

# SME and entrepreneurship policy frameworks across OECD countries

An OECD Strategy for SMEs and Entrepreneurship

OECD

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All OECD countries have put in place policies that support SMEs and entrepreneurs. These policies differ considerably along a number of dimensions, including the policy framework in which they are embedded. This paper maps and compares policy approaches and governance mechanisms across OECD countries. It shows that there are significant similarities in objectives pursued and instruments used, and that countries use various governance models to ensure coherence. The paper was developed in the context of the OECD SME and Entrepreneurship Strategy.

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# Executive summary

All OECD countries have policy frameworks in place of relevance to SMEs and entrepreneurs. These policy frameworks have many similarities, but also exhibit differences. This paper aims to map the SME and entrepreneurship policy frameworks across OECD countries, and to compare these along a number of dimensions to identify shared challenges and opportunities and possibilities for mutual learning.

It distinguishes three types of policy frameworks. The first type of framework regards countries with explicitly formalised SME Strategies. SME Strategies are typically laid down in a multi-annual document by the central government, includes objectives and policy instruments in a variety of SME policy domains, and includes governance arrangements regarding responsibilities of Ministries and agencies involved in SME policy making. Countries with SME Strategies include Costa Rica, Czech Republic, European Union, Hungary, Germany, Ireland, Korea, New Zealand and Spain.

The second type of SME policy framework regards countries that have self-standing policy documents on SME policies (Action Plans, instrument overviews etc.) with the aim to provide clarity on the government's priorities and actions with regard to SMEs, without being comprehensive and often without governance arrangements. Examples include Australia, Austria, Chile, Finland, Israel, Japan, Korea, Lithuania, Luxembourg, Netherlands, Norway, Slovak Republic, Turkey and the United States.

The third type of policy frameworks regards countries where SME policies are put forward as part of wider policy frameworks and strategies, such as on industrial, innovation, digital and/or regional policy, such as Belgium, Canada, Colombia, Denmark, Estonia, France, Iceland, Italy, Latvia, Mexico, Poland, Portugal, Slovenia, Sweden, Switzerland and the United Kingdom.

SME policy frameworks serve a variety of policy objectives. In many cases they aim to strengthen competitiveness, (productivity) growth, internationalisation, innovation and digitalisation of SMEs. Virtually all OECD countries pursue these objectives. Various countries put the emphasis on entrepreneurship and the creation of new (entrepreneurial) ventures, on the creation of jobs and employment, on inclusive entrepreneurship for women and/or minorities and on wider societal objectives, for instance with regards to the social impact of SMEs and entrepreneurs or sustainability. In practice, countries often use a combination of the four objectives, or even pursue all four of them. The differences in type of policy framework seem not much related to differences in objectives pursued.

Similarly, countries use a wide variety of policy instruments to promote SMEs and entrepreneurship including *direct* or more *indirect* support measures. Some policies aim to improve framework and business conditions, for instance with regard to the tax and regulatory framework, competitive conditions and initiatives for the development of an entrepreneurial culture. Other policies offer direct support to companies, for instance, through training and education programmes, provision of information, advice, coaching and mentoring, facilitating access to finance for entrepreneurs and supporting entrepreneurs in specific activities that are conducive to growth, such as innovation and internationalisation. Some of these policies are specifically targeted to SMEs or certain types of SMEs (such as start-ups) whereas others are more generically open to the wider business community. Most countries – irrespective of the type of policy framework – opt for a mix of more generic and targeted policies that directly or indirectly support SMEs.

The paper also discusses governance mechanisms, including the line Ministers, Ministries and agencies, the way coordination across government is organised and functional aspects for mainstreaming SME perspectives in policy making, for instance through SME tests and consultations. Governance arrangements and needs differ according to national institutional arrangements and preferences. In practice, countries use a mix of the three forms of governance, also because these can complement each other. For instance, countries can seek the consolidation of SME related tasks in a single entity where possible, but nevertheless install coordination mechanisms for those policy aspects that cannot be brought under the ‘one single roof’ of that entity. SME tests can provide a strong basis for taking SME considerations into account across policy domains, but coordination mechanisms remain important to provide oversight and ensure that those mechanisms are properly and consistently used. Different governance mechanisms can also complement each other, although typically country specificities reflect in the prevalence of one approach over others. For instance, some countries may see a strong focus on functional mainstreaming or consolidation of tasks in a single entity as an alternative for horizontal governance arrangements.

This paper was developed as part of the OECD SME and Entrepreneurship Strategy, which aims to contribute to more effective, efficient and coherent SME and entrepreneurship policies. The Strategy aims to deliver a set of guiding principles supported by dedicated operational tools to help policy makers better navigate SME and entrepreneurship policies in the post COVID-19 era.

