

STATEMENT OF THE PERMANENT SECRETARY MINISTRY OF TRADE, INDUSTRY AND COOPERATIVES AT THE COMMEMORATION OF THE 5TH UN *MSMES DAY* -27TH JUNE 2022.

The Honourable Members of Parliament Present,

The Representative of USAID,

The Resident Representative of UNDP,

The Permanent Secretaries and Senior Government Officials,

Heads of Public and Private Sector Organizations,

Ladies and gentlemen,

It's with delight that I make these remarks at this commemoration of the UN international day for MSMEs. I'm happy that you are joining with the various partners to showcase for the sector.

Ladies and Gentlemen, the 74th plenary of the UN General Assembly, on April 6, 2017, adopted the resolution to observe June 27 as the Micro, Small and Medium-sized Enterprises Day or MSME Day. The idea behind the resolution was that MSMEs play a very crucial role in helping to achieve the Sustainable Development Goals — in particular, promoting innovation, creativity and decent work for all. MSME Day is expected to shine the focus on MSMEs and their contributions to the global economy. **This years' theme at the UN is “Resilience and Rebuilding: MSMEs for Sustainable Development”**. This is intended to showcase how MSMEs can contribute to Sustainable Development and be at the forefront of building back better and stronger from the impacts of the COVID-19 pandemic, Climate Crisis and Conflicts.

The COVID-19 crisis has taught us that the pandemic and containment measures do not impact everyone in the same way. Among the private sector, Micro, small and Medium sized enterprises (MSMEs) especially those led by women and youth suffered most. An International Trade Centre survey on COVID-19 impact among businesses in 136 countries has shown that nearly 62% of women-led small businesses have been strongly affected by the crisis, compared to just over half of firms led by men, and women-owned are 27% more likely not to survive the pandemic.

The world again finds itself in a flux, this time not so much because of a pandemic, but largely due to the tectonic shifts in economic conditions. The Russia-Ukraine conflict, supply chain disruptions, inflation, dizzying commodity

prices and food shortages threaten to derail a nascent global recovery. The annual inflation rate in Uganda climbed to 6.3 percent in May of 2022 from 4.9 percent in the prior month, reaching its highest point since June of 2017. Main upward pressure came from prices of food & non-alcoholic beverages (11 percent vs 6.9 percent in April), of which vegetables; furnishings (17.3 percent vs 16.5 percent) and transport (4.4 percent vs 2.3 percent). On a monthly basis, consumer prices inched up by 1.5 percent, the biggest increase since September of 2015. This therefore affects the economic recovery process within which MSMEs operate.

Ladies and gentlemen, Rising interest rates that are meant to tame rapid inflation are raising borrowing costs for businesses, but disproportionately more so for MSMEs. These developments will slow economic growth and could lead to higher unemployment levels.

At the national level the theme: *unlocking the potential of Micro, Small and Medium sized Enterprises (MSMEs) for post Covid-19 recovery*” is focusing on **unlocking potential of MSME** that will lead to full recovery of the economy. This requires us to recognise the resilience and put efforts on rebuilding MSMEs for sustainable development at the forefront of building better and stronger MSMEs from the pandemic and other crisis that arise.

We are also joining partners around the world to raise awareness of the increased need of support for MSMEs at a time of the triple threat of COVID, conflict and climate change.

Ladies and gentlemen, I honour the entrepreneurs in our country who have kept the economy moving even with the various challenges and constraints that have arisen amidst covid-19. You know that there has been increasing fuel prices that has also led to increase of prices of other commodities. The international shocks also affect operations of MSMEs.

Unlocking the potential of MSMEs requires building resilient MSMEs and social entrepreneurship can also contribute to inclusive growth, combating inequalities and building back better and stronger MSMEs. This will further enhance securing a better future of work of everyone and sustainable development of the economy.

Ugandan start-ups are part of the solution to the pandemic. Start-ups in Uganda are developing innovative online services to help consumers and businesses survive during COVID-19. A few innovative enterprises are doing their best to turn the crisis into an opportunity- not only to keep afloat, but also to help consumers and other businesses ride out the pandemic. These interventions include e-commerce start-ups which have added cashless features to reduce customers’ risks among others.

Ladies and gentlemen, MSMEs are highly heterogeneous, meaning that the key risks they face, the way in which they function and what they need are distinctly different. The effective disaggregation and segmentation of MSMEs is therefore crucial to building the understanding required to design tailored interventions that are effective in building MSME resilience.

Ladies and gentlemen, the government support packages have played a major role in cushioning the blow created by the COVID 19 containment measures. Some packages are continuing to be implemented. I hope we should be able to re-activate the MSMEs to grow and contribute to the national economy and employment creation. To enhance these interventions, we need to go beyond recovery, and consider ways in which to lower and eliminate barriers faced by MSMEs through improving of business environment, access to finance, markets and appropriate technologies for the enterprises.

Building greater resilience for MSMEs naturally starts with building an understanding of their major risks and realities, so that opportunities for building greater resilience can be identified in consideration of their target markets.

To make MSMEs resilient, as we celebrate this year's MSMEs day can we focus on **women, youth, digital and green initiatives**. These have a key to unlocking the potential and lead to inclusive and sustainable MSMEs. I call upon all partners to focus on this as we innovate stimulus packages not only for recovery but also for creating resilience, and unlocking full potential for sustainability of MSMEs that will with stand future shocks.

I reiterate my Ministry's commitment to organise the MSMEs and create a favourable environment for their operations to unlock the potential for wealth creation, industrialisation and economic transformation.

For God and My Country.