Impact of Small and Medium Enterprises on Household Poverty Reduction in Goma

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ABSTRACT: The unprecedented proliferation of Small and Medium Enterprises has been witnessed in Goma. This is the reason for our subject on «Impact of Small and Medium Enterprises on the reduction of household poverty in the city of Goma.

Our concern was to assess the impact of SMEs (Small and medium Enterprises) on household poverty reduction in the city of Goma.

After our research, the study reveals that investments based on income from SMEs increase the chances of households to reduce their poverty, own their own housing and improve their nutritional condition by taking at least a balanced diet. This indeed increases the possibility of the household to improve the living condition and pay the taxes and duties related to the income-generating activity initiated. This allows its sustainability. On the other hand, expenses related to the education of children and health care on the basis of the sole income of the SME, give the manager of the SME less chance of lifting the household out of extreme poverty and increasing the income of the SME. It should be noted that investments in human capital remain commendable in the long term.

These results led to the definition of economic policies oriented towards the consolidation and development of small and medium-sized enterprises with a view to the economic development of the city of Goma.

KEYWORDS: Small and Medium Enterprises, SMEs, household, poverty, Goma.

1 INTRODUCTION

In poor countries and many developing countries, small and medium-sized enterprises (SMEs) represent an important part of businesses. They represent more than 95% of all companies and 60 to 70% of employment; they are the ones that create a large part of the new jobs in the economies. They have their own advantages and disadvantages which may call for special measures. Due to new technologies and globalization, economies of scale are becoming less important in many activities, so that the potential contribution of small businesses is enhanced. At the same time, many of the problems they traditionally face, namely: insufficient funding, difficulties in exploiting technologies, limited managerial capacities, low productivity, cumbersome regulations; are accentuated in a globalized context where technology is becoming predominant (OECD, 2000). Most jobs in SMEs are in the service sector, which now accounts for more than two-thirds of economic activity and employment in OECD countries. Small businesses are particularly found in wholesale and retail trade, hotels and restaurants, communications and business services, and construction. They also represent a large percentage of manufacturing enterprises in many countries and at least half of the employment in this sector.

Strong empirical data confirms that SMEs are a real engine of job creation. However, the analysis of these data also reveals that they form a very heterogeneous sector. It is therefore very difficult to design policies applicable equally to all companies in this size class. Supporting SMEs because of their important contribution to employment without differentiating them by sub-segments risks favoring quantity at the expense of quality, because this sector is also made up of many micro-enterprises that generate jobs that are neither productive nor decent (www.ilo.org › public › documents › meetingdocument › wcms_358290).

The promotion of SMEs is today a priority of Congo's economic policy. The economic crisis, unemployment, precarious wages push many people to create informal SMEs. The creation of these SMEs is undoubtedly the sign of the vitality of the Congolese people in general and the households of the city of Goma in particular and their ability to adapt to new situations.

This creativity largely contributes to liberating certain situations of poverty experienced by households in Goma through economic integration and consolidation of the middle classes as well as job creation. Thus, in an attempt to reduce poverty, many people think of creating jobs on their own by hiring employees to survive.

Starting from the observation of the peoples of the whole world, of the Democratic Republic of Congo in general and those of the city of Goma in particular; it appears that households are going through a difficult life, because they are unable to cope with the unemployment rate and underemployment. We see the population resorting to a source of hope in order to improve their living conditions. This is how the population manages to create Small and Medium Enterprises (SMEs) to reduce poverty and meet their household needs.

However, private enterprise appears to be an essential development factor, endowed with total autonomy and able to ensure rapid economic growth.

Therefore, in the course of this study, it is imperative for us to examine the contribution of small and medium-sized enterprises in reducing household poverty in the city of Goma.

Indeed, this study proposes to put in place elements of policies based on the consolidation and development of small and medium-sized enterprises, with a view to reviving economic activity in the DRC, considering above all, the extreme poverty that plagues many of households in an environment of reduced employment.

In doing so, we want in the course of this scientific achievement, to assess the effect of small and medium enterprises on reducing household poverty in Goma.

Based on the above, we think a priori that the effect of SMEs on household poverty reduction in Goma is significant considering the improvement in living conditions associated with the Income Generating Activities implemented.