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# 1 Introduction

All OECD countries have policy frameworks in place of relevance to SMEs and entrepreneurs. A policy framework is a document that sets out a set of goals, procedures and other arrangements that guide policies. This paper takes stock of SME policy frameworks, and offers a structured comparison of policy approaches along a number of dimensions. The focus is primarily on national policy frameworks, although where relevant it references SME policy instruments developed and implemented at subnational level as well. The analysis focuses on SME policy frameworks, but given the synergies and overlap between SME and entrepreneurship policies and constituencies, such frameworks include aspects of entrepreneurship policies as well.<sup>1</sup>

By providing an inventory of SME policy frameworks within countries that can be of relevance for other countries, this paper contributes to the aim of the OECD SME and Entrepreneurship Strategy of supporting mutual learning and policy design towards best practices. The discussion of governance aspects is of particular relevance in this respect. The paper also provides an analysis of how SME and Entrepreneurship policy frameworks are evolving, including the development of SME Strategies at national level, with a view to identifying and comparing the development of policy objectives, instruments and governance mechanisms across countries, including in response to COVID-19.

SME and entrepreneurship policy frameworks often have a broad scope, since policies and instruments that are of relevance to SMEs are wide and varied, ranging from measures specifically targeted to SMEs to framework conditions and the wider business environment. Because of this wide scope, the number of actors involved in SME policy frameworks is large as well, including Ministries or agencies with specific tasks towards SMEs as well as those who have wider responsibilities in areas such as tax, education, labour markets or infrastructure, which are highly important for the business environment in which SMEs operate. Furthermore, relevant actors not only operate at central level, but also at regional and local levels of government. Effective SME policy frameworks need to ensure coherence and synergy across these different policy areas and actors, and provide clarity to the entrepreneurs whom the policies address and should benefit.

In recent years, the OECD has carried out several country reviews of SME and Entrepreneurship Policy to explore how countries organise coherence and effectiveness of SME policy frameworks ( (OECD, 2010<sup>[1]</sup>) (OECD, 2013<sup>[2]</sup>) (OECD, 2014<sup>[3]</sup>) (OECD, 2016<sup>[4]</sup>) (OECD, 2017<sup>[5]</sup>) (OECD, 2019<sup>[6]</sup>) (OECD, 2020<sup>[7]</sup>)). Such reviews include a discussion of the strategic framework and delivery system put in place by countries and the choices made according to national circumstances and preferences. Three dimensions of these frameworks stand out as particularly important to understand and compare how countries deliver on coherence and effectiveness:

- The first regards the **type** of strategic framework chosen. Some countries opt for a multi-annual SME Strategy by the central government, others develop SME action plans or incorporate SME relevant support in wider policy frameworks.

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<sup>1</sup> See (OECD, 2020<sup>[11]</sup>) for an International Compendium of Entrepreneurship Policies.



- The second involves the **objectives, scope and type of policy instruments**. Some countries focus particularly on specific SME and entrepreneurship policy instruments, whereas others put more emphasis on framework conditions and across the board actions.
- And third, the **governance mechanisms** put in place. These include the actors responsible for the organisation of effective SME policy delivery (Ministries, agencies), horizontal (among Ministries and agencies) and vertical (among different levels of government) coordination mechanisms to ensure coherence, and provisions on how an SME perspective is taken into account in wider policy-making, for instance in consultations, (regulatory) impact assessments, and SME tests.

Box 1 summarises these three dimensions of SME and entrepreneurship policy frameworks, and the relevant questions they entail. These questions and dimensions also lead the structure for the discussion of the various frameworks in this paper.

### Box 1. Three dimensions of SME policies

**Type of strategic framework:** What type of strategic framework is in place? Is the policy framework a well-defined corpus of policy, as for instance articulated in a self-standing policy document, and/or is it part of other policy frameworks (for instance industrial policy)?

**Main objective(s), scope and type of policies:** What objective(s) does the policy framework aim to achieve, and what policy domains does it include? Is the focus (primarily) on SMEs and/or on entrepreneurship? Does it primarily include targeted measures for SMEs or also framework conditions?

**Governance:** Which Minister and Ministry is responsible for SME policy and delivery? Which agencies are in place for SME policies and what is their task? How is horizontal governance among Ministries and agencies organised? What are the coordination mechanisms between national and regional/local governments? What consultation mechanisms with SMEs have been set-up to develop and implement the SME Strategy and policy frameworks? What research or impact assessment informs the SME Strategy or policy framework? Are SME tests being performed as part of policy design and regulatory impact assessments and in what way?

