Prepared For
B20 2015
SMEs
Task Force Policy
Recommendations
Based upon the voice of the real economy participants on the ground level
9 July 2015

Improve access to finance & markets
As a foundation for developing our recommendations for the 2015 B20 SME & Entrepreneur Task Force, our comments are based upon the following:

- **Analyzing proposals from previous G20 Summits** - The Russia, Australia and Turkey B20 Task Forces are to be applauded, as many of their recommendations will facilitate the growth of SMEs.

- **Understanding Task force interdependencies** - While the B20 Task Forces have developed independent objectives, due to the global economy interdependency, it is evident their proposals overlap thus requiring a highly integrated approach for their implementation.

- **Listening to the voice of the real economy participants at the ground level** - The G20 Nations Case Study results to date covering 37% of the G20 population have yielded that 90% want new digital tools to reduce their operational costs and achieve greater access to markets and financing.

Given the urgency to meet the needs of the SMEs, out of the box thinking is required to kick-start the global economy.

A reality check yields that market expansion is required and this demands a focus on the real economy of manufacturing, agriculture and the services industry. SMEs will play an integral role in this market expansion through the use of a digital ecosystem, provided at no cost, that permits global integration of product and service offerings intelligently matching sellers to targeted buyers.

Whilst current and past thinking leads us to a particular focus we would recommend a more holistic approach which encompasses the needs of participants on the ground and the interdependencies of all task forces. The digital economy is the means to facilitate such an outcome.
**Reality Check**

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**Why isn’t the real economy the driving theme in the global arena and how do the B20 recommendations address this?**
Lack of demand is forcing the emphasis on financial engineering for fast wealth creation. However, this comes at the cost of growing the real economy that drives sustainable economic growth.

**How do the B20 recommendations address poor market demand?**
The world’s demographics are changing. In high income countries the population is aging yet salaries remain high. This is a productive community challenged with low market demand. In mid and low income countries, birth rates are high, the population is growing, but salaries are low.

**How can we reduce the SMEs high cost of operational efficiency?**
The cost to improve operation efficiency and quality hinders growth. This impacts the SMEs competitiveness and ability to increase revenues based on market demand.

**How can SMEs gain greater access to markets, sustainable financing and simplify their compliance with financial regulations?**
The lack of integration between the financial institutions & the global value chain participants increases frictional costs, risk and the costs of compliance for SMEs & Financial Institutions.

**How can SMEs reduce excess landed import and export costs as well as improve logistics reliability in order to compete in the global marketplace?**
Developing and emerging economies have landed import and export costs that are nearly twice as high as the developed country average. Coupled with unreliable logistics, this results in lost market opportunity and places a major burden on SME competitiveness in the global market place.

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**Recommendation**

**The Real Economy must be the driving theme to deliver sustained economic growth.**
Our efforts must be concentrated on the following three main economic pillars of the real economy; manufacturing, agriculture & the services industries that support them.

**Sustaining global market demand is essential to build SME prosperity.**
We must connect the youthful workforce of the mid and low income countries with the expertise of the high income countries thus building the buying power of the mid and low income countries creating an unprecedented new global market demand that could result in more than 100 million new jobs, predominantly SMEs.

**New digital tools to lower costs through increased operational efficiency.**
We must ensure that SMEs can achieve increased operational efficiency through the use of digital tools, delivered by a trusted network offsetting geopolitical and monopolistic concerns, with continuous and unrestricted access at no cost to the end user.

**We must create a digital ecosystem connecting all GVC participants.**
This will build greater access for SMEs to markets and finance providers while reducing finance risk and the burden of complying with financial regulations.

**We must promote the use of digital tools to enhance trade efficiency across the global value chain resulting in lower landed import and export costs and improved logistics reliability.**
The World Bank, APEC and UN have identified 6 elements as the key to increase trade efficiency through technology thus lowering trade costs: Integration, Processes, E-documentation, Tracking & Visibility, Competence and Cargo Security.

NB: The boxes in lighter shade illustrates the wider scope of our recommendations.
Global Coalition for Efficient Logistics (GCEL), Swiss based nonprofit Public/Private Partnership

**Task Force 2nd Draft Policy Recommendation**

- **Trade Task Force**
  - Stimulate global demand
  - Achieve real economic integration
  - Improve trade through digital economy
  - Ratify and implement the WTO Trade Facilitation Agreement before 10th WTO Ministerial meeting in Nairobi
  - Rollback all protectionist measures starting with Localization Barriers to Trade, facilitated by newly created national committees on trade
  - Improve the global trade system according to the emerging digital economy

- **Infrastructure & Investment Task Force**
  - De risk infrastructure & investment
  - Increase infrastructure funding
  - Improve investment ecosystem and set basis for infrastructure as an asset class to encourage private sector investment
  - Develop national infrastructure strategies linked to country growth aspirations to ensure supply meets future demand
  - Commit to national investment principles related to FDI
  - Maximize capacity utilization
  - De risk infrastructure & investment

- **SME & Entrepreneurs Task Force**
  - Improve access to finance & markets
  - Improve access to digital and innovation ecosystems to help SMEs
  - Improve access to international markets
  - Improve access to skill, talent, and innovation ecosystems, including at schools, universities, and training institutions
  - Improve access to funding
  - Improve national innovation and productivity

- **Real Economy**
  - Task Force 2nd Draft Policy Recommendation
  - Manufacturing * Agriculture * Services
  - Improve access to finance & markets
  - Improve access to skills and education
  - Improve access to regulation

**Digital Economy**

**Market Expansion**

- Enhance capacity utilization
- Improve investment ecosystem
- Improve access to international markets
- Improve access to innovation and productivity
- Improve access to financing
- Improve access to skills and education
- Improve access to regulation

**Task Force 2nd Draft Policy Recommendation**

- Develop and finance programs aimed at reducing skills mismatches in an era of rapid changes in technology and
- Enhance digital and innovation ecosystems to help SMEs
- Enhance availability of SME creditworthiness
- Transfer the newly developed SME financing process to a global platform
- Enhance regulatory consistency and improve consultation among regulators
- Improve the global trade system according to the emerging digital economy
- Ratify and implement the WTO Trade Facilitation Agreement before 10th WTO Ministerial meeting in Nairobi
- Rollback all protectionist measures starting with Localization Barriers to Trade, facilitated by newly created national committees on trade
- Improve the global trade system according to the emerging digital economy

**Global Market Expansion**

- Task Force 2nd Draft Policy Recommendation
  - Manufacturing * Agriculture * Services
  - Enhance capacity utilization
  - Improve investment ecosystem
  - Improve access to international markets
  - Improve access to innovation and productivity
  - Improve access to financing
  - Improve access to skills and education
  - Improve access to regulation

**SME & Entrepreneurs Task Force**

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- Improve access to international markets
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- Improve access to funding
- Improve national innovation and productivity

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