In addition to the introduction and conclusion, this study first defines the concepts, then presents the study environment; It also brushes on the impact of small and medium-sized enterprises on household poverty reduction in Goma, where we present and analyze survey data using SPSS software first, then STATA, with a view to above all, the verification of our formulated hypothesis.

2 RELATIONAL APPROACH BETWEEN SMES AND POVERTY REDUCTION

2.1 SMALL AND MEDIUM ENTERPRISES

The term SME covers a panoply of definitions. Nevertheless, the number of employees in a company together with the turnover, seem to be retained as criteria of definition.

In the course of the charter of the DRC on small and medium-sized enterprises, it is necessary to understand by Small and Medium Enterprise, any economic unit whose property belongs to one or more natural or legal persons and which has the following characteristics: - number of permanent jobs from 1 (one) to 200 (two hundred) people per year; - turnover, excluding taxes, between 1 (one) and 400,000 USD (four hundred thousand); - value of the necessary investments put in place for the activities of the company less than or equal to 350,000 USD (three hundred and fifty thousand); - concentrated management mode. Fit into this category; the micro-enterprise or the very small enterprise, the small enterprise and the medium-sized enterprise which can be victims as sole proprietorships or companies (RDC / Ministère de PME, 2009, p.5).

2.2 DEFINITION OF POVERTY

Poverty being understood as a lack of monetary resources, a lack of education and health, or else the absence of freedom, the impossibility of participating in a community or the lack of a feeling of belonging to a given society; for the World Bank and the UNDP, poverty results from "a lack of (access to) assets, insufficient or inadequate economic growth, and poor governance. The World Bank and the UNDP (United Nations Development Programme) remain the two leading institutions in the fight against poverty. The two organizations agree on the causes of poverty but nevertheless have differences as to its definition and its quantification. The UNDP specifically defines three concepts: Extreme poverty or absolute poverty: a person lives in a condition of extreme poverty if he does not have the necessary income to meet his essential food needs defined on the basis of minimum caloric needs (1800 calories per day and per person (WHO)), General poverty or relative poverty: a person lives in general poverty if they do not have sufficient income to meet their essential non-food needs: clothing, energy, housing, as well as food. Human poverty: is considered the absence of basic human capacities: illiteracy, malnutrition, reduced longevity, poor maternal health, preventable disease. The UNDP does not officially define income poverty, but refers to it. It is human poverty that is at the heart of the analysis and this is linked to the notion of human development inspired by the work of Amartya Sen

(Nobel Prize in Economics – 1998): human development represents the widening of possibilities and choices offered to individuals. Thus, UNDP favors a multidimensional approach where human poverty is defined as "the denial of opportunities and prospects based on demand underlies all human development: to live a long, healthy, constructive life, and to enjoy a decent standard of living, as well as freedom, dignity, respect for oneself and others. » (Report on human development UNDP-Algeria 2006, p.17) As for the approach used by the World Bank, it is a monetary approach to poverty. His rationale is to identify two types of poverty: absolute poverty and relative poverty which have been defined earlier. The World Bank recognizes the different facets of poverty: its multiple dimension is therefore not neglected. It explains that the study of areas such as health, education, vulnerability, lack of power and lack of voice are particularly necessary to understand poverty in all its complexity. The monetary approach of the World Bank consists of "based on criteria of income or consumption, then combining different areas which are reinforced or worsened in order to reduce or increase the level of indigence of the poor populations. » www.bsi-economics.org › images › articles.

2.3   DEVELOPMENT OF SMES IN THE CITY OF GOMA

At present, the importance of small and medium-sized enterprises, micro-finance institutions and crafts in the process of combating poverty in the city no longer needs to be preserved. It is undeniable that the economies of many cities are essentially based on SMEs. The dynamism of the latter determines the evolution of local economies and, consequently, there are more and more States in the world which base their hopes for development and better being on SMEs. Indeed, through a certain aptitude for flexibility, SMEs allow, among other things, economists to design them and to experiment with simple and appropriate technologies, to use local resources and intensive labour.

In the city of Goma, SMEs currently constitute an important part of the private sector likely to promote the development of a local middle class. SMEs are established in various forms: individual, family, corporate... and are established in almost all sectors of the economy, to ensure the activities of production and distribution of goods and services, and financial services accessible to all.