The paper is based on desk research of existing OECD studies and other publically available sources, and includes analysis on the three dimensions for the 39 countries where sufficient information was available. The paper benefitted from input from several countries. The main sources used are:

- The OECD Country Reviews of SME and Entrepreneurship Policy.
- The country notes of the SME and Entrepreneurship Outlook (OECD, 2019<sup>[8]</sup>), the SME Finance Scoreboard (OECD, 2020<sup>[9]</sup>), the Missing Entrepreneurs reports (OECD/European Union, 2019<sup>[10]</sup>) and the International Compendium of Entrepreneurship Policies (OECD, 2020<sup>[11]</sup>).
- The Small Business Act (SBA) Factsheets by the European Commission.
- A forthcoming OECD study on the use of SME tests in regulatory impact assessments.<sup>2</sup>
- Official documentation on SME and entrepreneurship policies on the websites of relevant Ministries and agencies in OECD member countries.

This paper was developed as part of the OECD SME and Entrepreneurship Strategy, which aims to contribute to more effective, efficient and coherent SME and entrepreneurship policies. The Strategy aims to deliver a set of guiding principles supported by dedicated operational tools to help policy makers better navigate SME and entrepreneurship policies in the post COVID-19 era.

<sup>2</sup> OECD (2021) The SME test: Taking SMEs into account when regulating; Annex to the OECD Best Practice Principles on Regulatory Impact Assessment, OECD Regulatory Policy Committee (forthcoming).

## 2 Types of SME policy frameworks

The types of SME policy frameworks put in place differ considerably among countries. Box 2 distinguishes between three types of delivery frameworks: SME Strategies, self-standing SME policy documents such as Action Plans, instrument overviews etc., and wider policy frameworks (for instance on industrial, innovation or regional policy) of which SME policies constitute a part.<sup>3</sup>

### Box 2. Three types of SME policy frameworks

#### **Countries with SME Strategies:**

Costa Rica, Czech Republic, European Union, Germany, Hungary, Ireland, Korea, New Zealand, Spain

#### **Countries with (multi)annual Action Plans or other dedicated documents on SME and entrepreneurship policies:**

Australia, Austria, Chile, Finland, Israel, Japan, Lithuania, Luxembourg, Netherlands, Norway, Slovak Republic, Turkey, United States

#### **Countries where SME and entrepreneurship policies are part of wider strategies and policy frameworks:**

Belgium, Canada, Colombia, Denmark, Estonia, France, Greece, Iceland, Italy, Latvia, Mexico, Poland, Portugal, Slovenia, Sweden, Switzerland, United Kingdom

There is inevitably some overlap between the categories. **Switzerland**, for instance, positions SME policies within its wider enterprise policy programme, but highlights SME policy instruments on a dedicated website. The **Netherlands** Action Plan includes reference to governance aspects, but is not positioned as an SME Strategy delineating the overall policy stance on SMEs. KOSGEB, the SME agency in **Turkey** produces periodic Strategic Plans with a strong emphasis on operational activities but including strategic direction as well. The **Czech** SME Strategy is next to a multiannual SME policy framework for the Czech government, also the delivery plan for the EU SBA and cohesion funding, similar to the frameworks of other European countries in the second two categories.

### SME Strategies

The first type of SME policy framework regards countries with explicitly formalised SME Strategies. Building on the three dimensions in Box 1, an SME Strategy can be defined as a policy framework that addresses the challenge of complexity as follows:

<sup>3</sup> In some countries, the policy frameworks build on SME related legislation, such as the SME Basic Act in Japan. These laws themselves are not discussed in this paper.

- It is laid down in a multi-annual document by the central government that gives clarity to all relevant actors on the intended course, and which includes objectives and policy instruments in a variety of SME policy domains<sup>4</sup>
- It includes governance arrangements regarding responsibilities of Ministries and agencies involved in SME policy making, and proposes horizontal (among Ministries and agencies) and vertical (among different levels of government) coordination mechanisms to ensure coherence.
- It includes provisions on how an SME perspective is taken into account in wider policy-making, for instance in consultations, (regulatory) impact assessments and SME tests.

Box 3 provides further detail on OECD countries with an SME Strategy. It shows that most countries that have developed SME Strategies have done this fairly recently reflecting a growing acknowledgement of the merits of a coherent policy approach, and that national SME Strategies are less used in the Americas compared to other OECD regions. In various cases, the development of a Strategy followed an advice by a major SME advisory body (**New Zealand, Spain**) and/or cooperation with the OECD in the context of SME and Entrepreneurship Policy Reviews (**Ireland**) or development of national strategies (**Hungary**), or cooperation with other institutions (such as the World Bank in the case of the **Czech Republic**).

