

EXCLUSIVE INTERVIEW



“ To improve access to credit for SMEs, we have to reduce their dependence upon the banking system and use alternative sources of finance, such as crowdfunding, peer-to-peer lending, business angels and fintech ”

Mr. Sergio Arzeni

President, The International Network for Small and Medium Enterprises [INSME] Organisation for Economic Co-operation and Development (OECD)

ICMA Pakistan: International Network for Small and Medium Enterprises [INSME] is working under the auspices of OECD. Can you briefly share its objectives and core services offered to support the SMEs?

Sergio Arzeni: The OECD provides policy recommendations to member countries and beyond given its role as informal technical Secretariat of the G20. INSME is addressing the problems arising in the implementation of OECD policy recommendations for making economies more competitive, innovative, resilient, and inclusive. The growth of SMEs and new startups are essential factors to create jobs and ensure social prosperity and political stability.

ICMA Pakistan: How do you assess the impact of the COVID-19 pandemic on global SMEs, especially in developing countries? What challenges the SMEs are faced with in the post-COVID scenario and how could these be addressed?

Sergio Arzeni: SMEs have been most severely hit by the pandemic, particularly in those countries that were not in a

position to fund extensive furlough schemes. The OECD estimated that about 50 million workers in total had their wages supported by job retention programs in member countries. Registered SMEs received a vast array of public support, but informal SMEs, which are so widespread in low-income countries got nothing. This exacerbated inequalities. The way out is in the drastic reduction of red tape for entrepreneurs, fostering digitalization and internationalization of SMEs. We have members of INSME that have innovative, for free, innovations able to boost access to credit and trade finance for SMEs.

ICMA Pakistan: Would you specifically pinpoint some of the financial challenges faced by small businesses and what sources or platforms are available globally that are financing the SME projects?

Sergio Arzeni: To improve access to credit for SMEs we have to reduce their dependence on the banking system and use alternative sources of finance, such as crowdfunding, peer-to-peer lending, business angels, and fintech.

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The Digital Economic Platform set up by GCEL (Global Coalition for Efficient Logistics) is precisely aimed at filling this gap.

ICMA Pakistan: How INSME can facilitate the Pakistani SME sector, especially the business startups, in building the capacity to play a vital role in the economic and export growth of the country?

Sergio Arzeni: Among INSME members there are export champions such as the German and Italian confederations of SMEs and we can share best practices among our members on how to adapt at the local level, in local cultures, foreign experiences. You don't just buy expertise. You have to try to empower yourself. There is an education effort and INSME can help with that. For instance, at the moment, INSME is supporting an Export Accelerator in Bulgaria.

ICMA Pakistan: How ICMA Pakistan and INSME can work together, especially in establishing a joint forum of all stakeholders for SME development and enhancing SME-led exports of the country?

Sergio Arzeni: For a start, ICMA Pakistan can apply to join the INSME network and become a full member. Then we can devise a set of initiatives that we can implement together. ICMA Pakistan's participation in the INSME Annual Meeting that will take place in Sofia, Bulgaria, on 9-10 December 2021 could be important for establishing direct contact and figuring out a joint program of work.

The Editorial Board thanks Mr. Sergio Arzeni, President, The International Network for SMEs [INSME] - Organisation for Economic Co-operation and Development (OECD) for giving his exclusive interview for Management Accountant Journal.

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