They create jobs, distribute income and provide capital, factors of economic growth and development. However, these SMEs (in the broad sense) hardly benefit from the support necessary for their harmonious development, due to a lack of effective support from the government and development cooperation partners for the benefit of the SME sector.

3   SMALL, MEDIUM ENTERPRISES AND HOUSEHOLD POVERTY REDUCTION IN GOMA

The city of Goma is one of the typical cities of the DRC where extreme household poverty is at a record high, and where small and medium-sized enterprises are developing with a view to improving living conditions.

3.1   BRIEF PRESENTATION OF THE CITY OF GOMA

The city of Goma being the capital of the province of North/Kivu, it is located in the east of the DRC and more precisely in the province of North/Kivu. It is located at an altitude of 1,640, on the shore of Lake Kivu at 29°14' longitude, 1°45' from the South altitude. It is limited: To the north by the territory of Nyiragongo; To the south by Lake Kivu, and the province of South/Kivu; To the east by the Republic of Rwanda; To the West by the territory of Masisi.

The city of Goma covers an area of 66,450,180 km². Its climate is humid tropical and softened by the wind that blows over Lake Kivu and the volcanic mountains located in Virunga National Park. It has two seasons distributed as follows: From January 1 to February 15: a small dry season; From February 15 to May 15: a short rainy season; From May 15 to September 15: a great dry season; From September 15 to December 15: a long rainy season.

Generally, the city of Goma experiences a climate softened by the altitude and the breeze blowing from Lake Kivu. Towards Lake Kivu, the average temperature is between 19,60°C and 19,9°C. The total annual rainfall is 1207mm. Thermal and rainfall data show that the city of Goma has a humid tropical climate. The relief of Goma does not present any particularities.

In his example, it is a lava plain slightly inclined from North/Kivu to South/Kivu. Its altitude varies between 1461,80m and 2000m. the city of Goma is marked by the obstacles of the sadly famous lava in the memory of the population of Goma who devastated a good part of the city of Goma on 01/17/2002.

The soil of the city of Goma is volcanic but this one is insufficient as the major part is covered with rocks. This volcanic soil gives the city a place of choice for agricultural production. Its basement is dominated by sand renowned for the construction of houses and other infrastructures.

The vegetation of the city of Goma is characterized by a grassy savannah. It grows on expanses of volcanic origin. It is also characterized by the gardens of food crops, planting some fruit trees. Goma's fauna consists of small animals such as goats, sheep and pigs.

The urban outline of the city of Goma is completely devoid of waterways. This is linked to the volcanic eruption which around the 1800s covered the extent of the city with lava up to a certain km to the northwest, thus causing all watercourses such as streams and rivers to disappear. apart from the water of Lake Kivu which supplies the entire city with water, the city of Goma is bathed in the southern part by Lake Kivu. To the west there are two small lakes. Green lake and black lake at BUHIMBA (mare).

The city of Goma has a heterogeneous population and forms several tribes from the interior of the country. The poor living conditions of the population of the countryside, the insecurity push many of a rural exodus in the hope of accessing in town to stability in a well-paid job in leisure, etc.

The population drained a large flow of people to the city of Goma, the natural increase resulting from the balance between births and deaths of the urban population. The problem of the demographic growth of the population with the consequence of special expansion of the city persists especially in the rhythm and the extent of the growth which is not accompanied by measures of supervision by the politico-administrative authority.

Following the bad governance characterized by ethnic hatred and a policy of exclusion since the years 1992-1993, inter-ethnic conflicts broke out in the territories of MASISI and RUTSHURU which causes a large-scale rural exodus towards more secure Goma. This had as a corollary on the city, the knowledge of many neighborhoods like NDOSHO, KESHERO, and green lake: but also, a strong demographic push, the rural people came to inflate the number of unemployed and social marginalized people, who populate the city (Report City Hall of Goma, 2019).

3.2 SURVEY METHODOLOGY

We carried out our survey using a questionnaire administered to households. We spoke exclusively with the managers of small and medium enterprises**,** who were generally able to provide the necessary information concerning the reduction of poverty with the establishment of the Income Generating Activity. In addition, the data collected was subject to a consistency check before being used.

The questionnaire administered to households included the following sections: identification of the manager, description of the income-generating activity and reduction of household poverty. The identification of the manager, description of the IGA and reduction of household poverty sections enabled us to assess the impact of small and medium-sized enterprises on poverty reduction.

