

Annex C. Chair's Summary

On 22-23 February 2018, the OECD convened a Ministerial Conference on “Strengthening SMEs and Entrepreneurship for Productivity and Inclusive Growth”, hosted by Mexico and under the guidance of the Chair, Minister Ildefonso Guajardo Villarreal (Mexico) and the Vice-Chairs, Minister Stuart Nash (New Zealand), State Secretary Marie-Gabrielle Ineichen-Fleisch (Switzerland) and Vice-Minister Hasan Ali Çelik (Turkey).

The meeting took place at a time when governments are seeking innovative solutions to address low productivity growth, concerns about international trade and rising or persistently high inequality. Small and medium-sized enterprise (SME) and entrepreneurship policies have a crucial role to play in delivering these solutions and in enabling SMEs and entrepreneurs to seize opportunities and mitigate risks that emerge from major shifts in the economy and society, such as increased globalisation, digitalisation, the new industrial revolution, the changing nature of work, demographic changes, the circular economy and the transition to a low-carbon economy.

The Ministerial Conference was the third Ministerial Conference held in the context of the OECD Bologna Process on SME and Entrepreneurship Policies, a dynamic political mechanism involving more than 80 economies around the world at different levels of development, and a large number of international organisations, institutions and non-governmental organizations (NGOs). It seeks to strengthen dialogue and co-operation to foster the entrepreneurship agenda and SME competitiveness at the global level, and encourages increasing co-operation in this area. The Bologna Process was launched at the first OECD Ministerial Conference on SMEs, held in Bologna, Italy, in June 2000, which produced the Bologna Charter on SME Policies. The second Ministerial Conference on SMEs was held in Istanbul, Turkey, in June 2004, and led to the Istanbul Ministerial Declaration on Fostering the Growth of Innovative and Internationally Competitive SMEs.

The Ministerial Declaration on Strengthening SMEs and Entrepreneurship for Productivity and Inclusive Growth was adopted at the Mexico City Conference by 55 countries, including all OECD Members and 20 non-Members, as well as the European Union.

The Conference brought together Ministers, Vice-Ministers, State Secretaries, senior government officials, and high-level representatives from international organisations and associations from 68 Delegations, including 33 OECD Members, 22 non-Members, the European Union, and 12 other organisations and stakeholders.

In the opening session of the Conference, the Secretary-General of the OECD, Mr Angel Gurría, highlighted the role of SMEs and entrepreneurship in economies and societies as a source of employment, added value, innovation, and social inclusion. He underlined the considerable economic and social benefits that can be achieved by enabling SMEs to scale up and innovate and of broadening entrepreneurial opportunities to all social groups. He pointed to the large heterogeneity of the SME population and the widening productivity gap between smaller SMEs and larger firms. He stressed the new opportunities for SMEs

and entrepreneurship brought about by digitalisation and globalisation, but noted that more efforts were needed to ensure that more small businesses can benefit from them.

He highlighted the crucial role of institutional and regulatory settings for SMEs. He indicated that the OECD is prepared to support governments to enable SMEs to overcome longstanding and emerging challenges, harness the digital revolution and play a greater role in the global economy.

The Chair of the Conference, Minister Ildefonso Guajardo, recalled the profound changes in the economic model since the last SME Ministerial Conference in 2004, and stressed the need to continue to find the right foundations to support market openness and entrepreneurship. He shared that in Mexico, SMEs and entrepreneurship are a high policy priority, leading to the creation of the National Entrepreneur's Institute (INADEM) in 2013, which has been supporting all aspects of entrepreneurship and SME development, including financing, skills, business development services, innovation and many others. He underlined the importance of stakeholder engagement in policy development for SMEs and entrepreneurship. He invited the OECD to deepen its analysis and dialogue on SMEs, and issued a call to the OECD to increase the visibility and impact of its work on SMEs.

Minister Kris Peeters (Belgium) and Secretary of State Mariano Mayer (Argentina) reported back from a side event with SME stakeholders and Ministers (or their representatives) that examined the views of businesses and social partners on the role of SME and entrepreneurship policy in the context of globalisation, digitalisation, technological change, and the changing nature of work. Stakeholders and participants stressed the importance of regulatory settings for SMEs, highlighting the potential of digital information portals and the need to consult entrepreneurs on the impacts of proposed new legislation. They also underlined the need to reflect the SME perspective in international trade negotiations. They agreed that governments should do more to foster linkages between SMEs and large firms to include SMEs in social dialogue and industrial relations systems. Participants called for governments to engage SME and entrepreneurs in policy making and supported the commitment of the OECD to pursue the dialogue with SME and entrepreneurs associations.

