

PRESS RELEASE

National Agency for Small Business required to support domestic facing SMEs

Over 800,000 employees in small businesses that are not supported through the IDA and Enterprise Ireland

[SME Recovery Ireland](#) estimates that there are over 800,000 workers currently employed by domestic small, medium, and micro-enterprises in the SME sector which are not supported by a State agency. As Government makes final preparations ahead of delivering Budget 2021 tomorrow, the organisation is repeating its call today (12.10.20) for the establishment of a National Agency for Small Business overseen by a dedicated Minister for Small Business.

Commenting, Chair of SME Recovery Ireland, John Moran said: “When you in the middle of a crisis, the spotlight can quickly shine on key missing ingredients for a successful solution. At SME Recovery Ireland, we fully recognise the important and on-going role that IDA Ireland and Enterprise Ireland play in supporting over 420,000 people working in small enterprises that have an inward investment or export element to their business. However, a significant support gap remains for the thousands of small businesses who operate solely within the domestic economy and their over 800,000 employees. That is why, we hope the budget will take the opportunity to reorganise existing but disparate supports into one single, strong and dedicated agency for small business. This is the missing third leg of our enterprise support stool to make sure all businesses and their employees are fairly represented.

“The creation of such an agency would allow for a more coordinated approach to the development and implementation of State policy across the SME sector. It would also ensure that public policy across government recognises the contribution of small businesses and that laws and regulations are not excessively complex and onerous for small business owners. For example, legal, tax and regulatory rules and regulations could be more easily streamlined for SMEs, in recognition of their small scale and unique characteristics. Entities such as Micro Finance Ireland and the Local Enterprise Office network would then be managed by this agency under the guidance of the Minister for Enterprise, Trade and Employment or a new dedicated Minister of State with responsibility for Small Business.

“Many public servants already work daily in different agencies to support these businesses so the budgetary cost of such a reorganisation should be small but the positive impact to the sector should be very meaningful. With such a large number of firms across the state, supporting them to each add even one new employee is the most effective way to get those who have lost their jobs back to meaningful and satisfying employment to avoid the heavy financial and mental health costs of long term unemployment.”

Additional measures SME Recovery Ireland are asking Government to consider tomorrow include:

- An **SME Rainy Day Fund** – similar to an SSIA scheme for small business, the objective of this initiative is to create a long-term capital base within small, medium and micro enterprises by incentivising businesses to make a contribution of 1 per cent of their annual turnover to a segregated bank account. The State would then annually match or part-match the businesses contribution to its ‘Rainy Day Fund’ until the Fund reaches a pre-determined level e.g. 5 per cent of annual revenue or six months of the company’s salary bill.
- An **SME Resilience Fund** – anchored and managed by the National Treasury Management Agency (NTMA) this initiative would act as an insurance fund for the State to recapitalise small businesses that are subject to force majeure losses that are

not otherwise insurable. This would allow those businesses to continue to trade, employ and sustain economic activity. Approved claims would be a percentage of actual fixed cost losses with the amount determined by predefined metrics.

- **Financial literacy supports for business owners** – to ensure that business owners and directors have sufficient basic financial literacy to be responsible business owners, resulting in better financially managed and more resilient small firms.

Founder and co-ordinator of SME Recovery Ireland, Derek Butler said: “Through our network of local business leaders and engagement with supporting industry representative bodies over the past months, we have witnessed first-hand the concern and distress experienced by small business owners and their employees as they try and cope with the uncertainty of Covid-19 restrictions and the toll they have taken. As the country goes back into emergency phase Government must consider putting our suggested SME Resilience Fund front and centre as a final tool to deal with the fallout from Covid-19. Targeted supports like our proposed SME Resilience Fund would allow Government to ensure the correct measures are made available to the businesses that most need them.

“Our suggested SME Rainy Day Fund is also an acknowledgement that the small business community has to help itself to build long-term financial resilience as well as relying on supports from Government. Tomorrow represents a great opportunity for Minister for Finance, Paschal Donohoe TD to take an innovative approach and inject a much needed dose of confidence back into the SME sector particularly for those business owners most impacted by the recent introduction of national Level 3 restrictions and subsequently face a very uncertain future.

“We continue to echo the point that the SME sector is the largest employer in Ireland and our small businesses remain critical to the lifeblood and social fabric of towns and communities across the country. As a representative platform for the sector we are pleased to provide our insights to the recently established SME Growth Taskforce. We remain committed and energised to proactively work with Government to ensure that the right course of action is taken to ensure the SME sector is given every chance to recover and is in a better position to survive future shocks and crisis.”

For further information on SME Recovery Ireland proposals, visit: www.smerecovery.ie.

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Notes to editors:

- The Small Business Recovery Submission is available to download [here](#).
- Chair of SME Recovery Ireland, John Moran is available for interview upon request.
- Small business cases studies are available upon request.
- Follow SME Recovery Ireland on social media:
 - Twitter: [@SMERecoveryIrl](https://twitter.com/SMERecoveryIrl)

About SME Recovery Ireland

SME Recovery Ireland is a platform representing Ireland's small and medium business sector to ensure that policy response to Covid-19 is designed to succeed for SMEs. The small business sector has and will continue to be disproportionately affected by the Covid-19 crisis. Small businesses provide most employment in Ireland and are critical to our social fabric. Small businesses were under-capitalised before the crisis and so lack the financial resilience

to survive the force majeure crisis they are facing. Every small business owner is in need of hope and a Government plan to help them restart their business.