PARTICIPATORY INDICATORS FOR MSME SECTOR
Localizing the Sustainable Development Goals for Micro, Small, and Medium Enterprises

PROJECT BRIEF - SEPTEMBER, 2019
Meeting the Sustainable Development Goals (SDGs) by 2030 will require multi-stakeholder partnerships and sectoral collaboration; both entail linking the global agenda and targets with the priorities of diverse stakeholders and sectors. Further, broad stakeholder engagement across the whole processes of planning, monitoring and evaluation of SDGs can increase ownership, buy-in, and action towards the achievement of collective development objectives.

This recognition forms a sound basis for applying participatory approaches to achieving the SDGs. This means actively engaging communities and affected stakeholders not only in the process of monitoring and reporting on the SDG indicators (participatory monitoring), but also in the development of the indicators (participatory indicators).

LOCALIZING THE SDG'S

The engagement of sub-national entities in the achievement of the United Nations 2030 Agenda for Sustainable Development.
According to the 2016 World Trade Report, the Micro Small and Medium Enterprises (MSMEs) are a large percentage of firms globally, making up to 93% of enterprises in non-OECD countries and over 95% in OECD countries. Further, MSMEs account for over two-thirds of employment in both developing and developed countries, with a contribution to GDP at 35% in developing countries and 50% in developed countries.

In India, the MSME sector comprises approximately 63 million establishments and contributes 28.77% towards the GDP. In the Tamil Nadu state, the number of registered MSMEs was approximately 1,294,000 in 2016, providing employment to more than 8 million people.

Notwithstanding the diversity of the MSME sector and the differences between developing and developed countries, the critical contribution of MSMEs to broader social economic objectives, including job creation, provision of public goods and services, reduced inequality, and improved livelihoods makes them a key priority stakeholder for the achievement of the SDGs. MSME development has the potential for wide-reaching impacts on the SDGs globally, particularly SDG8, SDG9 and SDG17 which are focused on economic development, industrial innovation, and partnership for the goals.
THE CHALLENGES

1 LOCALIZING THE SDG’S

The concept of localizing the SDGs is as diverse as the domains of application. While the broad guiding principles are universal, in practice, implementation would depend on the types of relevant stakeholders, the industry characteristics, the resources available, and a myriad of other factors. There is still a dearth of evidence and best practices for localizing the SDGs. This project contributes to addressing this by employing participatory and inclusive approaches in the formulation of locally relevant indicators, specifically for the MSME sector.

Consensus on broad issues

Linkage to local context

Application by local entities

Headline SDGs

Localized indicators

Local application

2 SDG INDICATORS DISCONNECT

The current SDG framework defines 232 indicators across the 17 goals. These indicators are mostly geared towards identifying the aggregate metrics that capture the broad global dimensions and features of international development - for example “proportion of informal employment in non-agriculture employment, by sex” indicator 8.3.1 or “Tourism GDP as a proportion of total GDP and in growth rate” indicator 8.9.1. As such the engagement of local, non-governmental, and sub-national stakeholders in the monitoring of progress towards the SDGs can be hampered by the disconnection between these 232 indicators and the “grassroots” bottom-up developmental realities. Defining locally relevant indicators allows for a meaningful engagement in action towards the SDGs and for augmentation of the SDGs monitoring process, in a manner that is relevant, adds value, and creates local ownership.
There are various notions of localizing the SDGs including United Nation Development Groups's notion of a move towards bottom-up governance and creation of inclusive partnerships to maximize legitimacy, ownership and ultimately effectiveness; United Cities and Local Governments suggests "smart" indicators selected at subnational level and linked to international standards as well as harmonized with wider goals. Our approach toward the localization of headline SDGs begins with a local exploration of issues rather than targets.

Indicators are a tool that aids in devising solutions to problems, and that inform both policy design and Planning Monitoring and Evaluation. To correctly identify useful indicators requires some understanding of the problem; then subsequently, these indicators can lead to better understanding and further iterations of indicators. If an end goal is to identify locally appropriate indicators, then a framework would be incomplete without at least a basic way to parse local problems.

At the heart of the challenge in classifying, ranking, and ultimately understanding “wicked” problems is defining the boundaries of inquiry. Understanding problems from a systems analysis perspective is incomplete without a normative framework that can deal with both individual and collective values. Indeed, an understanding of a wicked system entails the understanding of normative issues, and there is no shortage of examples of sustainable development programs that have failed in this respect.
THE APPROACH

INDICATORS DEVELOPMENT METHODS AND ACTIVITIES

1. Definition and Analysis
   Conceptual framework, situational analysis, setting indicator objectives and evaluation criteria

2. Indicator Identification
   Brainstorming and elicitation of the indicators from the stakeholders

3. Indicator Evaluation
   Validation, filtering, and identifying commonalities

4. Use and Dissemination
   Operationalization of indicators, distribution, developing supporting tools and instruments

- Indicators Objectives
- Indicators Logic Model
- Re-assessment
- Application
- Validation (Case study)
- MSME Firms Questionnaires (semi-structured)
- MSME Firms Interviews (semi-structured)
- Focus Group Indicator Supplementation and Evaluation
- Ranking & Clustering
THE SITUATION

01
STAKEHOLDER ENGAGEMENT

Stakeholder engagements have been undertaken with Micro Small Medium Enterprises Associations as well as firms. These included interviews and group discussions.

02
INDICATORS

The brainstorming of indicators with the MSME associations, firms and the government stakeholders yielded an initial list of 22 participatory indicators.

03
EVALUATION AND RANKING

The identified indicators were evaluated on the basis of the formulated criteria as well based on contribution to a clear theory of change and pathways for operationalizing the specific indicators.
THE FACTSHEET

STATUS

ONGOING

TOPICS

LOCALIZING THE SDG’S, MICRO SMALL MEDIUM ENTERPRISES, SUSTAINABLE DEVELOPMENT GOALS

SDG’S

8 Good Jobs and Economic Growth
9 Industry, Innovation and Infrastructure
17 Partnerships for the Goals

PEOPLE

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