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Support for SMEs and Entrepreneurs from Equity Deserving Groups: A Canadian Perspective

Purpose: Information
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**28th Small and Medium Enterprises
Ministerial Meeting
Phuket, Thailand
9-10 September 2022**

Support for SMEs & Entrepreneurs from Equity-Deserving Groups: A Canadian Perspective

28th APEC Small and Medium Enterprises Ministerial Meeting
Canada
September 9-10, 2022

Overview of the SME Landscape in Canada

- As of December 2021, there were 1.21 million employer businesses in Canada. Of these, **1.2 million (97.9 percent) were small businesses**, 22,700 (1.9 percent) were medium-sized businesses and 2,868 (0.2 percent) were large businesses¹.
- Women-owned firms are under-represented amongst SMEs yet are important economic drivers in the Canadian economy. In 2020, 17 percent of SMEs were majority female-owned and 14 percent were owned equally by men and women².
- Members of visible minorities and Indigenous peoples respectively held the majority ownership of 9 percent and 1 percent of SMEs³.
- Entrepreneurs and business owners, especially those from underrepresented groups such as women and racialized Canadians, continue to face barriers to starting and growing a business.

¹ Statistics Canada

² Statistics Canada's Survey on Financing and Growth of Small and Medium Enterprises, 2020

³ Ibid.

Canada's Flagship Initiatives

The Government of Canada has launched initiatives and programs to support the full diversity of Canadians entrepreneurs and business owners, including:

1. The Women Entrepreneurship Strategy
2. The Black Entrepreneurship Program
3. The 50-30 Challenge
4. Targeted Supports delivered through the Business Development Bank of Canada

Women Entrepreneurship Strategy

- In 2018, the Government of Canada launched the Women Entrepreneurship Strategy (WES), representing over \$6 billion in investments and commitments from almost 20 different federal departments, agencies and Crown corporations. WES aims to increase women-owned businesses' access to the financing, talent, networks and expertise they need to start up, scale up and access new markets.
- **The Women Entrepreneurship Loan Fund:**
 - ❑ Not-for-profit administrators will manage the fund and distribute loans of up to \$50,000 to women-led businesses, providing affordable financing in smaller amounts for women entrepreneurs. Investment in the WELF represents \$55 million.
- **The WES Ecosystem Fund:**
 - ❑ Designed to help not-for-profit third-party organizations strengthen capacity within the entrepreneurship ecosystem and close gaps in service for women entrepreneurs. This \$165 million initiative will support projects that are focused on responding to systemic barriers and gaps for diverse, intersectional and/or under-served women.
- **The Inclusive Women Venture Capital Initiative:**
 - ❑ Providing \$15 million to not-for-profits to support projects that will build a more inclusive venture capital environment for Canadian women.
- **The Women Entrepreneurship Knowledge Hub:**
 - ❑ With over \$13 million in federal investments, led by Toronto Metropolitan University and supported by 10 regional hubs and a network of over 300 organizations, the hub serves as a one-stop source of knowledge, data and best practices.

Black Entrepreneurship Program

Originally announced in September 2020, the Black Entrepreneurship Program (BEP), is a \$265 million program delivered jointly by the Government of Canada and the Business Development Bank of Canada (BDC). The program aims to help address the systemic barriers that Black business owners and entrepreneurs face by providing targeted support and increased access to capital. BEP is comprised of the following elements:

- **Ecosystem Fund:**

- The Ecosystem Fund is an investment of \$100 million (including \$50 million from Budget 2021) and aims to support Black-led business organizations across Canada provide mentorship, financial planning services, and business training to Black business owners and entrepreneurs.

- **Black Entrepreneurship Loan Fund:**

- A total investment of \$160 million and aims to provide loans of up to \$250,000 to support Black business owners and entrepreneurs across Canada.
- The Loan Fund also includes a pilot microloan program for Black entrepreneurs and business owners in British Columbia and Ontario seeking microloans between \$10,000 and \$25,000.

- **Black Entrepreneurship Knowledge Hub:**

- The Government has invested up to \$5 million to create and sustain a new Black Entrepreneurship Knowledge Hub that will collect data on the state of Black entrepreneurship in Canada and help identify Black entrepreneurs' barriers to success as well as opportunities for growth.

The 50-30 Challenge

The 50-30 Challenge is an initiative between the Government of Canada, business and diversity organizations. The goal of the program is to challenge Canadian organizations to increase the representation and inclusion of diverse groups within their workplace.

- The 50-30 Challenge asks that organizations aspire to:
 - **Gender parity on Canadian board(s) and/or in senior management** ("50% women and/or non-binary people"); and
 - **Significant representation ("30%") of other equity-deserving groups** including those identifying as Racialized, Black, and/or People of Colour ("Visible Minorities"), People with disabilities (including invisible and episodic disabilities), 2SLGBTQ+ and/or gender and sexually diverse individuals, and "Aboriginal" and/or Indigenous Peoples.
- There are three main components to the 50-30 Challenge:
 - The What Works Toolkit;
 - The Ecosystem Partners; and
 - The Development of a 50-30 Standardization Strategy.
- As of August 2022, 1642 participating organizations of all sizes in both for-profit and non-profit sectors have signed up for the 50-30 Challenge.

Business Development Bank of Canada (BDC) Supports



Indigenous Entrepreneurs

- Dedicated and specialized team for Indigenous entrepreneurs
 - In-depth insight
 - Tailored solutions
- Will contribute capital to the Budget 2019 announced Indigenous Growth Fund; ongoing discussions with NACCA on the fund's details



Youth Entrepreneurs

- Partnership with Futurpreneur Canada to provide financing and mentorship to young entrepreneurs
- Partnerships with accelerators to help young entrepreneurs develop and launch their business



Women Entrepreneurs

- Loans, investments and advice for starting, growing and scaling more women-owned businesses
 - Exceeded target of providing \$1.4 billion in debt-financing over three years to women owned businesses
 - Aiming to support 19,000 women-owned businesses by 2024.



Newcomer Entrepreneurs

- Specialized, dedicated Newcomer Entrepreneur Success Team (NEST) helps immigrants handle new challenges building a company in Canada
- Newcomer Entrepreneur Loan up to \$50,000 helps entrepreneurs with little or no credit history



Social Entrepreneurs

- Support provided mainly through commercial lending to B-Corp SMEs and partnerships with select industry organizations

Conclusion

- SMEs are the backbone of Canada's economy.
- Research shows that organizations that are more diverse are more likely to outperform their peers, twice as likely to meet or exceed financial targets, and eight times more likely to achieve better business outcomes.
- Diversified boards and senior management teams make good business sense by generating and fostering fresh insights, new ideas and creative solutions.
- The Government of Canada is making great efforts to ensure that the full diversity of Canadian society is reflected in SMEs.
- Many federal programs for entrepreneurs and SMEs are designed to recognize and advance diversity and inclusion. This approach fosters economic growth and contributes to social cohesion.

Annex

- In Canada, the size of a business is determined by the number of its employees:
 - Small = 1-99 employees;
 - Medium = 100-499 employees; and
 - Large = 500 and more employees.
- For more information on Canadian SMEs, please visit [SME Research and Statistics](#)