All Strategies listed include a wide range of policy areas, such as innovation, digitalisation, internationalisation, sustainability, skills, access to finance and the reduction of red tape. The most common priorities of the Strategies listed relate to fostering SME competitiveness and productivity growth, although a number of Strategies (also) include a strong focus on enabling SMEs to grasp opportunities and withstand the challenges posed by megatrends such as digitalisation and sustainability. All Strategies include a significant focus on entrepreneurship (new ventures, entrepreneurship skills), next to SMEs, and therefore can be considered as ‘SME and Entrepreneurship Strategies’, as much as ‘SME Strategies’ alone.<sup>5</sup>

There are differences as well. Some SME Strategies, such as in **Spain**, include extensive governance arrangements, whereas others, such as in the **Czech Republic**, are less detailed or focused on governance issues.

### Box 3. Countries with an SME Strategy

**Costa Rica** “National Entrepreneurship Policy 2030” (2020)

[http://reventazon.meic.go.cr/informacion/pyme/MEIC\\_PNE\\_2030.pdf](http://reventazon.meic.go.cr/informacion/pyme/MEIC_PNE_2030.pdf)

Costa Rica launched in 2020 a comprehensive SME and entrepreneurship strategy (National Entrepreneurship Policy 2030<sup>6</sup>), which includes strategic policy objectives, actions and governance mechanisms with regard to SME and entrepreneurship, supporting the wider National Development Plan. The Strategic plan, based on the 2002 Law for the Strengthening of SMEs (Law No. 8262), was drawn up by DG for SMEs of the Ministry of Economy, Industry and Commerce (MEIC), and was supported by the Inter-American Development Bank. It identifies the major strengths and challenges

<sup>4</sup> An SME Strategy is not a single issue agenda. Such more focused SME initiatives are sometimes also called strategies. This is the case for instance of SME Strategies deployed by Tax Administrations in various countries (OECD, 2020<sup>[45]</sup>) which constitute important parts of the overall fabric of SME policy frameworks.

<sup>5</sup> It is to be noted that inclusive entrepreneurship (i.e. entrepreneurship by diverse groups, such as women, youth, seniors, minorities or migrants) receives little emphasis in the Strategies listed.

<sup>6</sup> By decree No. 42079:

[http://www.pgrweb.go.cr/scij/Busqueda/Normativa/Normas/nrm\\_texto\\_completo.aspx?param1=NRTC&nValor1=1&nValor2=90436&nValor3=119140&strTipM=TC](http://www.pgrweb.go.cr/scij/Busqueda/Normativa/Normas/nrm_texto_completo.aspx?param1=NRTC&nValor1=1&nValor2=90436&nValor3=119140&strTipM=TC)

for the Costa Rican ecosystem SMEs, and on this basis formulates six strategic goals for 2030 and nine guiding principles that steer them. It references the governance arrangements put in place through Law No. 8262, including the role of the MEIC and the Mixed Advisory Council on SMEs (Consejo Asesor Mixto de la PYME), and includes provisions for monitoring and evaluation.

**Czech Republic** “SME Support Strategy 2021-2027” (2021)

<https://www.mpo.cz/en/business/small-and-medium-sized-enterprises/studies-and-strategic-documents/the-czech-government-has-approved-the-sme-support-strategy-for-the-period-2021---2027--263515/>

The Czech national SME policy framework is outlined in the “SME Support Strategy”, which followed the “Small and Medium Enterprises Support Strategy 2014-2020”. The Strategy aims to support the productivity and competitiveness of Czech SMEs, innovation and internationalisation, and includes 107 measures to support this. The SME Support Strategy was drawn up by the Ministry of Industry and Trade in cooperation with other Ministries, regional and local authorities, and benefited from a consultation among SMEs and from cooperation with The World Bank and the European Commission.<sup>7</sup>

**European Union** “An SME Strategy for a sustainable and digital Europe” (2020), [https://ec.europa.eu/info/sites/info/files/communication-sme-strategy-march-2020\\_en.pdf](https://ec.europa.eu/info/sites/info/files/communication-sme-strategy-march-2020_en.pdf)

The European Commission launched its SME Strategy in March 2020, jointly with a wider Industrial policy strategy. The SME Strategy, which builds upon the 2008 Small Business Act for Europe (SBA)<sup>8</sup>, includes three pillars: i) Capacity-building and support for the transition to sustainability and digitalisation; ii) Reducing regulatory burden and improving market access; and iii) Improving access to financing. Its objective is to unleash the power of Europe’s SMEs of all kinds to lead the twin transitions of sustainability and digitalisation. It aims to considerably increase the number of SMEs engaging in sustainable business practices as well as the number of SMEs employing digital technologies. Ultimately, the goal is that Europe becomes the most attractive place to start a small business, make it grow and scale up in the single market.