The living standard of living was considered to better understand the phenomenon of poverty. We considered for this purpose that a household lives in extreme poverty when the household income per capita, per day ranks the household among those with less than $2/day as set by the World Bank (https://www.banquemondiale.org › news › 2015/10/04,, consulted on 26/04/2022, at 2: 47 p.m.).

3.2.1 CARRYING OUT THE SURVEY

The survey itself was carried out from March 05 to April 05, 2022 by ourselves. The sample size was limited to 100 randomly selected SMEs.

3.2.2 SURVEY RESULT

According to our survey**,** we claim that there is a clear mathematical relationship between small and medium enterprises and household poverty reduction in Goma. After analyzing and processing the data with STATA, our study retains 13 variables including a dependent variable and 12 independent variables as rectifiers taken into account to determine the impact of small and medium-sized enterprises on the reduction of household poverty in Goma. Let CSENRJ (consumption per day, per person) be our dependent variable.

The independent variables are: NAPEM (Number of years in the small and medium enterprise), EPME (Savings with the SME), IPME (Investment with the SME), SMP (Status of the household in the plot), EEPME (Child education with the SME), ASPME (Access to health care with the SME), NRJ (Number of meals per day), CRJ (Constitution of the meal taken per day),

ACPME (Improvement of living conditions with the SME), AAPME (Other income-generating activities with the SME), RPME (Revenue with the SME), PEFA (weight of the tax environment on the activity).

3.2.2.1 ECONOMETRIC MODEL BASED ON STATA

The objective of the present study being to determine the effect of Small and Medium Enterprises on the reduction of poverty, the lines which follow make an econometric estimation of the model appropriate to our study.

However, the model in general being accepted considering a Prob>chi2=0.0000 at the significance level of 95% as we can achieve in the following lines with the initial logistic model. It is imperative to note that the logistic regression retains 12 explanatory variables. Indeed, let us denote by CSENRJ (consumption per day, per person), our dependent variable.

Note that, the model being dichotomous, we mean a statistical model in which the explained variable can only take two modalities (dichotomous variable). It is then generally a question of explaining the occurrence or not of an event, or of a choice. In our example, the households located in the SMEs do or do not consume \$2 per day, per person with regard to the extreme poverty threshold of the World Bank. We consider a sample of n individuals with indices i=1; ……; n. For each individual, we observe whether the event has occurred and we set:

$$Y_i = \begin{cases} 1 & \textit{if the event has taken place } (\textit{per day}, \textit{per person we consume } \$2) \\ 0 & \textit{if the event did not take place } (\textit{per day}, \textit{per person we do not consume } \$2) \end{cases}$$

Note here the choice of coding (0, 1) which is traditionally used for dichotomous models. Indeed, this one makes it possible to define the probability of occurrence of the event as the expectation of the variable Y, since:

$$E[Yi] = \Pr(Yi = 1) \, x \, 1 + \Pr(Yi = 0) \, x \, 0 = \Pr \, (Yi = 1)$$

The expectation Y_i therefore gives the probability that a household will not be poor, with regard to the pre-established threshold of \$2 per day/per person.

The objective of dichotomous models then consists in explaining the occurrence of the event considered according to k observed characteristics (βi1, … , βik) for an individual i of the sample, for example household income, savings, investments, the status of the household in the plot, the number of meals taken, the composition of the meal, the development of other income-generating activities, etc.

Based on the above, we write the mathematical expression of the model as follows:

$$\textbf{CSENRJ} = X0 + (-)\beta 1X1 +, … … . +(-) \, \beta nXn + \varepsilon$$

In the following lines, we make the econometric estimation of the model based on STATA. The table below gives us an overview.