Participants agreed that digitalisation should be understood as a process and stressed the valuable contribution of the OECD to support countries in developing a comprehensive approach. They highlighted priority areas for policy action and public-private dialogue to foster SMEs' transition to the digital economy, including: developing appropriate regulatory frameworks; improving connectivity, cybersecurity and privacy; addressing SME financing needs; strengthening skills and facilitating upskilling and reskilling; fostering leadership capabilities in SMEs; developing partnerships with platforms and key industry players; using public procurement to foster SME innovation; reducing the administrative burden to foster entrepreneurship; addressing concerns of SMEs that feel threatened by change; and including workers in the digital transformation.

Enabling SMEs to scale up

SMEs that grow have a considerable impact on competition, innovation, employment and wages. Ministers and heads of delegations underlined that SMEs can scale up at different stages of their life cycle. Many factors influence high growth, and entrepreneurs' skills and ambitions are critical. It was noted that not all SMEs seek to grow.

Ministers and heads of delegation recognised that the capacity of start-ups and SMEs to scale up is influenced by institutional and policy settings including the regulatory environment, framework policies and targeted policies.

Key drivers for SME scale-up were discussed, including framework conditions and access to strategic resources, such as finance, skills, IT diffusion, technology and knowledge networking. Participants recognised that there are several different ways to achieve scale-up. The digital economy is opening a range of new opportunities for scaling up, including the emergence of new business models. Participants underlined that internationalisation, participation in global value chains (GVCs) and linkages with foreign direct investments can also help trigger SME scale up through access to international markets and technology transfer. Facilitating business transfers and mergers and acquisitions can also support SME scale-up.

Participants discussed various policy instruments to enable SMEs to scale. Governments are stepping up efforts to facilitate access to appropriate forms of finance for SMEs and start-ups to scale up by investing in innovations and new markets, including venture capital and private equity. Financing along the whole life cycle of firms was considered to be extremely important.

Initiatives are underway to upskill existing SME workforces and supporting SMEs to hire and retain skilled and high-qualified personnel, including training programmes combining classroom training with hands-on in-company training. Tailored business development services, including advice, consultancy and mentoring for entrepreneurs and SME managers, and business incubators and accelerators, are being developed across countries.

Governments are also seeking to facilitate access to state-of-the-art knowledge for SMEs through knowledge partnerships with research organisations, universities and other businesses. Participants highlighted that strategic use of public procurement can help SMEs innovate and scale-up. They also noted the importance of fostering mutually beneficial partnerships between SMEs and large firms along supply chains, and addressing unfair treatment of SMEs.

Ministers and heads of delegation agreed that an effective and transparent regulatory environment is critical for business growth, along with effective contract enforcement, intellectual property protection and civil justice systems. They discussed the importance of an SME Test for all proposed new legislation, to identify the potential impact on SMEs and entrepreneurship, and the use of regulatory sand boxes. It was also noted that size thresholds for regulatory compliance or policy incentives should not act as obstacles to scaling up. Participants highlighted that policy support should be tailored to the heterogeneity of the SME population.

Ministers and heads of delegation underlined that the OECD can play a crucial role in providing policy recommendations to improve the SMEs business environment, to enable growth-oriented SMEs to seize new opportunities, to promote competitiveness, productivity gains, open and fair international trade, cuts in red tape and pro-business reforms, and to help SMEs that are lagging behind, enabling adaptation, transformation, restructuring and orderly exit from the market.

Ministers and heads of delegation called for an integrated, whole-of-government approach to foster scale-up of SMEs, involving all key stakeholders, including direct engagement with SMEs and potential entrepreneurs. Several participants asked the OECD to support the development of such a strategic approach.

Several participants underlined the role the OECD can play in facilitating knowledge exchange across countries to support the sharing of good practices, and helping governments design and implement mutually reinforcing policies for enabling SMEs to scale up. They welcomed OECD tailored support to governments in reviewing and assessing SME and entrepreneurship policies and supporting the development of SME strategies.

