### Massive Inclusive Impact MSMEs (MIIM) Initiative

A collaborative blended finance fund to nurture a vibrant small business sector to deliver on the Sustainable Development Goals (SDGs)

### **Honorary Patron**

**H.E. Nadiem Makarim** Minister of Education, Culture, Research, and Technology, Republic of Indonesia

### Co-Chairs

**Amit Gupta** Chairman, Global Board of Trustees, TiE

Amb Tantowi Yahya President, United In Diversity Foundation MSMEs are the backbone of economic activities and employment everywhere. MSMEs are the strongest driver of economic development, innovation and employment – sustaining livelihoods, especially for women, youths and groups in vulnerable communities.

### Worldwide

- Make up **90 per cent** of businesses
- Provide 60% 70% of employment
- Contribute to 50% of the GDP globally

#### Indonesia

- Make up 99% of existing business in Indonesia, 64.5% are women-led
- Provide around 97% of domestic employment in Indonesia
- Contribute over 60% of Indonesia's GDP

**Emerging Markets: approx. 365-445 million MSMEs** 

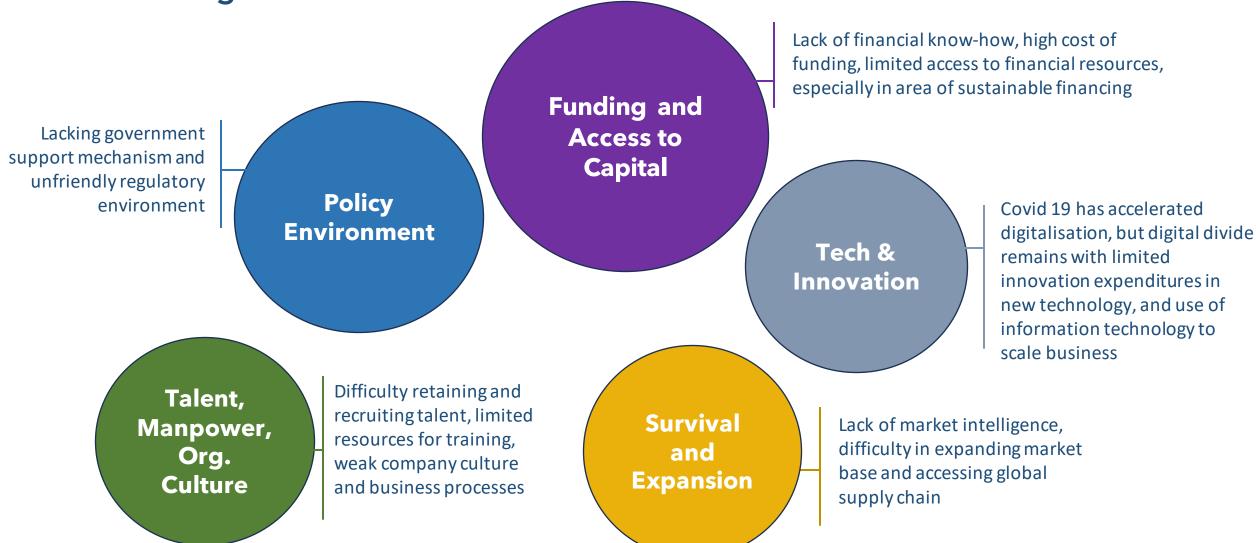
- **25-30 million** are formal SMEs
- **55-70 million** are formal micro
- **285-345 million** are informal enterprises.

By 2030, **600 million jobs will be required to meet a growing global workforce**, which makes MSME development a high priority for many governments around the world. **G20 Bali Declaration** has recommended **promoting entrepreneurship** and **supporting MSMEs as a job creation Instrument.** 

<sup>\*</sup>Source: https://www.un.org/en/observances/micro-small-medium-businesses-day

<sup>\*\*</sup>Source: https://www.indonesia-investments.com/finance/financial-columns/micro-small-medium-enterprises-in-indonesia-backbone-of-the-indonesian-economy/item9532