**Germany** “Valuing SMEs – Strengthening Opportunities – Reducing the Burden: The German SME Strategy” (2019)

<https://www.bmwi.de/Redaktion/EN/Publikationen/Mittelstand/german-sme-strategy.html>

The Strategy constitutes a comprehensive document that underlines the importance of SMEs – the *Mittelstand* – for German economy and society. The aim of the SME Strategy is to support SMEs in overcoming the economic challenges in a changing world, and in maintaining and consolidating their strong position in the face of national and international competition now and in the years ahead. It emphasises strengthening resilience as well as long-term competitiveness. The Strategy includes the following policy domains: tax policy, reducing bureaucracy and e-government, social insurance and more flexible labour markets, infrastructure, energy and climate policy, access to finance, entrepreneurship, skills, innovation and digitalisation, supporting SMEs in regions, and internationalisation.

**Hungary** “The Strategy for a Competitive SME Sector in Hungary 2019-2030” (2019) <http://www.vosz.hu/vosz-ujsg/541-a-magyar-mikro-kis-es-kozepvallalkozasok-megerositesenek-strategiaja-2019-2030>

<sup>7</sup> [https://www.mpo.cz/assets/cz/podnikani/dotace-a-podpora-podnikani/oppik-2014-2020/aktualni-informace/2019/11/CR-SME-Assessment-\\_\\_Oct-20\\_.pdf](https://www.mpo.cz/assets/cz/podnikani/dotace-a-podpora-podnikani/oppik-2014-2020/aktualni-informace/2019/11/CR-SME-Assessment-__Oct-20_.pdf)

<sup>8</sup> <https://eur-lex.europa.eu/legal-content/EN/TXT/?uri=LEGISSUM%3Aet0001>

The new Strategy, developed in cooperation with the OECD, updates the National Strategy on Small and Medium Enterprises 2014-20, and puts emphasis on improving SME productivity and competitiveness. It includes quantitative targets towards 2030, and covers areas such as support for technology change and digitalisation, reduction of administrative burdens and red tape and support for inter-generational transfer. In the context of the SME Strategy, the government has established a new SME inter-ministerial Council, whose main tasks will include providing strategic directions on the implementation of the strategy, assigning clear implementation and monitoring responsibilities to specific ministries and government departments for the specific policy components of the strategy and the monitoring the outcomes of the SME Strategy and update its policy priorities, based on the most recent economic trends.

**Ireland** “National SME and Entrepreneurship Growth Plan” (2021)

<https://enterprise.gov.ie/en/Publications/Publication-files/SME%20Taskforce-National-SME-and-Entrepreneurship-Growth-Plan.pdf>

Ireland has an extensive SME and entrepreneurship support system with clear goals and action plans. Until recently, Ireland did not have an SME and entrepreneurship strategy laid down in a single policy document but a “National Policy Statement on Entrepreneurship in Ireland” (2014), as part of a wider horizontal Enterprise Strategy. After cooperation with the OECD during an SME and Entrepreneurship policy review, Ireland has created an SME Growth Task Force, which included 25 members from government, the private sector and academia, led by the Minister for Enterprise, Trade and Employment. In January 2021, the Taskforce launched the National SME and Entrepreneurship Growth Plan, a ‘long term strategic blueprint for Irish SMEs and entrepreneurs’. The Growth Plan includes recommendations and deliverables in four broad areas (Entrepreneurship; Productivity, Digitalisation, and Competitiveness; Internationalisation; and Networks and Clustering) as well as arrangements for governance and implementation.

**Korea** “Comprehensive Plan for Fostering Small and Medium Enterprises” (2020)

[https://www.mss.go.kr/site/smba/04/jobPlan\\_list\\_2\\_section.jsp](https://www.mss.go.kr/site/smba/04/jobPlan_list_2_section.jsp)

In 2020, Korea put in place a comprehensive policy framework towards SMEs and entrepreneurship, set up and coordinated by the Ministry for SMEs and Start-ups (MSS). The Comprehensive Plan aims to i) develop the competitiveness of SMEs, start-ups and micro-enterprises through digitalisation and ii) establish a support system for stable management of the enterprises. Three key pillars of the Comprehensive Plan are i) accelerating digitalisation of SMEs, business ventures, and micro-enterprises, ii) strengthening personalised support for traditional SMEs, micro-enterprises, and traditional markets, and iii) expanding business safety net for second chance entrepreneurship and support infrastructure to help businesses weather COVID-19. The focus of SME policies in Korea increasingly lies on innovative ventures, and on a ‘win-win growth strategy’ involving both SMEs and large corporates.

**New Zealand** “Empowering small businesses to aspire, succeed and thrive”, (2019)

<https://www.mbie.govt.nz/assets/the-new-zealand-small-business-strategy.pdf>

In April 2018, the Government announced the appointment of a temporary Small Business Council (SBC) composed mostly of small business owners and organizations, to advise the government on strategic opportunities to improve the small business sector, with the mandate to “consult with small business owners and work with relevant government agencies to develop a small business strategy”. The Strategy proposed by the SBC was subsequently endorsed by the Government, and complemented by a number of concrete business support policy measures. The overall objective of the Strategy is to enable future growth and success of New Zealand small businesses, and to ‘make running a small business easier so the owners and managers can focus on developing their businesses and thrive’, with the Government role shifting from ensuring compliance with rules and regulations to creating an



enabling environment for small business. The Strategy includes regional development, the digital economy, export growth, tax policy, small business access to finance, sustainable businesses, social enterprises, streamlining government processes, and government support systems.

**Spain** “Strategic Policy Framework for SMEs” (2019)

<https://industria.gob.es/en-us/Servicios/Paginas/marco-estrategico-politica-PYME.aspx>

The Spanish SME Strategic Policy Framework aims to provide a comprehensive strategy across levels of government, and has been developed by the National SME Council (Consejo Estatal de la Pequeña y Mediana Empresa), a multi-stakeholder advisory body that represents all levels of administration. It aims to foster SME competitiveness at national and international level and growth opportunities for SMEs and includes measures to support to entrepreneurs, support talent, improve regulation, improve access to finance, and support digitalisation, innovation, sustainability and internationalisation. An inter-ministerial SME Council (including regional governments) is the official body for the planning and co-ordination all the national policies measures affecting SME and entrepreneurship development (see also Box 9). All levels of administration (local, regional, national) are expected to follow the actions for SMEs in the Policy Framework.

## SME Action Plans

The second type of SME policy framework regards countries that have self-standing policy documents on SME policies (Action Plans, instrument overviews etc.). The primary objective of such documents<sup>9</sup> is to provide clarity on the government’s priorities and actions with regard to SMEs. However, they do not necessarily aim to provide a comprehensive overview and vision of policies, often do not include governance ambitions to foster coherence, and in some cases are not produced by Ministries but by agencies (see Box 4).

The **Netherlands** June 2018 SME Action Plan does not constitute a comprehensive strategy including all Dutch national and regional policies of relevance to SMEs, but articulates the approach and philosophy of the current Netherlands Government towards SMEs, and includes a number of targeted measures to achieve this. In **Chile**, the COVID-19 pandemic underlined the need for a comprehensive overview of support measures for SMEs, leading to the development of MSME Guidelines. **Australia’s** Backing Small Business overview and the **Luxembourg** National Action Plan to Support SMEs present the country’s various support measures for SMEs.

In some cases, such national plans also serve a monitoring purpose, towards national Parliaments but also, in the European Small Business Act (SBA) or EU cohesion policy context, towards the European Commission. For instance, the **Austrian** *Mittelstandsbericht* and the **Slovak** Report on the state of Small and Medium Enterprises closely follows the structure of the SBA, and include in-depth analysis on recent SME developments and policies.

In some cases, the national initiative may not focus on SMEs but on entrepreneurship. **Finland**, **Lithuania**, **Norway** and **Turkey** have developed strategic action plans to strengthen entrepreneurship.

In some countries, the policy documents are prepared as strategic plans of the dedicated SME agencies. In the **United States**, the Small Business Administration publishes such five year plan. Similarly, in **Japan** the SME Agency puts forward an annual white paper, whereas in **Turkey** KOSGEB develops a four year strategic plan for both SMEs and entrepreneurship. In **Israel**, the Agency for Small and Medium Sized Businesses (SBA) prepares an annual Report on the State of Small and Medium Sized businesses.

<sup>9</sup> Overviews of existing instruments on websites or in virtual one-stop-shops are not considered by themselves as constituting an Action plan type of approach.

#### Box 4. Countries with (multi)annual Action Plans or other dedicated documents for SME and entrepreneurship policies

**Australia** “Backing Small Business; creating jobs, opportunity and growth” (2018)

[https://docs.employment.gov.au/system/files/doc/other/jsb18-0155\\_backing\\_small\\_business\\_glossy\\_june\\_alts\\_aw\\_acc.pdf](https://docs.employment.gov.au/system/files/doc/other/jsb18-0155_backing_small_business_glossy_june_alts_aw_acc.pdf)

Australia conducts a suite of initiatives to support small business, entrepreneurship and innovation, enterprise development, and ensure that small business interests are reflected in Australia’s broader economic reform, bundled in an overview “Backing Small Business; creating jobs, opportunity and growth” in June 2018. The main emphasis is on making it easier to start and grow a business, including tax relief, skills, access to finance, digitalisation, procurement, internationalisation, supporting regional business, reducing red tape, energy prices and small business well-being. Several states in Australia have launched an SME Strategy (see Box 6).

