MEETING OF THE OECD COMMITTEE ON SMEs AND ENTREPRENEURSHIP AT MINISTERIAL LEVEL: HIGHLIGHTS

9 OCTOBER 2023

Lucia Cusmano
Acting Head, SMEE Division, Centre for Entrepreneurship, SMEs, Regions and Cities
Ministerial Meeting under the theme

Managing Shocks and Transitions – Future Proofing SME and Entrepreneurship Policies

27-28 June, coinciding with UN MSME Day, Chaired by New Zealand

300 delegates from 49 countries & the EU, including 27 Ministers/Vice-Ministers and 5 Heads of SME agencies, alongside 11 international & small business organisations

Outcome: Declaration on Enhancing SMEs and Entrepreneurship Policies for Greater Resilience and Successful Green and Digital Transitions.

Launch of the 2023 SME & Entrepreneurship Outlook and Implementation Toolkit of the 2022 Recommendation.

Informed by:

- Key Issues Paper
- 2023 Recommendation on SME Financing;
- 2022 Recommendation on SME & Entrepreneurship Policy
Recent global crises highlighted the importance of SMEs and entrepreneurs: 20%-40% received government support during COVID-19.

Longstanding demand for better frameworks and tools to strengthen SME policymaking
- New OECD Committee on SMEs and Entrepreneurship
- New OECD Recommendation on SME and Entrepreneurship Policy
- New OECD Recommendation on SME Financing

A renewed urgency for a forward-looking policy agenda to support resilience to shocks, prepare for the twin transitions and a changing trade and investment landscape.

SMEs received unprecedented government support during the pandemic
SME digitalisation accelerated during the pandemic but gaps in digital adoption remain across technologies

• **30%-60% of SMEs** increased their use of digital tech during the pandemic crisis.

• **Changes are poised to last** (60-80% of SMEs) and open up opportunities to innovate, increase productivity and reach new markets.

• But the transition is not yet complete, with **widening divides** within the SME population.

• There are **threats** emerging (e.g. digital security).

![SME gap in digital adoption](chart)
Digital adoption can support the green transition, but SMEs need to become central to environmental agenda

- The aggregate **environmental footprint** of SMEs is sizeable
- SMEs and entrepreneurs contribute to **eco-innovation and new green markets**
- Environmental sustainability is a **key engine for competitiveness, supply chain integration and access to strategic resources (skills, finance)**
- Environmental action has increased but more is needed:
  - Lack of **awareness, capabilities, finance and technologies**
  - **Regulatory complexities**

There will be No-Net Zero without SMEs

Percentage of total GHG emissions in the business sector

Note: Output weight is the SME share of value added at two-digit sector level. Employment weight is the SME share of employment at two-digit sector level.
Source: OECD calculations based on Eurostat’s Air Emissions Database and Structural Business Statistics.
SMEs and start-ups have a critical role to play in the development of more resilient and sustainable GVCs

- Supply chain pressures have fallen, but **SMEs remain vulnerable to shifting trade patterns**
- Many governments are aiming to **reinforce the positioning of their SMEs in GVCs** by helping them access new markets abroad, and diversify their global integration patterns with financial, training and advisory support services
- Building **healthy FDI-SME ecosystems**, including at sub-national level, represents an increasing priority
Structure

• 3 plenary sessions
  ❖ Strengthening SMEs and entrepreneurs’ resilience
  ❖ Fostering the contribution of SMEs and entrepreneurs to the green and digital transitions
  ❖ Enabling SMEs and entrepreneurs to navigate the changing global trade and investment landscape

• 6 breakout sessions
  ❖ Improving access to finance
  ❖ Upskilling and reskilling SMEs and entrepreneurs
  ❖ Inclusive SMEs and entrepreneurship policies
  ❖ Rebooting start-up and scale up policies
  ❖ Boosting SMEs participation in the green transition
  ❖ Revisiting broad-based policies from a SME and entrepreneurship lens
Business statements by the Digital for SMEs Global Initiative and the Platform on Financing SMEs for Sustainability.

Joint OECD/BIAC event - 150 participants, (SMEs associations, entrepreneurs, banks, Ministers and public officials, etc.)

Call from businesses cut red tape, create better, more consistent incentives for the digital and green transitions, and support the well-being and mental health of entrepreneurs.
Key takeaways

➢ Need to move away from generic support to more **targeted approaches to** better reflect the **diversity of SMEs**

➢ Call for embedding a **SME lens** to broader policies – redouble efforts to ensure fit-for-purpose regulation and interoperability (e.g., ESG), Improving SMEs’ access to public procurement

➢ Pursue efforts to **engage SMEs in the climate transition** – from exempting to enabling – provide access to sustainable finance

➢ Accelerate efforts to **reduce barriers to trade** – SMES considerations in trade agreements – integration in GVCs – and Ensure **new industrial policies** do not discriminate against SMEs

➢ Navigate transitions and manage shocks **means building capabilities** – reskilling and upskilling is a priority – access to digital technologies including AI

➢ Address **mental health and well-being** of entrepreneurs to build resilience and unlock creativity and innovation

➢ Strengthen **monitoring and evaluation** - inefficiencies and fraud need to be investigated – policy outcomes better documented

➢ **Advance the data agenda** – new indicators e.g. on SMEs greening, costs of regulation, gender disaggregated, use of big data, new SME policy indicators

➢ Further **engage with businesses** in policymaking (enhanced communication, structured dialogue, digital tools)
Declaration on Enhancing SMEs and Entrepreneurship Policies for Greater Resilience and Successful Green and Digital Transitions

- Adopted by the 38 OECD countries, plus Bulgaria, Croatia, Peru, Romania and Ukraine
- Adherents commit to adopting a "holistic" and “people-centered” approach, putting SMEs and the entrepreneurs at the heart of policies so they can drive a digital and sustainable recovery, by:
  1. Strengthening ecosystems, networks and business linkages
  2. Enabling SMEs and entrepreneurs to play their part in and tap into the opportunities offered by the green and digital transitions
  3. Reducing unnecessary regulatory burdens, streamlining administrative processes and improve access to information for SMEs
  4. Working to improve the well-being and mental health of entrepreneurs, SME owners and employees;
  5. Promoting diversity and equality of opportunity in entrepreneurship
  6. Accounting for the diversity of SMEs and entrepreneurs in policy design and implementation
  7. Strengthening mechanisms to collect, share and use granular data
Thank you

lucia.cusmano@oecd.org

Twitter: @OECD_local
LinkedIn: www.linkedin.com/company/oecd-local
Website: www.oecd.org/cfe

Visit the Ministerial website with all material and testimonies:
www.oecd-events.org/sme-entrepreneurship-ministerial-2023

Look at the Ministerial highlights for further insights into policy messages: