



## **CREATING CONDITIONS FOR EXPANDING THE COOPERATION OF MICRO, SMALL AND MEDIUM-SIZED ENTERPRISES (MSMES) IN BRICS**

*Proposed by Russia*

### **Background**

In 2023 the following countries announced their accession into the BRICS:

- Arab Republic of Egypt,
- Federal Democratic Republic of Ethiopia,
- Islamic Republic of Iran,
- Kingdom of Saudi Arabia,
- United Arab Emirates.

The new membership of the alliance will additionally diversify the features of MSMEs in the BRICS. Consequently, the diversity of national opportunities offered by the BRICS members for MSME development will increase. The BRICS countries need to study each other's specifics and look for opportunities for complementarity and expansion of economic and trade cooperation between MSMEs.

The contribution of MSMEs to gross domestic product and exports in each country is unique, but the common feature is that MSMEs employ a great share of the populations. The share of MSMEs in formal employment in the BRICS countries ranges from 40 to 80 per cent and even more.

Therefore, cooperation on support and development of MSMEs traditionally takes an important place on the BRICS agenda.

The task is to create conditions for using the untapped potential of MSMEs in BRICS. The level of interaction of MSMEs with their partners in BRICS is still insufficient often due to lack of resources and knowledge.

The BRICS MSMEs Cooperation Framework was endorsed by the BRICS Trade Ministers in the Joint Communique, adopted in 2023 under the chairmanship of South Africa.

Promising areas of cooperation were identified, such as:

Sharing best practices on specific interventions aimed at promoting women and youth owned MSMEs and tech start-ups;

Facilitating access to resources and capabilities such as skills, knowledge networks, and technology that could help MSME improve their participation in the economy and global value chains;



Enhancing the role of venture capital, incubators, accelerators, and a wide array of tech start-up ecosystem in BRICS countries;

Focus on global value chains.

The Joint Communique stipulated that the pandemic brought challenges as well as new opportunities for some MSMEs with the reconfiguration and exponential growth on digitalization of global value chains, fintech and e-commerce, which has made it easier for MSMEs to be part of the global trading system.

We propose to take a deeper look at the possibilities of establishing links between MSMEs in BRICS.

### **Objective**

In order to adapt new countries to the BRICS activities, as well as to maintain the pace of deepening cooperation, it is necessary to continue further coordination of the alliance members' work to support MSMEs.

Therefore, we propose the following:

- study the industry specifics of the MSME sector in the BRICS countries, present key statistics on MSMEs in the partner-states;
- study and identify the main common obstacles and issues for MSME sector in each country of BRICS in order to define ways to solve them;
- exchange of best practices in the implementation of measures to support the MSME sector in terms of access to digital resources;
- search for new opportunities and prepare recommendations for development of

### **Proposed Activities**

To reach the goal we propose the BRICS countries to:

- exchange summaries on MSME sector of each member of BRICS;
- present the national industry specifics of MSMEs in order to see opportunities and niches for cooperation;
- conduct a workshop focused on using the opportunities of digital platforms to facilitate access of MSME's to foreign markets;
- based on the discussions and reports of the alliance members, prepare a report containing information on problems hindering the functioning and development of MSME sector, best practices for involving MSMEs in the digital environment; recommendations for MSMEs on opportunities and areas for developing dialogue with partners in the BRICS countries;
- develop a database of the BRICS countries digital services and a list of the BRICS MSME Agencies contacts.



These measures will achieve the following:

- identifying the strengths and weaknesses of the MSME sector in each of the BRICS countries;
- raising awareness of MSME’s about the opportunities and conditions of business cooperation in BRICS;
- forming recommendations to entrepreneurs of the BRICS countries on the search for areas of activity, sales channels and partners, including contact information of business support institutions, etc.;
- facilitating access of MSMEs to foreign markets;
- creating conditions for stimulating interaction between MSME’s.

### Timeline

Task	Delivery Date
<p>CGETI 1 MSME Landscape Sharing Session. Select indicators for the most effective assessment of the development of the MSME sector (duration of 1 hour)</p> <p>We propose each partner to present key statistics and applied information on MSMEs in their economy, such as:</p> <ul style="list-style-type: none"> <li>• share of MSMEs in GDP;</li> <li>• general criteria for assignment an entity to the MSME sector;</li> <li>• industry specifics;</li> <li>• contribution to total employment and output;</li> <li>• useful sources of data on MSMEs;</li> <li>• MSME sector development targets;</li> <li>• indicators to be taken into account when evaluating MSMEs development;</li> </ul> <p>the main trends and tendencies in MSMEs sector over the last 20 years.</p>	<p>1<sup>st</sup> CGETI Meeting March 4<sup>th</sup>, 2024</p>
<p>CGETI 2</p> <ul style="list-style-type: none"> <li>• Topic: Current issues for the development of MSME sector and</li> </ul>	<p>2<sup>nd</sup> CGETI Meeting May, 2024</p>



<p>approaches to their solution (duration of 1 hour)</p> <ul style="list-style-type: none"> <li>•</li> <li>• We propose each partner to present current obstacles for development and best practices of their resolving in the MSME sector.</li> <li>• Speakers: Government agencies, development institutions, experts.</li> </ul> <p><i>(The exact agenda will be announced in advance)</i></p>	
<p>Workshop BRICS+: production and sales. New technological solutions</p> <p>Sphere of cooperation: production of industrial goods using innovative technologies.</p> <p>Participants: MSME suppliers ("project presentation"), large companies, industry associations, development institutions.</p> <p>The goals:</p> <ul style="list-style-type: none"> <li>• Integration into supply chains of large foreign companies and enter new sales markets;</li> <li>• Search for new verified MSME suppliers, the development of production.</li> </ul>	<p>July, 2024</p>
<p>CGETI 3</p> <ul style="list-style-type: none"> <li>• Presentation of the Report on the prospects of cooperation in the sphere of MSME in BRICS and intensification of interaction;</li> <li>• Approval of the Draft Ministerial Statement on BRICS MSMEs Cooperation and the above Report.</li> </ul>	<p>3<sup>d</sup> CGETI Meeting July, 2024</p>