Enhancing SME access to diversified financing instruments

Ministers and heads of delegation underlined that access to appropriate forms of finance is key to the creation, growth and productivity of SMEs and crucial to achieve Sustainable Development Goals across countries. They noted that certain categories of SMEs continue to face difficulties in obtaining financing in the appropriate forms and volumes. They also noted that while SME lending has been stagnating or contracting in some countries, SMEs are increasingly turning to alternative financing instruments. They agreed that more efforts are needed to diversify SME financing sources and address financing gaps for specific types of firms.

Ministers and heads of delegation acknowledged that the digital economy is opening a range of new opportunities for SME financing – known as Fintech - such as in the form of new financial services, the broadening of the investor base, and the use of alternative data to enhance credit risk assessment and achieve greater financial inclusion. SMEs need finance more than ever before. Preparing for the Next Production Revolution requires large scale investments in new machinery, IT, competences and know-how, which is unfeasible for cash-strapped small companies if financial markets cannot be accessed. On top of that in a more and more knowledge based economy, in which data, algorithms, skills and know-how are becoming key factors of success, funding can no more be provided simply on the basis of tangible assets and physical collateral, but more attention should be paid to intangibles. At the same time, participants highlighted the importance of appropriate regulatory frameworks to support these developments.

Participants discussed policy instruments and experiences to enhance SME access to diversified financing instruments. They noted the importance of enhancing credit guarantee schemes, to address diverse financing needs by SMEs, including for investment and export-related activity, and ensure additionality. Participants highlighted measures to strengthen credit risk information infrastructures, including through the use of Big Data and Fintech, to reflect more accurately the level of risk associated with SME financing. It was also noted that facilitating SME cooperative initiatives can help them achieve scale and strengthen access to credit.

Governments are increasingly using public procurement to foster SME development, and participants noted that aligning purchasing policies across government, ensuring timely payments and combining public purchases with advisory services and training of entrepreneurs can increase the effectiveness of these strategies.

Ministers and heads of delegation shared experiences to support the development of factoring finance, corporate debt markets for SMEs, crowdfunding and peer-to-peer lending, venture capital funds for early stage start-up support, SME listings and private equity investments, mobilising private capital for growth and leveraging private competencies. They noted that schemes should ensure appropriate risk-sharing with financial institutions and entrepreneurs. They also noted the potential of block chain to

enhance SME financing, and the importance for governments to stay abreast of developments in technologies and finance markets.

Ministers and heads of delegation agreed on the need to address financing needs along the entire life cycle of the SMEs, tackling both demand and supply-side barriers. In particular, they noted importance of identifying effective policies to sustain financing for growth and innovation, as well as SMEs' transition to a low carbon economy and investment in green technologies. They also underlined the need to address regional imbalances and support financing for underrepresented groups, including youth and women entrepreneurs.

Participants asked for the OECD's support to improve the evidence base, deepen understanding of SME financing needs and share good practices. They highlighted importance of implementing G20/OECD High-level Principles on SME Financing. They underlined also the need to engage more with SMEs and other stakeholders.

Fostering greater SME participation in a globally integrated economy

Ministers and heads of delegation recognised that changes in the global environment, such as the rise in GVCs and digitalisation, offer new opportunities for SMEs to participate in the global economy, with positive implications for SME innovation, scale-up and productivity. However, it was noted that participation in global markets is uneven across the SME population, and benefits from GVC integration depend on the nature of inter-firm linkages and position in global production networks. Participants also highlighted that, while digitalisation facilitates SMEs to access global markets and the emergence of “born-global” enterprises, many SMEs are lagging behind in the digital transition.

Ministers and heads of delegation discussed key barriers to SME participation in global markets, including limited information and understanding about foreign markets and GVC requirements and standards, lack of skills and efficient organisational practices, financing constraints, weak infrastructures and logistics services.

Ministers and heads of delegation recognised that although tariffs have been reduced substantially in recent decades, trade barriers remain, which impact SMEs disproportionately. They also acknowledged that the increased number and complexity of cross-border data transfer restrictions may condition the benefits that SMEs gain from digital trade. They underlined the importance of considering SME-related issues in international trade dialogue.

Policy instruments to enhance SME participation in the global economy were discussed, and good practices and novel policy approaches were shared. Participants stressed the importance of fostering competitive domestic markets and lifting product market regulations, especially in services, to encourage innovation and growth of the most efficient SMEs and enhance their participation in GVCs. Governments are streamlining and automating border procedures and simplifying requirements, in order to reduce the administrative burdens for trading that typically affect SMEs disproportionately. Governments are also taking action to address information barriers for SMEs about business opportunities, foreign partners, standards, regulations and trade procedures.

Ministers and heads of delegation discussed policies to enhance SME access to appropriate forms of finance, such as credit and supply chain finance, support SME investment in skills, access to skilled workers and development of strategic capabilities to navigate international markets, and foster SME innovation, including through R&D fiscal incentives, research partnerships and intellectual asset management. Governments are also placing priority on

improving digital connectivity and fostering participation by new firms and SMEs in global e-commerce markets.

Ministers and heads of delegation also focused on policies to foster SME linkages with larger firms, taking into account new developments in GVCs, including as a consequence of digitalisation.

Ministers and heads of delegation underlined that the increasingly complex global environment calls for domestic whole-of government approaches to address constraints to SME internationalisation. Also, greater international cooperation is needed to address global challenges, from traditional standards to new regulatory issues in the digital age.

Ministers and heads of delegation highlighted the OECD role in documenting SME participation in the global economy, fostering an exchange of knowledge and good practices, and understanding the policy implications of ongoing transformations.

Improving the business environment for SMEs through effective regulation

Ministers and heads of delegation recognised that an effective and transparent regulatory environment is essential for levelling the playing field for businesses of all sizes, fostering SME investment and innovation, promoting entrepreneurship, lowering informality and reducing corruption.

Ministers and heads of delegation acknowledged the disproportionate impact of regulatory complexities add burdens on SMEs' capacity to invest, innovate and compete, including in global markets. They stressed the importance of efficient contract enforcement, transparency and integrity in the public sector, since opacity and corruption, which are detrimental to all businesses, pose particular problems to SMEs.

Ministers and heads of delegation acknowledged the need to use digitalisation to improve regulatory conditions and reducing administrative burdens, as well as delivering better administrative services to businesses, including through closer collaboration with the private sector. They also noted the importance of the regulatory framework for access to finance by SMEs.

Participants discussed policy approaches to improve regulatory conditions for SMEs, such as cutting red tape for businesses, or through the One-for-One rule, and the "once only" principle, as well as facilitating regulatory and tax compliance through simplification, targeted use of technologies and improved communication, including one stop shops and online submission of information. It was noted that exemptions and simplification measures should be carefully designed, to avoid creating additional complexities or distortions, which may limit SME growth.

Participants discussed the implementation of SME tests in regulatory impact analysis and sand box approaches to facilitate experimentations. Participants acknowledged that there is no "one size fits all" model for regulatory reform, and policy responses need to be context-specific. They underlined the need for policy coherence and coordination, stability and predictability across Ministries, as well as stakeholder coordination. The risk of threshold effects as a result of size-contingent policies was noted.

Ministers and heads of delegation underlined that the OECD can help support a level playing field for SMEs, including through the identification and diffusion of good practice principles for regulatory reforms. Some asked the OECD to support countries in developing

coherent approaches and better data to improve regulatory conditions for SMEs in the context of developing an OECD strategy for SMEs.

Business transfer as an engine for SME growth

Ministers and heads of delegation recognised that enabling the successful transfer of economically sound SMEs is crucial to retain employment, preserve assets value and continuity in production processes and business relations. It was noted that more employment can be retained thanks to successful transfer than what is created by new firms. Participants also highlighted that business transfer can represent an opportunity to innovate business models and managerial practices and for new entrepreneurs to enter the market. Participants underlined that policy makers should focus on take-ups, as well as on start-ups.

In light of the ageing of entrepreneurs, Ministers and heads of delegation highlighted the urgent need to address key business transfer challenges that are causing the closure of many viable SMEs. These include regulatory complexity and administrative burdens, lack of adequate planning and competencies in SMEs, limited access to advisory services, difficulties in the identification of potential transferees and appropriate forms of transfer, resistance to dilute ownership and managerial discretion in family businesses, and financial constraints to takeover.