Table 1. Econometric estimation of the model (Source: our analyzes based on STATA)

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Logistic regression                          Number of obs    =        100
                                             LR chi2(12)      =      52.29
                                             Prob > chi2      =     0.0000
Log likelihood = -42.848964                  Pseudo R2        =     0.3789
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CSENRJ	Coef.	Std. Err.	z	P>|z|	[95% Conf. Interval]	
NAPEM	-.2151691	.20222	-1.06	0.287	-.6115131	.1811748
EPME	-.4788078	1.111454	-0.43	0.667	-2.657217	1.699601
IPME	.1532274	.7397308	0.21	0.836	-1.296618	1.603073
SMP	.5578844	.734166	0.76	0.447	-.8810546	1.996823
EEPME	-.1557189	.7786436	-0.20	0.841	-1.681832	1.370395
ASPME	-.9374476	.6845094	-1.37	0.171	-2.279061	.4041663
NRJ	-.4673919	.3824287	-1.22	0.222	-1.216938	.2821547
CRJ	3.081507	.7385798	4.17	0.000	1.633917	4.529097
ACPME	.5422935	.8233559	0.66	0.510	-1.071454	2.156041
AAPME	-.7933106	.8092065	-0.98	0.327	-2.379326	.792705
RPME	.0121152	.0120248	1.01	0.314	-.0114531	.0356834
PEFA	1.178196	1.627189	0.72	0.469	-2.011035	4.367427
_cons	-.2041594	2.539425	-0.08	0.936	-5.181342	4.773023

The model in general is accepted, Prob>chi2=0.0000 at the 95% threshold.

Table 2. Marginal effects associated with the study

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. mfx

Marginal effects after logit
      y  = Pr(CSENRJ) (predict)
         =  .60333212
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variable	dy/dx	Std. Err.	z	P>|z|	[95% C.I.]		X
NAPEM	-.0514948	.04816	-1.07	0.285	-.145895	.042905	2.78
EPME*	-.108194	.23438	-0.46	0.644	-.567578	.35119	.94
IPME*	.0368247	.17874	0.21	0.837	-.313489	.387139	.65
SMP*	.133493	.17427	0.77	0.444	-.208078	.475064	.55
EEPME*	-.0368477	.18195	-0.20	0.840	-.393461	.319766	.82
ASPME*	-.2094848	.13999	-1.50	0.135	-.483857	.064887	.73
NRJ	-.1118574	.09138	-1.22	0.221	-.290956	.067241	1.4
CRJ*	.6028805	.09555	6.31	0.000	.415612	.790149	.41
ACPME*	.1331006	.2034	0.65	0.513	-.26555	.531751	.86
AAPME*	-.1763042	.16304	-1.08	0.280	-.495857	.143249	.81
RPME	.0028994	.00288	1.01	0.314	-.002743	.008542	42.38
PEFA*	.2853307	.36056	0.79	0.429	-.421353	.992014	.96

(*) dy/dx is for discrete change of dummy variable from 0 to 1

It appears from our estimate of the marginal effects that the reduction of household poverty correlates significantly with the establishment of Small and Medium Enterprises set up in the city of Goma. Therefore, we deduce the regression equation as formulated below:

$$CSENRJ = -0,108194EPME + 0,0368247IPME + 0,133493SMP - 0,0368477EEPME - 0,2094848ASPME$$
$$+ 0,6028805CRJ + 0,1331006ACPME - 0,1763042AAPME + 0,2853307PEFA$$

It emerges from the logistic equation above that, in the city of Goma, investments (IPME) based on income from SMEs, increase the chances of households to reduce their poverty, considering the consumption per day/per person in the household. This in fact increases the chances of households having their own accommodation (SMP) and improving the nutritional condition required for the constitution of the meal taken (CRJ), where the diet is balanced. From the same study, it also emerges that paying emissions from the SME set up by the household increase the possibility of the household improving the living conditions of residents and coping with the burden of the fiscal environment by paying taxes and duties related to the income-generating activity initiated.

In addition, current expenses relating to children's education (EEPME) and health care (ASPME) based on the SME's income alone, reduce the chances of the SME manager to emerge from extreme poverty and the fact that households resort to other activities, especially in the informal sector, in order to meet the needs related to human capital investments; which leads to the creation of other activities to supplement miscellaneous household expenses (AAPME) which would not all be covered on the basis of the SME alone. This, in turn, has a negative influence on consumption per day/per person within the household.

The above results call for implications in terms of economic policies geared towards the development of income-generating activities, with a view to reducing household poverty in the city of Goma.

