

# D4SME – Key Policy Priorities in view of the OECD 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 compete, innovate, 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 also help SMEs improve their resilience and thrive in an increasingly volatile business environment.

**Key challenges as connectivity gaps, lack of skills, knowledge and financial shortages and regulatory constraints hinder SMEs’ ability to fully benefit from the digital transition.** It is imperative to address these challenges to accelerate and deepen the digital transformation of the diverse SME populations<sup>1</sup>.

**SME ecosystems play a key role to overcome persistent difficulties faced by SMEs on their digital journeys.** Coordination, co-operation 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 “Digital for SMEs” Global Initiative (D4SME) was launched in 2019, in response to the call from Ministers gathered at the 2018 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 innovative and digital technologies, investment in complementary knowledge-based assets and digital security” and “continuing multi-stakeholder dialogue on effective policies to support development, growth and competitiveness of SMEs in a global and digitalised economy”<sup>2</sup>.

**This document outlines “Key Policy Priorities” that emerged from the activities of the D4SME and can contribute insights to the 2023 Meeting of the OECD Committee on SMEs and Entrepreneurship (CSMEE) at Ministerial Level on “Managing Shocks and Transitions: Future-Proofing SME and Entrepreneurship Policies”.** The research outputs and policy dialogue insights 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 D4SME Steering Group for discussion at its 28th March 2023 meeting** and for **written comments by 7th April**. The present revised version reflects comments received during and after the meeting. It is circulated to the D4SME Steering Group for any final comment **by 6 June 2023**.

<sup>1</sup> OECD’s [“Recommendation of the Council on SME and Entrepreneurship Policy”](#), 2022

<sup>2</sup> [Declaration on Strengthening SMEs and Entrepreneurship for Productivity and Inclusive Growth, 2018](#)



## Key Policy Priorities: highlights from D4SME dialogue

### Connectivity

- **Improve SMEs' access to ICT infrastructure and strengthen ecosystem connections.** Providing SMEs across geographies (cities, rural, and remote areas) with high-speed broadband (fixed and/or mobile) is the prerequisite for any uptake of modern software solutions by SMEs. The **ever-growing reliance on Cloud Computing** of most applications makes fast, affordable internet connection even more important for SMEs. **Support to knowledge, production, and supply chain networks** integrating public agencies, private companies, academia, and business associations is also key for the digital development of SMEs.

### Digital skills

- **Promote training, mentoring, knowledge sharing, access to specialised services and expertise to skill up SME employees, managers, and entrepreneurs.** Development of digital skills is crucial to improve awareness, understanding and effective use of digital tools in SMEs. **These include technical skills as well as transversal ones**, including management skills to successfully drive the profound changes in business practices linked with digitalisation. The development of digital skills is a **life-long process**, as continuous learning is essential to keep pace with the evolution of digital tools. For this, **the ecosystems or networks** (including public agencies, universities, and private organisations) **of which SMEs are part, is of particular importance as they can widen or reduce digital divides** among SMEs in different sectors and among SMEs and larger firms. Raising **awareness of available government support programmes** to acquire digital skills should also be a priority.

### Access to data

- **Enhance SME access to, storage, management, exploitation, and protection of data.** Foster SMEs' access to "open data" and empower SMEs to properly collect, store and leverage data on their processes and customers, while complying with regulations and privacy requirements (e.g. GDPR).

### Twin Transition

- **Enable SMEs to leverage digital technologies and data to transition to more sustainable models and practices and support SMEs developing "green tech" solutions.** Help SMEs and entrepreneurs to identify business practices and digital technologies that can help to reduce their GHG emissions and lower their overall environmental impact, for example by **leveraging digital tools to become more energy efficient** (e.g. smart meters), **while also increasing awareness of the carbon footprint of digital tools**. This is also crucial to strengthen capacity of supply chains where **compliance with environmental standards and reliable data to measure it** is increasingly important. As regulatory requirements, government support programmes, and consumer demand steer sustainability efforts, competitive advantages emerge for companies that can comply.

### Fintech

- **Support SMEs' access to innovative digital solutions in banking, finance, and payment services.** This can pave the way for increased productivity and enable SMEs to gain access to a broader and more tailored range of financing products that better meet their needs, especially in underserved sectors and areas (e.g. remote and rural areas). **Fintech solutions can be particularly effective in promoting financial inclusion**, democratising access to financial services, and integrating low-income SMEs into the financial system, by leveraging the reach, speed, knowledge, security, and transparency of digital technologies. "Open banking"

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and more in general “open finance” resolutions can also allow for innovative services targeting SMEs and improve transparency in credit markets, while ensuring data protection and privacy for SMEs<sup>3</sup>.

## Motivation, well-being, and mental health

- **Adopt a people-centred approach to the digital transition.** Especially in times of crisis, it is important to engage in **questions related with mental health and well-being, SMEs’ social purpose and impact, and, more broadly, entrepreneurs’ benefiting from and giving back to their communities.**

## Digital government

- **Leverage digital tools to provide public services to SMEs more efficiently, improve consultation and incentivise SMEs to strengthen their digital literacy, including by developing digital “one stop shops”.** Single digital portals can facilitate the flow of information from public institutions to SMEs and entrepreneurs, for example on support measures available to them, simplified ways to access such measures, applicable rules and permits needed, and delivery of trainings. If well structured, these tools can make it convenient for SMEs to understand and use dedicated software (e.g., APPs, Portals), thus contributing to raise their digital capabilities.

## Sectoral perspective

- **Ensure SME policy design and implementation take into account the heterogeneity of SME populations.** Granular data is needed to improve **understanding of sector dynamics and levels of digital maturity of SMEs.** This can enable improved assessment about the differentiated impact of horizontal policies and the development of tailored policy solutions as needed. **Cooperation among public sector and business and sector associations, chambers of commerce, large companies is key to obtain original, timely, and granular data to inform policy making.**

## Future-ready SMEs

- **Support SMEs in understanding, evaluating, and leveraging advanced technologies,** including by strengthening their connections with other SMEs or large private sector companies providing these services: for instance, **machine-learning based AI models (including recent “generative AI” large language models); Distributed Ledger Technologies (e.g., blockchain); advanced digital security practices; or Internet of Things, Virtual and Augmented Reality (AR/VR).** A **future-proof regulatory environment**<sup>4</sup> is needed to incentivize adoption of digital tools (e.g., e-invoicing), to strike a balance between innovation and risk management, to ensure the convergence between the green and digital transition (e.g., sustainability reporting, standards, etc.), and to manage the impact of new digital technologies and automation on the labour market.

<sup>3</sup> [“2022 Updated G20/OECD High-level Principles on SME Financing”](#)

<sup>4</sup> OECD’s [“Recommendation of the Council for Agile Regulatory Governance to Harness Innovation”](#), 2021