Participants discussed policy instruments to create sound conditions for SME transfer and enhance entrepreneurial opportunities. They agreed on the importance of developing a conducive regulatory, administrative and fiscal environment. In particular, they discussed approaches to reduce administrative burdens, and address adverse tax consequences on sale or disposal of SMEs, such as through exemptions from gift and inheritance taxes and the loosening of pre-existing tight conditions to benefit from these exemptions.

Ministers and heads of delegation noted that increasing entrepreneurs' awareness and enabling advanced planning for expected and unexpected business transfer is crucial. This also includes supporting access to networks of professional advisers involved in business transfer, developing guidelines and toolkits and providing targeted services to entrepreneurs.

Ministers and heads of delegation shared views and experiences on how governments can strengthen match-making and the development of business transfer markets. They discussed measures to raise awareness about SME takeover opportunities, and foster on-line market places for business exchanges, including across borders, ensuring quality standards and transparency. It was noted that family businesses face specific challenges for successful transfer, and how mentoring and coaching approaches can facilitate smooth succession. Governments are also taking action to enhance access to appropriate forms of finance by firms undertaking ownership change and by potential transferees, including credit guarantees and equity instruments.

Ministers and heads of delegation underlined the importance of a seamless policy approach to business transfer, addressing needs at the pre-transfer, mid transfer and post-transfer stages. They also noted importance of ensuring coherence across policy areas that have implications for business transfer.

Ministers and heads of delegation encouraged the OECD to improve evidence about SME business transfer forms and trends, distinguishing different types of SME, to increase knowledge about the causes of business transfer failures and policy levers for successful

transmission. In light of their relevance across countries and their specific features and challenges, they called on the OECD to undertake work on family businesses.

Developing Entrepreneurial Competencies

Ministers and heads of delegation recognised the importance of entrepreneurial competencies for enabling successful business creation and enabling employees to contribute to SME innovation. They also noted the social and ethical aspects and impacts of entrepreneurial competencies.

Ministers and heads of delegation highlighted the breadth and soft nature of entrepreneurial competencies, which combine a range of attributes, including creativity, a sense of initiative and responsibility, problem-solving, team work, negotiation, the capability to manage resources, and financial and technological knowledge.

They emphasised the critical role of the formal education system for the development of entrepreneurial competencies, and that entrepreneurship education is needed across the primary, secondary, and tertiary education levels. They also highlighted the importance of entrepreneurship training outside of the school system.

Despite recent efforts to increase support for building entrepreneurial competencies, participants emphasised that more students, employees and entrepreneurs should be offered appropriate entrepreneurship education and training. They underlined that teaching for entrepreneurial competencies should be practical rather than theoretical, including practical entrepreneurship projects and work-integrated learning experiences in SMEs. They shared knowledge on recent approaches.

In assessing the impacts of entrepreneurship education and training, participants noted that the full impacts may only become evident in the longer term and that the benefits can be broad, encompassing self-development, community development and business development.

Ministers and heads of delegation discussed various policy instruments to support entrepreneurial competencies, in particular through providing training, networks and support materials for teachers of entrepreneurship; and offering start-up support for students who are motivated and able to start a business in the near future such as access to finance, mentoring, and incubation.

Ministers and heads of delegation emphasised the importance of taking an integrated policy approach, involving all the ministries with relevant tools and interests, co-ordinating across different levels of education, and building links between entrepreneurship education and start-up support. They recognised the important role of the OECD in facilitating policy analysis, knowledge exchange, peer learning and capacity building among countries in this area.

Promoting innovation in established SMEs

Ministers and heads of delegation underlined that innovation in established SMEs is a key driver of inclusive growth, by reducing productivity gaps and wage gaps between SMEs and large companies. However, they also noted that there is strong heterogeneity in the SME innovation performance.

Ministers and heads of delegation underlined the shift towards an ‘open innovation’ paradigm in which innovation is the outcome of inter-firm collaboration and industry-

university collaboration. They agreed this shift is making innovation more accessible to SMEs. Participants also remarked that government spending in R&D and innovation is on the rise in many countries, but national targets are not being yet met in many cases. Some participants noted that business innovation should be mostly private-sector driven.

Ministers and heads of delegation emphasised the importance of creating national and local innovation systems which are inclusive of SMEs, such as through the establishment of innovation centres and centres of excellence which promote collaborative research between SMEs and research organisations and transfer applied knowledge to SMEs. They pointed out the importance of clusters as a hotbed of innovation, noting the importance of engaging different industries, to enable convergence to create innovative products and services.