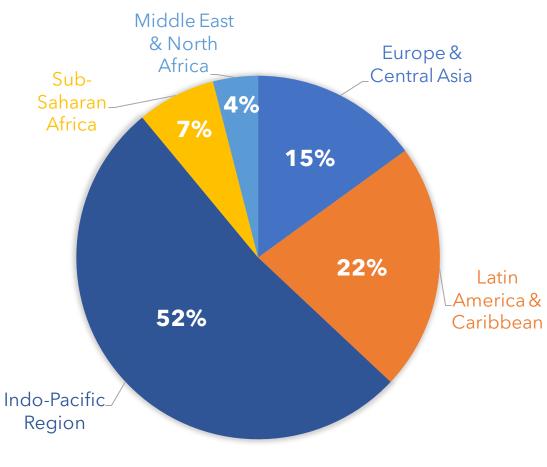
# Top challenges faced by MSMEs: Financial constraints remain the key barrier for MSMEs to grow.



Source: "Future Readiness of SMEs and Mid-sized Companies", World Economic Forum / "Major Challenges facing SMEs in Asia", Asian Development Bank

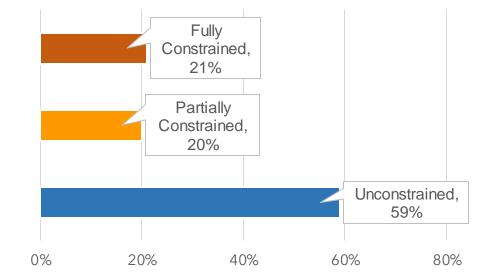
### **Global MSME Financing Gap Snapshot**

According to WB IFC report, MSMEs financing gap stands at approximately \$5.2 trillion. The pandemic highlighted the critical need for a more resilient MSME financing model.

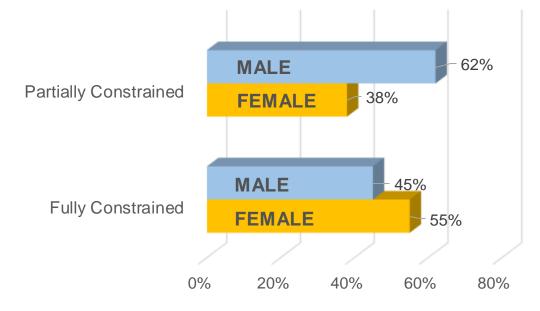


MSMEs Financing Gap by the Region

#### Over 40% of MSMEs have Financial Constraints



#### Women MSMEs face greater Financial Constraints





### Massive Inclusive Impact MSMEs (MIIM)

A collaborative **blended finance** scheme to address the financing challenges of MSMEs



To build a global community of support **to address the financing and knowledge gap** of the MSMEs to achieve **the Sustainable Development Goals**  MISSION

To scale commercial capital flow to MSMEs through innovative de-risking instruments supported by robust partnership between governments, DFIs/MDBs, philanthropists, commercial lenders and investors

### The Massive Inclusive Impact MSMEs initiative: Blended Finance for Scaling up financing for Micro, Small and Medium Enterprises

Massive Inclusive Impact MSMEs' mission is to provide the **ecosystem approach** working across Government agencies, key MSMEs funders, and programs to **stack up and blend the different sources of funds** to bridge the financing gap of MSMEs.

