Good afternoon Deputy Secretary General Mr. Leterme, Excellencies, Ladies and Gentlemen.

I am really so pleased to be at this event. When I first heard about the launch of the OECD Scoreboard I did not need much persuasion.

Entrepreneurship matters. Everywhere, small and medium-sized enterprises are big creators of jobs. And they also contribute significantly to the economy, as Mr. Leterme mentioned. This is as true in the Netherlands as it is in Mexico, Malaysia and Malawi. Yet, SMEs often find it hard to get finance. So, I often wonder, what is it that we are not providing that this is not happening? Good, robust data will help us tell this compelling story even better.

In the last years, we have seen how financial inclusion is helping to transform countries. We know that savings, insurance and loans can help people generate income, manage cash flow, invest in opportunities and strengthen resilience to setbacks.

Yet, two and a half billion people around the world are unbanked. Exclusion is greatest in poorer countries, where nearly 70% of the population has no access. And the figures are just as concerning for enterprises. In some low-income countries, only 18% of SMEs have a bank loan or a line of credit. As a result, enterprises use informal financial tools or cut back on their growth and efficiency potential. In a country like Mexico, only 32% of SMEs have a bank loan or line of credit. Yet, SMEs contribute about half of GDP. Imagine how this would change if more SMEs had access to financial services. This, ladies and gentlemen, is something we should be focusing on.

Let me now zoom in on the SME situation in my home, the Netherlands - as I think one should always start by looking into one's own country's situation. Many people are surprised to learn how important SMEs are in the Netherlands. We might have many multinational companies. But nearly all of our enterprises are micro, small or medium-sized. They employ 68% of our labor force. And many are very small firms -- 90% have 9 employees or less.

Traditionally, SMEs in the Netherlands have relied on bank financing. Following the economic crisis in 2008, this supply of finance declined. Small and innovative businesses suffered particularly. Like other OECD countries, we studied how we could help enterprises best and we tried to identify additional private and public funds. One of the things we discovered is that finance is not the only constraint. Entrepreneurs need help with planning, marketing and financial literacy.

So, in 2009 we launched a microfinance system that couples loans of up to 50,000 euro with business development services. I am really very proud of our microfinance institution called Qredits, as it incorporates both finance and non-finance support.

For example, it helps entrepreneurs write a good business plan through tools like e-learning and voluntary coaching. As a result, 88% of enterprises it has lent to are still in business after two years. This is encouraging compared to the industry average. Without business development support, only 56% of SMEs are still active after three years. Another important element is the cooperation with commercial banks. The banks not only finance this microfinance institution, but also refer clients. Almost 30% of the loans were referred by commercial banks. And Qredits passes its clients with good track-records on to banks once the loans have reached the top limit. Although Qredits is still new, existing nearly three years old, this appears to be an effective approach.

Much of what we see in the Netherlands we also see around the world, like the need for training and coaching. But there are some notable differences in emerging markets.
One is that fewer enterprises in emerging countries have formal financial services, as I mentioned earlier. This is not only for loans or savings. In Old Cairo, I met owners of small stores and workshops. Every Saturday morning they go around collecting invoices in cash, so they can pay salaries in the afternoon. Before we can talk about increasing credit and loans, we urgently need to connect them with basic payment systems so they can send and receive money, and make use of current accounts. Imagine if these entrepreneurs in Cairo could receive payments by their mobile phone. They could gain almost a whole day.

What we also often see is microfinance in one silo and enterprise finance in another. What happens to businesses in between? Are these to be financed by MFIs reaching up? Or commercial banks reaching down? How many times have I seen long-term investments financed by repeated, six-week loans? So we need a continuum of finance. And it must have the right products, tailored to local value chains. Effective finance for a cocoa farm in Ghana will be different from that for a mango juice cooperative in Mali. And of course an urban finance product will not work with rural clients.

This continuum of finance is important if we want to unleash more finance at all stages of an enterprise, from start up to expansion. Warehouse receipts, collateral loans and broader financial infrastructure will all help finance flow. Needless to say that stronger legal environments will help lenders with contract enforcement. Together, these can reduce the cost of capital and loans for enterprises.

Supporting women in enterprise deserves special mention as it is so important for development. Women represent a large percentage of microfinance clients. But when it comes to larger loans and formal finance, their participation drops. And this is not a problem of lack of funds. I have observed that many local banks have excess liquidity. Also special government and donor funds like credit guarantees for women are not being fully utilized. Helping these women make their loan applications more attractive and their enterprises more successful is imperative. Business development services and financial education together with provision of finance seem to provide greater opportunities.

But in order to address these important issues, we need to share knowledge. Data is essential to monitoring progress, identifying gaps, design policy and decide investments. We can learn from similarities but also from the differences among countries. To this end, the Scoreboard is extremely welcome. And it is very exciting to hear that even more countries have already signed up for the next edition. This is wonderful. I congratulate the OECD for this.

The OECD and the Working Party are engaging with many stakeholders to build synergies among different efforts and see how data can be standardized. For example, the IMF Financial Access Survey will now include indicators on SME finance. The G20 is also preparing data frameworks for financial inclusion. These too will help comparison and help make data more responsive to national needs. I look forward to hearing the OECD's recommendations for making SME finance data and their application even stronger.

But knowledge is not only about data but also about sharing experiences. The G20 SME Finance Forum, which we will launch in a few minutes, will also provide a valuable exchange of what works—and what does not. While there is no one-size-fits-all solution, experiences from other countries will help us to cut the corners. I encourage the OECD, G20, national leaders and other partners here to continue in their close collaboration.

In closing, I always try to remind myself that financial services are not an end in themselves. They are means to cover basic needs and meet aspirations. All we have to do is study the local needs and engineer the financial product that suits the clients best. I am aware that this is a large and challenging agenda, but an important one. As developing countries pursue equitable development and as developed countries hope to return to economic growth that will foster employment, SME finance is not something we can take lightly.

Thank you.

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