Ministers and heads of delegation emphasised the importance of the institutional and regulatory settings to promote innovation in SMEs, ensuring a coordinated and comprehensive approach. They pointed to the importance of regulations which favour SME innovation, including a flexible labour market furthering the allocation of resources to the most productive sectors and firms.

Ministers and heads of delegation emphasised the role of skills for innovation in SMEs. Building a strong education sector which generates a talented labour force, upgrading managerial and workforce skills in SMEs, and raising awareness in SME about innovation, were all priorities mentioned by participants. Participants also stressed the urgency for SMEs to go digital and the role of policies to enhance digital skills, digital infrastructure and access to markets. It was noted that funding initiatives, such as innovation vouchers, have the merit of supporting innovation in SMEs and also creating a market for innovation services.

Discussion showed that approaches differ across countries, with some adopting a sectoral approach to supporting business innovation, and others developing horizontal strategies, with due consideration to avoid the risk of “picking winners”.

Strengthening social inclusion through inclusive entrepreneurship

Ministers and heads of delegation recognised the importance of enhancing entrepreneurial opportunities for under-represented and disadvantaged groups, including women, youth, seniors, the unemployed, migrants, indigenous people, people with disabilities, and people in peripheral and rural areas. Tapping into entrepreneurial talent that flourishes in different parts of society holds the potential to both help empower different groups and spur growth. They stressed that inclusive entrepreneurship is critical for achieving global agendas such as the Sustainable Development Goals.

Ministers and heads of delegation highlighted a number of significant barriers that hinder under-represented and disadvantaged groups from creating successful and sustainable business. Amongst others, these obstacles include the lack of entrepreneurship skills; difficulties in accessing start-up financing; difficulties in navigating the regulatory environment; administrative burdens for business creation and development; limited access to small entrepreneurship networks; fear of failure and lack of confidence; and negative social attitudes. These barriers tend to be larger in scale or different in nature for under-represented and disadvantaged social groups in entrepreneurship.

Ministers and heads of delegation shared knowledge on policy instruments to foster inclusive entrepreneurship, including dedicated and tailored programmes for specific social groups in the areas of entrepreneurship training, coaching and mentoring programmes, and

microcredit and loan guarantee programmes. In addition to dedicated programmes for target social groups, it is also important to increase the outreach of mainstream entrepreneurship support programmes to under-reached parts of the population, including through training for business development service providers to effectively work with people from these target groups and collaborations between business development service providers and relevant community organisations with access to target populations.

Ministers and heads of delegation also stressed the importance of tailoring microcredit and loan guarantee programmes for women, young people, and immigrants. It was also underlined that public financial institutions have a key role to play to foster access to equity, such as by favouring greater gender diversity in boards. Clusters and public procurement were also identified as key levers to better integrate vulnerable groups, when used strategically.

Increasing attention is also being placed on building entrepreneurship networks for women, youth, immigrants and unemployed entrepreneurs and other social groups and ensuring that these networks are well-connected with professional business supports.

The discussion identified a number of key success factors for inclusive entrepreneurship policy. These include effective outreach to target clients; understanding the challenges faced by the target entrepreneurs; and the use of an integrated package of supports combining training, mentoring, financing and networking. Ministers and heads of delegation noted that interventions typically have the greatest impact when they encourage innovation and the exploitation of markets with excess demand.

Ministers and heads of delegation underlined the importance of the territorial dimension of inclusive entrepreneurship to ensure that actions targeting vulnerable groups take account of local specificities and communities.

Ministers and heads of delegation agreed on the importance of joint work across Ministries and government agencies, in order to ensure that inclusive entrepreneurship policies and programmes are coherent with labour market and education policies. They underlined that OECD can facilitate knowledge exchange between countries to support the transfer of good practices in inclusive entrepreneurship policies.

Ministers and heads of delegation also underlined the need to address informality, which is more common among disadvantaged groups, and negatively affects productivity, access to social services and financial inclusion. They also stressed that the underlying causes of exclusion should be addressed. They called on the OECD to undertake work on policies to enhance formalisation.