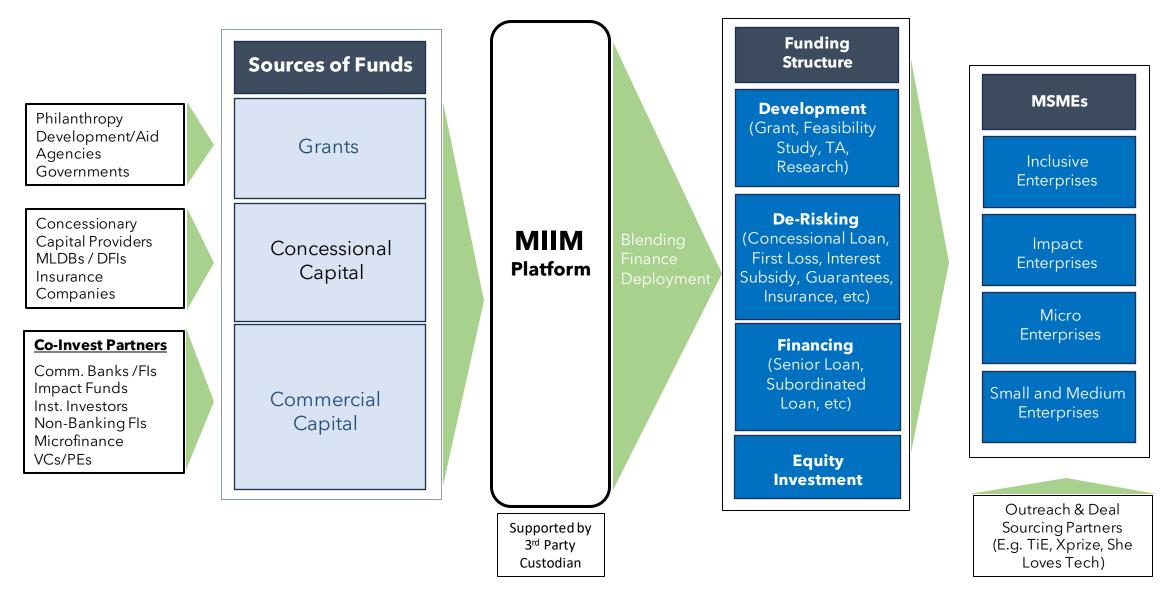
Serve as 'aggregator' platform for grants and concessionary funds to unlock greater private funding for MSMEs, and provide financing in timely manner Proposed initial areas of focus:

- Sustainable Tourism,
- Sustainable Agriculture,
- Health and Wellness,
- Retail/ Fashion
- Building environment;
- Education

Serve as the transitional platform to catalyse change in the supply chain of these priority sectors to pivot towards sustainable business model

Reaching the 'last mile' targeting micro, women, rural and villages, including startup enterprises

### Proposed Massive Inclusive Impact MSMEs Scheme - Blended Finance Platform for MSMEs (Strawman Framework)



### Proposed 6 Key Pillars of Massive Inclusive Impact MSMEs initiative

A system-approach to help drive momentum for MSMEs growth



—Development of a social stock exchange to facilitate the exit of MSMEs enterprises (for eg. India's SME Stock Exchange).

—Develop a domestic capital market with robust standards of social and environmental impact and financial reporting.

#### **Knowledge Lab**

-Capacity building in financial, business, digital and trade literacy.

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-Capacity building in generative leadership and mindset shifts to facilitate collaboration across government, development institutions, business, investors, and civil societies.

--Future Knowledge Lab: nurture adept decision-making and actions to navigate complexity and reimagining what an emerging future could be in creating future market trends.

#### **Tech & Data Lab**

TRI HITA KARANA

MASSIVE

IMPACT

MSMEs

—Technology and big data platform for enterprise digitisation and data analytics useful for all stakeholders.

---Standardised data collection, metrics, impact measurement, and financial data to support investors decision-making.

—Support documentation for export/trade, and connectivity to Fintech companies.

#### **Finance Lab**

—Accelerate catalytic use of public, philanthropic, and concessionary funding to de-risk and unlock greater private funding flow for MSMEs by investment clusters.

—Support "proof of concept" startups and follow-on finance with innovative tailored financing to bridge the gap between the high-risk and low-risk stages of innovation.

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### **Policy Lab**

—Facilitate and support regulators and policy-makers in strengthening regulatory frameworks to accelerate commercial and blended investment for MSMEs.

—Promote the application of THK Blended Finance Roadmap Principles, OECD DAC Blended Finance Principles, and G20 Blend Finance Principles for developing economies with greater support from DFIs/MDBs.

### Innovation Lab

---Competition Prize to crowdsource MSME's impact winning transformative system solutions.

-Curated community of network to facilitate B2B connection and collaboration.

—Strengthen ecosystem to support collaboration and scale impact startups, MSMEs digital inclusion and sustainability.



## **THANK YOU!**