4   IMPLICATION IN TERMS OF ECONOMIC POLICIES FOR THE CONSOLIDATION AND DEVELOPMENT OF SMES IN THE CITY OF GOMA

The obstacles that hinder the development of SMEs – as business owners perceive them – have been studied quite well. In all countries, the top three are difficulty in obtaining finance, limited access to electricity, and competition from informal businesses. However, the obstacles are not the same depending on the level of development of the country and the region of establishment. These factual observations must be constantly updated by means of surveys of representative samples of companies, such as those of the ILO, for example, to continue to enrich the reflection on the action to be taken.

Much less is known about the problems of SME workers or the disadvantages they face. There is strong evidence that SMEs generally rank lower than large companies on job quality indicators. There are no data for low-income and middle-income countries. This situation calls for three remarks. first, it proves that more information is needed on job quality in SMEs. Secondly, just because the available data indicates that SME jobs are of lower quality does not mean that we should stop supporting these companies: their contribution to job creation and poverty reduction is too important. On the other hand, they must be helped to increase their productivity and improve the quality of their jobs. This is why the ILO has made productivity and working conditions in SMEs one of its areas of primary importance. Thirdly, another important observation is that the quality of employment in SMEs depends more on the economic sector concerned than on the size of the company. Therefore, measures to improve the quality of employment could be more effective if they were tailored to the sector rather than to a particular size class.

Employers' and workers' organizations can help SMEs and their workers to overcome the difficulties they face. Increasing the representation of SMEs within them will enable them to strengthen their role as advocates for this category of companies. Moreover, the services that the social partners make available to their members can be very useful to SMEs. These are information, training, advice services for accessing public and private business support systems, connection with design and advice offices, business matchmaking and advice on best practices. business managers. Employer organizations should continue to assess the quality of the entrepreneurial environment through enterprise surveys, enterprise barometers and other tools (D. Chen, F.C. Lee and J.M. Mintz, 2002).

Indeed, this section sets out to present a summary of policies relating to the consolidation of SMEs with a view to creating jobs first, then reducing household poverty.

Access to finance and entrepreneurship education policies can help generate income and support the creation of more and better jobs, especially when combined. The majority of interventions evaluated to date have targeted micro-enterprises or the self-employed at the bottom of the pyramid. These programs must be maintained as they play a valuable role in ensuring stable incomes and creating additional jobs. Rigorous impact evaluations of policies aimed at non-micro SMEs are rare, and more evaluation of the effectiveness of policies for this sub-segment is warranted. These assessments should, among other things,

include the group of young, fast-growing SMEs, where most new jobs originate. With regard to the target groups in the labor market, interventions aimed at young people have a greater impact on employment than those aimed at other age groups. Therefore, youth entrepreneurship should continue to feature among the active labor market policies adopted to tackle youth unemployment. Interventions in favor of women entrepreneurs seem to give less good results in terms of income and employment creation. This finding invites us to review current approaches in order to provide better responses to the particular difficulties of women entrepreneurs. The ILO, already an important player in supporting entrepreneurship, has made considerable efforts and investments to carry out a rigorous evaluation of its interventions in this area. Evaluations of the impact of ILO interventions show good results in terms of income generation, but a mixed picture in terms of job creation. It is clear that more assessments are needed, and these should focus less on income generation and provide more information on the quality of jobs. Future evaluations should also include cost-benefit analyses, which to date neither the ILO nor even most other institutions have done (ILO, 2015).

There is strong evidence that a favorable environment is beneficial for employment and economic growth and that the smaller the business, the greater the employment effects. This confirms the hypothesis that an enabling environment and a level playing field are important for the development of SMEs. The ILO's own work on an enabling environment for sustainable enterprises does not go far enough back in time to provide any indication of impact. Interesting elements are beginning to emerge from the intermediate results, such as the adoption of reforms and the reduction of red tape. The DRC government should align itself with the ILO by stepping up its efforts to monitor and quantify the results of its enabling environment interventions (S. Djankov et al., 2010).

The formalization of informal SMEs is highly relevant to the overall ILO approach of facilitating the transition from the informal to the formal economy. Formalization appears as a means of breaking the vicious circle of low productivity and precarious working conditions that prevails in the informal economy. There is still little empirical data on what works and what does not work in the formalization of SMEs. Overall, the effects of interventions on formalization in terms of formality, business performance and employment are modest. It should be noted, however, that the evaluations carried out essentially concerned the reforms concerning the creation of enterprises. Successful case studies show that interventions need to go beyond lowering the costs for businesses to become formal and also offer lower costs and/or increased benefits associated with business status. formal. Simplifying the tax system or social security provisions can promote formalization. Further research on different combinations of reducing costs, increasing benefits and strengthening law enforcement is needed (Fiala and M. Pilgrim, 2013).

