



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

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# 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**



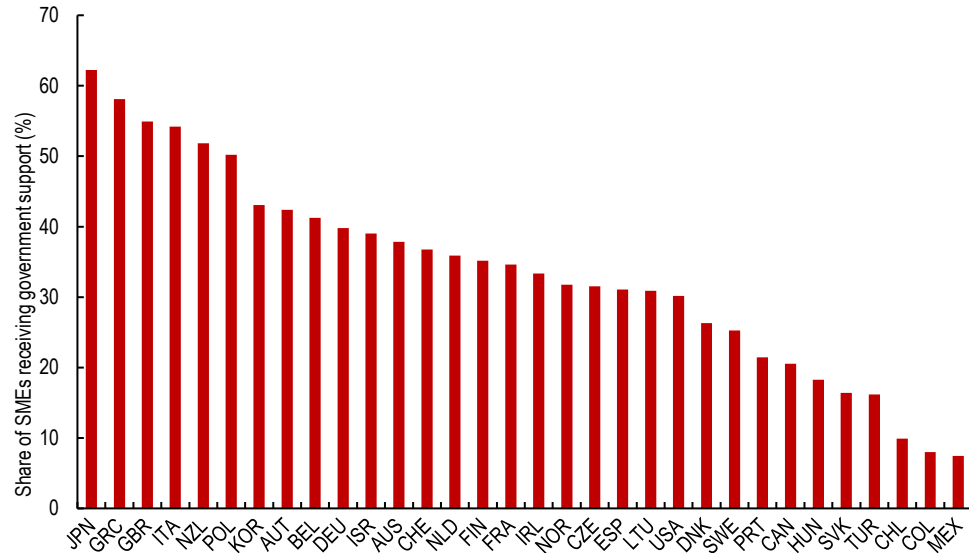


# SMEs and entrepreneurship are rising in the international agenda



- 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



OECD SME and Entrepreneurship Outlook 2021

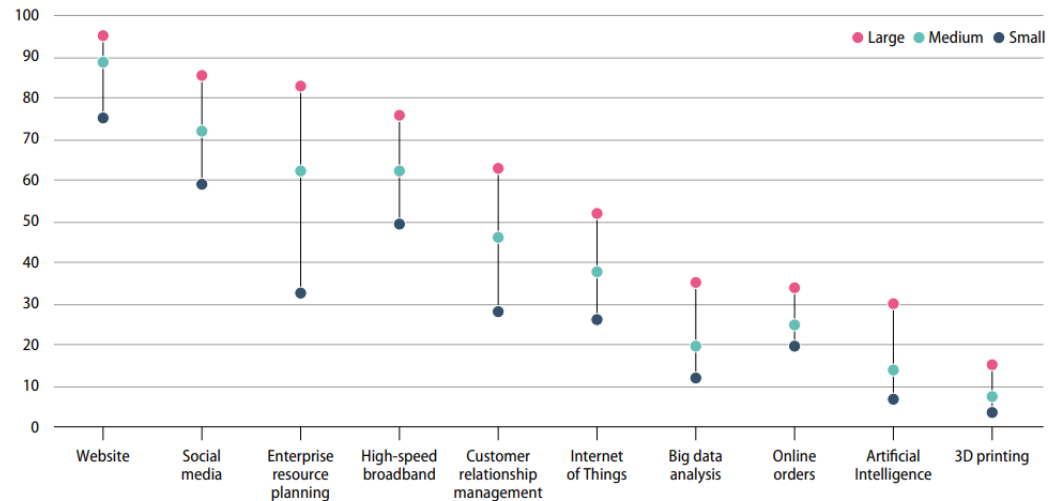


# SME digitalisation accelerated during the pandemic but gaps in digital adoption remain across technologies



- **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



Note: OECD average of enterprises using respective digital technologies, 2021 or latest year available.

