



Making Digital Connectivity Work for MSMEs

BACKGROUND:

Increasing MSME connectivity in low- and middle-income countries has the potential to deliver significant social and economic benefits.

- The connectivity of micro, small, and medium enterprises (MSMEs) to the Internet and broader digital economy is an under-looked development issue.
- MSMEs form the largest share of their economies and are critical to helping to achieve the SDGs.
- Increasing their digital connectivity can help them become more efficient and increase their revenues.

OBJECTIVE

The Broadband Commission Advocacy Target 6 focuses on improving the connectivity of MSMEs by 50% by sector, before 2025.

KEY CHALLENGES

1.

Accessing relevant data on MSME connectivity

There is a lack of global study and understanding of how MSMEs are using their connectivity and the barriers facing those MSMEs who are not online.

2.

The digital divide between micro and larger enterprises

Small enterprises have a lower propensity to use digital connectivity in their business.

3.

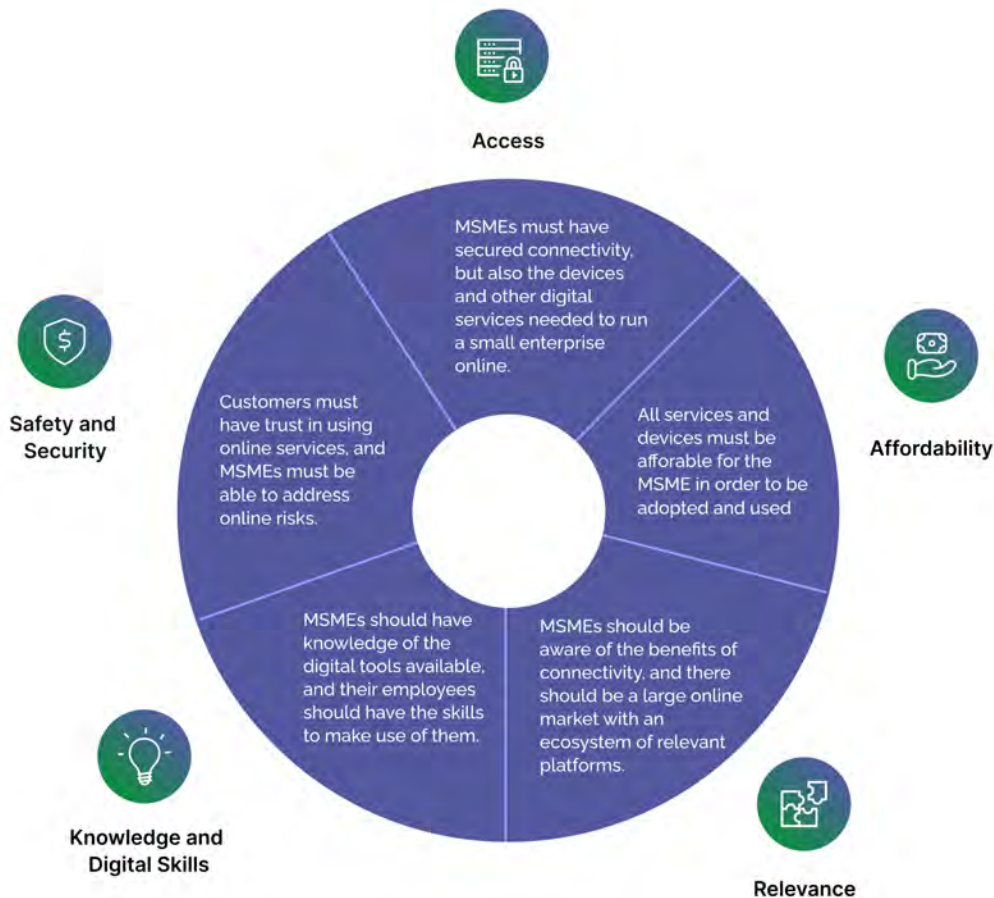
The gender digital divide

The gender digital divide has resulted in a lack of digital inclusion for female-led businesses.