Monitoring and Evaluation of SME and Entrepreneurship Policies and Programmes

Ministers and heads of delegation and participants underlined the importance of evidence-based policy making. They agreed that impact assessment and evaluation are extremely important, as they contribute to the accountability of programs and policies. They are necessary to understand which policies work and which do not, and to demonstrate to taxpayers that public resources are being used effectively. They referred to the crucial roles of ex ante evaluations and appraisals to guide decisions about which sorts of new policies to introduce, as well as timely mid-term evaluations and robust final impact evaluations.

However, Ministers and heads of delegation also identified a number of barriers to improving evaluation practice. These barriers included obtaining data from other

government agencies, the adequate timing for obtaining the data, lack of knowledge about high quality evaluation practices and methods, a fear of negative reactions to poor evaluation results, and a lack of systematised and comprehensive approach to SME and entrepreneurship policy evaluation. They also recognised that the evaluation process is often complex, not only for the difficulties often faced in the ex-post data collection from beneficiaries, but also for the high cost that sometimes the whole process entails.

They stressed that more efforts are needed to spread a culture of evaluation in SME and entrepreneurship policy. They highlighted how the culture of evaluation can be supported in various ways that include establishing relevant administrative structures for evaluation, establishing clear measurable objectives at the outset of programmes, developing appropriate key performance indicators, evaluating against established objectives and indicators and sharing and publishing the results. They pointed to the need to create spaces for policy experimentation and evaluation, recognising that evaluations will provide negative as well as positive results.

They underlined that impact evaluation must move away from simply providing statistics of programme expenditures and activities to analysis of causal effects and counterfactual analysis. Several participants pointed to how recent advances in evaluation techniques can be brought to bear on the impact evaluation of SME and entrepreneurship policies and programmes, including control group studies and experimental studies. Several countries presented evaluations they have undertaken using robust counterfactual and control group based evaluation approaches and detailed and independent data. However, they noted that the use of these techniques and data sources is still underdeveloped in SME and entrepreneurship policy evaluation.

Ministers and heads of delegation also recognised substantial recent increases in the availability of data within government administrations, including social security data and tax data, and also the wider availability of Big Data and Open Data. Use of these data can shed more light on policy impacts on SMEs, entrepreneurs and the economy and helping provide more timely evaluation results. However, they recognised that deliberate strategies are needed to exploit these data for SME and entrepreneurship policy evaluation. Several participants also referred to the importance of developing qualitative data and wider studies to complement quantitative impact evaluation approaches.

They stressed the need for a whole-of-government approach to SME and entrepreneurship policy evaluation. Evaluations should be undertaken in a systematic and holistic manner across the domain of SME and entrepreneurship policy, including all the various programmes, agencies and ministries involved. Participants and participants also stressed that the evaluation approach should also take account of how mainstream sectoral policies – immigration, skills, transport, health, culture, education policies etc. – impact on SMEs and entrepreneurship.

Ministers and heads of delegation underlined the role of the OECD in facilitating knowledge exchange among countries on evolving practices and approaches to SME and entrepreneurship policy evaluation and support the sharing of good practices. Participants called on the OECD to update its 2007 Framework for the Evaluation of SME and Entrepreneurship Policies and Programmes to reflect recent changes in policy measures, data availability and evaluation techniques. It was also proposed that the OECD work directly with countries to evaluate their programmes, particularly with regards to impact evaluation.

The way forward

During the discussions over the two days of the Ministerial Conference, participants highlighted the importance governments attach to SMEs and entrepreneurs, and the necessity to enable them to contribute more fully to productivity and inclusive growth. They underlined the need for evidence-based policies to foster SME development and growth and recognised the central role the OECD plays in analysis, policy dialogue, exchange of best practices and tailored policy support to governments in the area of SMEs and entrepreneurship. Several participants called on the OECD to step up its work on SMEs, to support governments by developing a holistic, integrated approach to SME policy making.

Several participants also called on the OECD, through its Working Party on SMEs and Entrepreneurship, to elevate the visibility and impact of its work on SMEs for the benefit of all countries. To this end, they asked the OECD to undertake an assessment which provides recommendations for achieving these objectives. They also asked the OECD to organise other high-level events on specific dimensions of SME policy, as well as another Ministerial meeting in 2020 or in the near future, in order to continue the fruitful dialogue and information sharing that took place in Mexico City.



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