSME signed an agreement with different organizations in San Marino for the promotion and development of vocational training programmes and crafts in collaboration with the vocational training centre of the Republic of San Marino. Co-operation agreements have also been signed with the European Chamber of Commerce and with the Chinese-Hungarian Chamber of Commerce for related purposes.

Education and training programme for entrepreneurs and their employees

WUSME has developed a programme aiming at: Encouraging education and professional training, working closely with academic institutions in the different countries, to implement appropriate training programs and create effective international network of intellectual resources for the benefit of entrepreneurs and their employees around the world. WUSME is already active in developing and implementing important partnerships worldwide with public and private partner organizations, to foster education and training, with important social impact on local communities.

Special fund for developing countries

Unemployment and poverty are indeed the main causes of the mass migration of populations from sub-Saharan Africa to Europe. Agriculture, food industry, textile, fisheries, farming, health, education, vocational training, provision of drinking water, energy, environmental protection, etc., are the areas where the challenge can be met. A “special fund” for developing countries is urgently needed. WUSME as a partner of the United Nations could serve as a framework for the management of this special fund, under a mandate of the United Nations.

A further example of how a WUSME project can impact individuals' lives: a proposal for a national repatriation of refugees programme for the Democratic Republic of the Congo: at the heart of this initiative is the establishment of a Centre for vocational education and training of refugees repatriated to the Democratic Republic of the Congo, allowing citizens to start small businesses with special reference to the craft sector and agriculture. This first stage shall help thousands of people struggling hitherto to start a better life on a sustainable basis.

A way forward: expectations, specific recommendations

For those with an ageing population, it is important to improve productivity and adapt social-welfare systems. In both cases, investment in human capital and an enabling environment for businesses, particularly SMEs and Crafts to boost employment, are essential.

Furthermore, countries should take advantage of differences in their demographic situations with appropriate policies on cross-border capital flows, migration, and trade. More capital should flow to countries with younger populations — with their growing manufacturing bases and consumer markets — to support investment and employment growth; and more labour should flow to countries with ageing populations, to fill gaps in the workforce. For all of these policies to work, countries need to improve the effectiveness and credibility of their civic and government institutions. Mitigating uncertainty, in order to avoid fuelling instability, is also essential.

Demographic structural changes can present an economic opportunity. Regional economies could reap the benefits of the experience and wisdom of the older generation and the energy and creativity of the younger generation, always provided that international organizations, governments and SMEs supporting civil society organization continue to reform those institutions which are responsible for social and economic development. These, in fact, are to reform and renew those institutions primarily responsible for economic and social development, through the adoption of innovative mechanisms able to respond effectively to the needs of young people and enable the access and participation in the growth of the society.