With regard to interventions aimed at improving the working conditions and productivity of SMEs, it is clear that measures relating to working conditions and those relating to the improvement of the management of basic activities should be more integrated. Everything suggests that an improved systemic approach that includes working conditions in the basic activities of the company gives better results than isolated interventions activated on the improvement of a single aspect of working conditions. Further research is needed to establish the effectiveness of integrated sets of related measures.

There is growing interest in value chain development interventions because they focus on scale effects and financial sustainability. While to date there is no rigorous evidence on the effectiveness of such interventions, the ILO has recently launched a knowledge generation project on the labor market effects of value chain interventions and control of different results measurement systems. This should fill the information gap. Therefore, the following measures are essential for the development of SMEs in the municipality of Karisimbi: 1) Ensuring rigorous monitoring and measurement of results has now become a strong trend. Reliable measures of intermediate outcomes and ultimate impact are essential if organizations like the ILO are to rely on evidence to advise on what works and what does not, and the ILO remains a privileged partner. 2) Establishment of partnerships with companies in order to broaden the scope of interventions and improve their sustainability. However, it remains very difficult to determine the added value that partnerships bring to businesses. The ILO has recently started to increase its direct engagement with business. 3) Introducing an ecological dimension into the business activities of SMEs or facilitating the entry of SMEs into new markets for green products or services are aspects that are rapidly gaining in importance. Given the considerable public and private resources being invested, it is important to develop clear theories of change and reliable results measurement frameworks to effectively support SMEs. 4) The new trend of developing programs for high-growth enterprises requires technical expertise in areas such as mentoring, business incubators and angel investors, which the ILO does not yet have. The ILO should test this new approach and build such expertise in-house.

Therefore, access to financing for the training of entrepreneurship, an undeniable necessity considering that in the DRC, SMEs often have only limited access to financing. Many interventions are therefore designed to help them access financial services such as loans, guarantees, subsidies, savings products, insurance or even leasing. In general, interventions are not only expected to provide SMEs with access to these very often inaccessible services, but also to reduce their cost. Access to finance should allow companies the financial resources they need to maintain and develop their activities. This should improve the performance of SMEs, resulting in increased sales and profits, and ultimately increased labor demand, increased incomes and

improved working conditions. lives through the jobs created (M. Grimm and A.L. Paffhausen, 2014; and N. Fiala and M. Pilgrim, 2013).

The development and consolidation of SMEs in the city of Goma is the result of this perfect integration of the orientations of the ILO and other organizations advocating the reduction of poverty in the elements of policies with a view to emergence.

5 CONCLUSION

At the end of our study on "Impact of small and medium-sized enterprises on the reduction of household poverty in the city of Goma", the question at the center of the study was to assess the impact of SMEs on the reduction of household poverty in the commune of Karisimbi in view of the implications in terms of economic policies aimed at reducing household poverty.

To achieve our objective and verify our hypotheses, the inductive approach supported by the documentary technique, interview and survey questionnaire, served us. After applying the tools under study, including SPSS and STATA, the following results were achieved:

- With regard to household poverty reduction by SMEs, the study reveals that investments based on income from SMEs increase the chances of households to reduce their poverty, own their own housing and improve the dietary condition by taking at least a balanced diet. This indeed increases the possibility for the household to improve its living conditions and pay any taxes and duties related to the income-generating activity initiated. This justifies its durability.

- On the other hand, the expenses related to the education of children and health care on the basis of the sole income of the SME, give less chance to the person in charge of the SME to lift the household out of extreme poverty and to increase the range of choices during their short-term execution. It should be noted that investments in human capital remain commendable in the long term.

Considering the above, we confirm our hypothesis that the impact of small and medium-sized enterprises on the reduction of household poverty is significant, given the improvement in the related living conditions.

Not being perfect, we do not claim to have exhausted all the questions inherent in poverty reduction in the course of this scientific work. Other researchers can complete us or address issues that are still outstanding.

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