FRAMEWORK FOR CONNECTIVITY

Universal and Meaningful Connectivity for individuals and households is the focus of the UN and its agencies.

- The framework for achieving this goal includes making access **available**, **affordable**, and **relevant**, teaching digital **skills**, and making access **safe and secure**.
- **'Digital enablers'** including cloud services, e-commerce platforms, digital financial services, and e-government services, can help MSMEs turn connectivity into economic value.



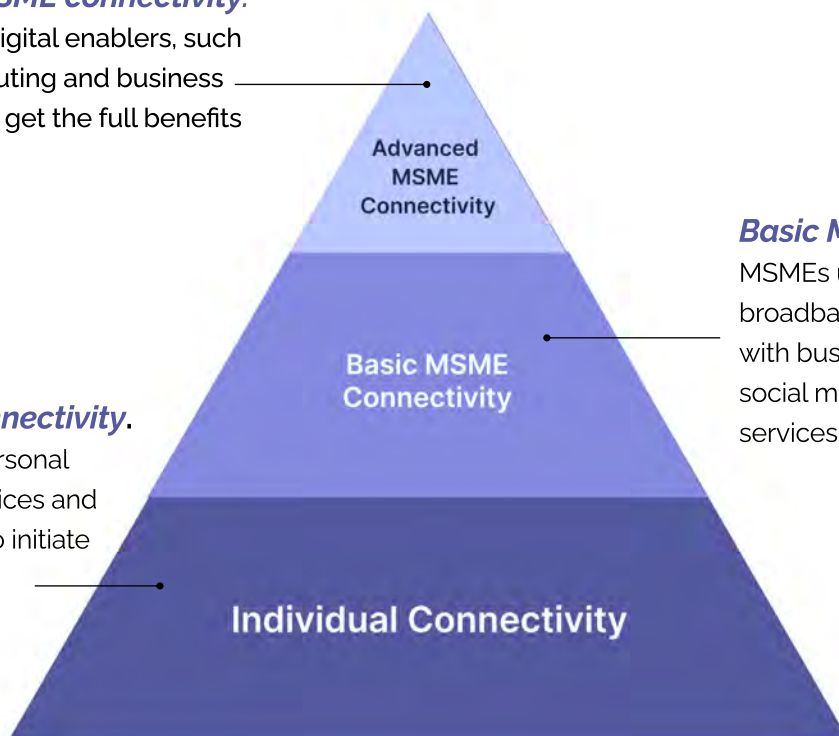
The Three Stages of MSME Connectivity

MSME connectivity is a journey through various stages, based on each MSME's growth and digital advancement.

Progress – which tends to be non-linear – can be made by migrating MSMEs along a journey, beginning with basic connectivity and moving towards the acquisition of more advanced practices and skills.

Advanced MSME connectivity.

MSMEs using digital enablers, such as cloud computing and business applications, to get the full benefits of connectivity.



Basic MSME connectivity.

MSMEs using mobile or fixed broadband services, along with business accounts for social media and financial services.

Individual connectivity.

MSMEs using personal connectivity, devices and online services to initiate business online.

How all stakeholders can play their part in promoting MSME connectivity and removing connectivity barriers?



Governments should play a leading role by implementing policies and regulations that enable MSME connectivity, as many barriers to MSME connectivity are at the national level.



Companies can provide connectivity, devices, and many of the digital enablers, which should target the needs of MSMEs.



International organizations can further cooperate on the development and dissemination of best practices in policies to promote connectivity, digital transformation, and digital enablers.



NGOs and the technical community can help to advocate for increased connectivity, safety, security, skills training, and other enablers for the digital inclusion of MSMEs.

Specific recommendations and actions

The Broadband Commission will continue to advocate for the importance of MSME connectivity, and seek to monitor progress in this regard

A specific reference to MSME connectivity should be included in the *Global Digital Compact* to be agreed at the Summit of the Future in September 2024

International organizations in the Partnership on Measuring ICT for Development should work with national governments to stress the value of gathering relevant MSME connectivity data

All policies to increase MSME connectivity should prioritize digital inclusion to bridge the gender digital divide and support marginalized groups