**Austria** “Mittelstandbericht” (2018)

[https://www.parlament.gv.at/PAKT/VHG/XXVI/III/III\\_00232/imfname\\_728882.pdf](https://www.parlament.gv.at/PAKT/VHG/XXVI/III/III_00232/imfname_728882.pdf)

The Austrian national SME policy is outlined in the bi-annual “Mittelstandsbericht”, which follows the EU SBA structure and methodology, and is authored by the Federal Ministry of Science, Research and Economy. Overall, the policy document contains 52 initiatives, mostly focused on entrepreneurship, access to finance, and skills and innovation. Priority areas of SME policy in Austria are amongst others "training and skills" and "smart regulation", and digitalisation of SMEs. In 2018, Austria launched its Start-up Country Strategy (Gründerland-Strategie).

**Chile** “MSME Guidelines” (Guía Mypyme) (2020)

<https://www.economia.gob.cl/elijopyme>

In Chile, the COVID-19 pandemic led to a further integrated approach of SME support across government, as laid down in the MSME Guidelines. The Guidelines include the support measures for SMEs across 8 Ministries in areas such as access to finance, digitalisation, labour, skills, procurement, and health, as well as the various laws and regulations of importance to SMEs. The Guidelines are included in a wider one-stop-shop website for entrepreneurs, set-up by the government, aimed at increasing productivity of SMEs.<sup>10</sup>

**Finland** “Strategic Action Plan to promote entrepreneurship” (2018)

<https://tem.fi/julkaisu?pubid=URN:ISBN:978-952-327-340-5>

Finland in 2018 launched its first strategic action plan for entrepreneurship. The aim of the 45 proposals put forward is to improve the effectiveness and efficiency of entrepreneurship policy in a context of major changes in the nature of work. Entrepreneurship is viewed as an essential part of the change in work, contributing to well-being for society as a whole. The goal is to achieve an employment rate of 78% at the end of the strategy period in 2028. The Action plan focuses on improving framework conditions and includes measures for labour market reform, taxation and social security, second chance entrepreneurship, restricting the role of public sector business in competitive markets and the reduction of red tape.

**Israel** “Periodic Report on the State of Small and Medium Sized businesses in Israel” (2020)

[https://www.sba.org.il/hb/PolicyAndInformation/Researches/Documents/Doch\\_Asakim\\_2020.pdf](https://www.sba.org.il/hb/PolicyAndInformation/Researches/Documents/Doch_Asakim_2020.pdf)

<sup>10</sup> <https://www.economia.gob.cl/elijopyme#>

Israel has a variety of policies in place of relevance for SMEs, developed by several Ministries and agencies. The emphasis in these policies is on innovation and new entrepreneurship. The Agency for Small and Medium Sized Businesses (SBA) publishes an annual overview of its support activities for SMEs. The SBA also plays a wider role in policy coordination and delivery to SMEs, including through the MAOF business development service centres.

**Japan** “White paper on Small and Medium Sized Enterprises in Japan” (2020)  
[https://www.meti.go.jp/english/press/2020/0424\\_004.html](https://www.meti.go.jp/english/press/2020/0424_004.html)

In Japan, the Small and Medium Enterprise Agency, under the Ministry for Economy, Trade and Industry, prepares annual reports (white papers) with trend analysis of SME performance and policies, which are endorsed by the government, and which build on the SME Basic Act.<sup>11</sup> The most recent report stresses the importance of SMEs and small firms for value creation, also at regional level, and underlines differences in performance and objectives of SMEs, and the need for policy to take that into account. It calls for further cooperation between SME support organisations.

**Lithuania** “Entrepreneurship Action Plan” (2014)

The Entrepreneurship Action Plan of Lithuania for 2014-20 defines actions towards consistent growth and promotion of entrepreneurship. The Action Plan sets out three tasks focusing on raising the level of entrepreneurship in the country: (i) to establish a consistent and continuous system of entrepreneurship education; (ii) to create a favourable environment for starting and developing a business, and (iii) to promote entrepreneurship by ensuring accessibility of public services to businesses, distinguishing entrepreneurship of target groups (youth, women) and start-ups, as well as social and regional entrepreneurship, and developing a positive public image of the entrepreneurs.

**Luxembourg** “Fourth National Action Plan to Support SMEs” (2017)

<http://www.innovation.public.lu/fr/brochures-rapports/p/4e-plan-action-pme/index.html>

The National Action Plan puts forward various measures on ten priority axis closely related to the EU SBA including promoting an entrepreneurial spirit, adapting regulations for changing labour markets, fostering better access to finance and setting up an environment conducive to research and innovation. The Luxembourg Chambers of Commerce hosts various support schemes for business and SMEs.