Source: OECD ICT Access and Usage by Business Database



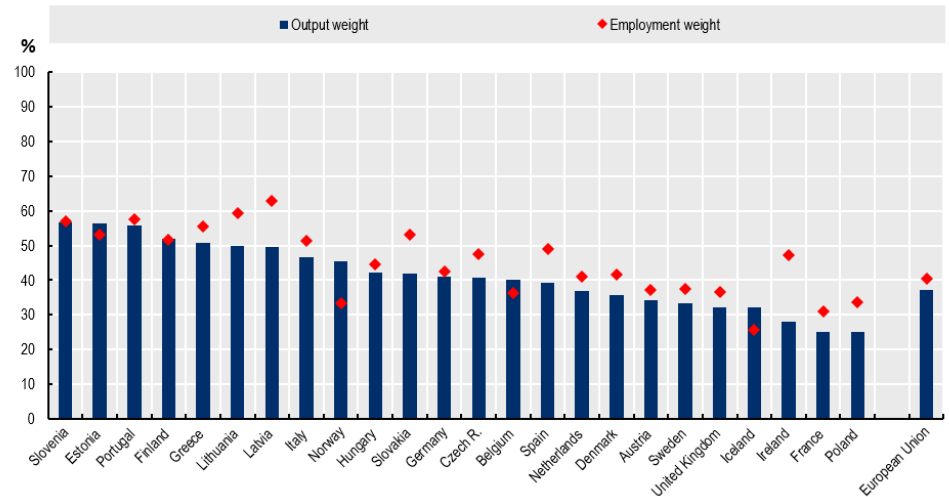
# Digital adoption can support the green transition, but SMEs need to become central to environmental agenda



- 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.

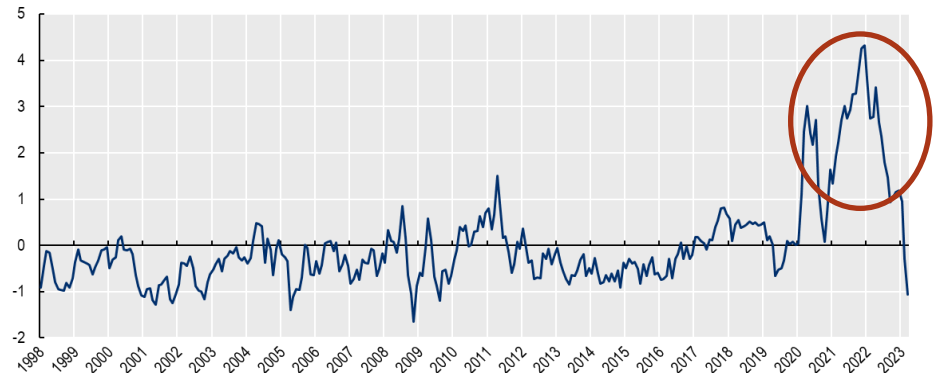


# SMEs and start-ups have a critical role to play in the development of more resilient and sustainable GVCs

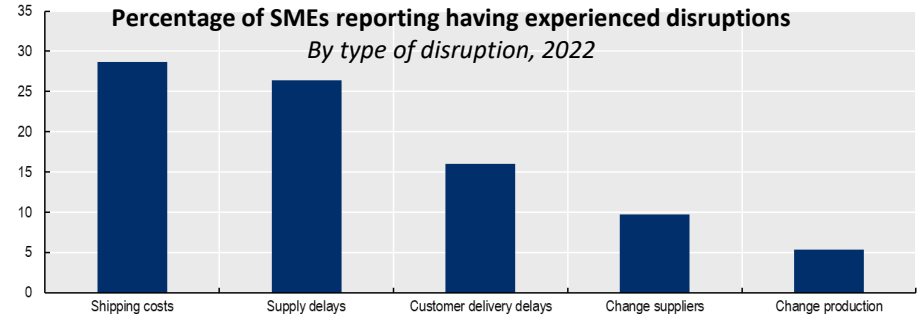


- Supply chain pressures have fallen, but **SMEs remain vulnerable to shifting trade patterns**
- Many governments are aiming to **reinforce the positioning of their SMEs in GVCs** by helping them access new markets abroad, and diversify their global integration patterns with financial, training and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

Global supply chain pressures index (GSCPI)  
Standard deviation from average value, Jan 1998-Feb 2023



Percentage of SMEs reporting having experienced disruptions  
By type of disruption, 2022







# 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





# Extensive business consultation BIAC-OECD stakeholder event on 26 June



## 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.

### OECD Platform on Financing SMEs for Sustainability

Statement by Platform Members and Knowledge Partners on the occasion of the Meeting of OECD Committee on SMEs and Entrepreneurship (CSMEE) at Ministerial Level, 27-28 June 2023

*The OECD Platform on Financing SMEs for Sustainability provides a forum for global collaboration, knowledge sharing and implementation of good practices among public and private financial institutions, policy makers and SME representatives to enhance the provision and uptake of SME sustainable finance for a successful climate transition. The Platform contributes to strengthening the evidence base and operationalising sound sustainable finance approaches and instruments for SMEs. The Platform also offers opportunities for creating meaningful networks among banks, ESG intermediaries, FinTech companies, SME representatives and other actors in the sustainable finance ecosystem. The Platform is hosted by the OECD Centre for Entrepreneurship, SMEs, Regions and Cities, a global reference in the area of SME and entrepreneurship data, policy analysis and dialogue.*

There can be no net zero without SMEs – and sustainable finance

We, representatives of national development banks, associations of private financial institutions and of guarantee institutions serving SMEs, and non-governmental organisations devoted to building SME capacity for the green and net zero transition, recognise SMEs and entrepreneurs as critical and central actors in accelerating the net zero transition of our economies and societies. Indeed, given their contributions to GDP and employment, their collective environmental footprint and their ability to deliver innovative solutions to sustainability challenges, there can be no net zero without SMEs.

We underline the important role of finance in enabling SMEs and entrepreneurs to adopt sustainable business models, diffuse sustainable technologies in supply chains and bring innovative green solutions to market.

We recognise the strong contribution of the OECD in providing a forum for dialogue, knowledge sharing and exchange of views in the area of SMEs and entrepreneurship.

We place net zero at the heart of our objectives and are working to better understand SMEs' diverse needs and approaches to the sustainability challenge.

We strive to enhance finance for SME sustainability

We endeavour to foster discussion on how to provide appropriate financial support, including through the development of tailored financing instruments for SMEs' green and sustainable investments, and to accompany financial support with non-financial support to boost SMEs' awareness and capacity for the net zero transition, including helping them to understand the case for action and how to benefit from available support.

### D4SME – Key Policy Priorities in view of the 2023 SME and Entrepreneurship Ministerial

The "Digital for SMEs" Global Initiative (D4SME) is a multi-stakeholder dialogue engaging governments, large and small businesses, academia, and associations on how to enable SMEs of various size and background to seize the benefits of digitalisation.

The D4SME is hosted by the OECD Centre for Entrepreneurship, SMEs, Regions, and Cities in cooperation with Business at OECD.

Digitalisation represents a crucial driver of SMEs' resilience and is instrumental to strengthen their capacity to innovate, overcome, and contribute to tackling societal and environmental challenges. Digital tools enable SMEs to improve efficiency, tap into new markets, access more easily knowledge networks and expertise, and engage with sustainable products and greener business practices. Digital technologies can help SMEs improve their resilience and thrive in an increasingly volatile business environment.

Key challenges in connectivity gaps, lack of skills, knowledge and financial resources and regulatory constraints hinder SMEs' ability to fully benefit from the digital revolution. It is imperative to address these challenges to accelerate and deepen the digital transformation of the diverse SME population<sup>1</sup>.

SME associations play a key role to overcome persistent difficulties faced by SMEs in their digital journey. Coordination, cooperation and partnerships among a variety of stakeholders, including national and local governments, associations, small and large businesses, technology and service providers, contribute to shape an enabling environment and provide incentives and tools for SMEs' digital shift.

The OECD "Innovation-ready" implementation process was launched in 2021. In response to the call from Ministers gathered at the 2022 OECD SME Ministerial Conference in Mexico City, Ministers called the OECD to support governments in "enabling SMEs to make the most of the digital transition by fostering conditions for SME adoption and diffusion of resources and digital technologies, reinforcing its complementary knowledge-based assets and digital security" and "continuing multi-stakeholder dialogue on effective policies to support development, growth and competitiveness of SMEs in digital and digitalised economy".

This document outlines "key policy priorities" that emerged from the activities of the INNOV and can contribute insights to the OECD Meeting of the OECD Committee on SMEs and Entrepreneurship (CSMEE) at Ministerial level on "Managing Risks and Transition: Fostering Resilient SME and Entrepreneurship Ecosystem". The research outputs and policy dialogues inspired under the D4SME initiative, resulting from the co-operation among representatives from OECD governments and private sector, including business associations, entrepreneurs, large and small businesses, provide a complementary perspective on SME digitalisation and on the most effective policies to foster the digital transition of highly diverse SME populations.

A first draft was submitted to the 2023 OECD Working Group for Ministers at its 27th Meeting (2023) and for their comments by 26 June. The present revised version reflects comments received during and after the meeting. It is consulted to the CSMEI Steering Group for any final comment by 8 June 2023.

<sup>1</sup> OECD, "Recommendation of the Council on SME and Entrepreneurship Policy", 2023  
<sup>2</sup> Declaration on Strengthening SMEs and Entrepreneurship for Resilibility and Inclusive Growth, 2022





# 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

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Visit the Ministerial website with all material and testimonies:

[www.oecd-events.org/sme-entrepreneurship-ministerial-2023](https://www.oecd-events.org/sme-entrepreneurship-ministerial-2023)

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

[https://one.oecd.org/official-document/CFE/SME\(2023\)10/en](https://one.oecd.org/official-document/CFE/SME(2023)10/en)