**Netherlands** “SME Action Plan” (2018)

<https://www.rijksoverheid.nl/documenten/rapporten/2018/06/29/mkb-actieplan>

The Netherlands June 2018 SME Action Plan does not constitute a comprehensive strategy encompassing all Dutch national and regional policies of relevance to SMEs, but articulates the approach and philosophy of the current Netherlands Government towards SMEs, and includes a number of targeted measures to achieve this. A central ambition of the Netherlands government is for the country to be a frontrunner in the transition to a sustainable and digital economy. The Action Plan underlines the importance of SMEs for addressing societal challenges, and sets as a central objective ‘to enable SMEs to successfully deal with current challenges’, and to strengthen the capacity of SMEs in the transition regarding digitalisation and sustainability. The aim is that by 2021 all SMEs focus on continuously modernising their activities and make use of the possibilities that digitalisation offers. The Action Plan puts strong emphasis on the existence of different types of SMEs, and distinguishes between frontrunners (innovative/fast growing SMEs and start-ups) and the wider group of ‘broad SMEs’. Within these broad SMEs, the Action Plan distinguishes between those SMEs who want to grow but lack the resources or knowledge, and those SMEs for whom growth is not their (main) objective such as craftsmen and social entrepreneurs. The Action Plan specifically focuses

<sup>11</sup> [https://www.chusho.meti.go.jp/sme\\_english/outline/08/01.html](https://www.chusho.meti.go.jp/sme_english/outline/08/01.html)



on those 'broad SMEs', to enable this group of SMEs to benefit from new opportunities such as digitalisation.

**Norway** "Good ideas – Future jobs: The Government Entrepreneurship Plan" (2016)

[https://www.regjeringen.no/contentassets/c639c03e8fd94ceea1f9fc9318449ca4/the\\_government\\_entrepreneurship\\_plan.pdf](https://www.regjeringen.no/contentassets/c639c03e8fd94ceea1f9fc9318449ca4/the_government_entrepreneurship_plan.pdf)

The Entrepreneurship Plan was launched in 2016, and succeeds an earlier SME policy framework put in place in 2012. The Plan aims to enhance innovation, and puts strong emphasis on new firm creation and sustainability. It includes three main pillars: better access to capital at an early stage; increased access to competence; and making Norway a more attractive entrepreneurial country for a variety of people.

**Slovak Republic** "Report on the state of Small and Medium Enterprises in the Slovak Republic" (2018)

<http://www.sbagency.sk/en/state-of-small-and-medium-enterprises>

The Slovak Republic outlines its national SME policy in the annual "Report on the state of Small and Medium Enterprises". This document follows the EU SBA structure and methodology, and is authored by the Slovak Business Agency. Following an SME and entrepreneurship policy review in cooperation with the OECD, the country intends to strengthen policy co-ordination and consultation and integrate the annual report in a new strategic document on Productivity and Competitiveness, with involvement of SMEs in a new National Council for Productivity and Competitiveness. Measures are planned to strengthen performance indicators and feedback from agencies delivering business support initiatives. Furthermore, in the Government's Manifesto of the Slovak Republic for the period 2020 - 2024, the Government commits to create favourable conditions for business, a business environment with simple laws and low administrative, financial and regulatory burdens and will significantly reduce the regulatory burden on business. Regulation will be simplified to support SMEs, including through the "Lex korona" package to eliminate unnecessary bureaucracy for entrepreneurs in Slovakia and the introduction of the "one in - one out" principle, and subsequently "one in - two out", and application of the "think small first" principle.

**Turkey** "KOSGEB Strategic Plan 2019-2023" (2019)

[https://www.kosgeb.gov.tr/Content/Upload/Dosya/Mevzuat/2020/KOSGEB\\_Stratejik\\_Plan%C4%B1\\_\(2019-2023\).pdf](https://www.kosgeb.gov.tr/Content/Upload/Dosya/Mevzuat/2020/KOSGEB_Stratejik_Plan%C4%B1_(2019-2023).pdf)

Every four years, KOSGEB, the Turkish SME Agency, develops a Strategic Plan. As an operational document, this includes the policy objectives, actions and budgets towards SMEs. The main objectives regard innovation, technology and R&D, the fostering of entrepreneurship, and the strengthening of skills, internationalisation and productivity of SMEs. The Strategic Plan fits within the wider objectives of Turkey's Development Plan towards 2023. The Plan includes specific provisions for monitoring and evaluation. Between 2015-2018, KOSGEB also drafted an SME Strategy and Action Plan and an Entrepreneurship Strategy and Action Plan, with more detailed description of policy actions<sup>12</sup>.

**United States** "SBA Strategic Plan 2018-2022" (2018)

<https://www.sba.gov/document/support--sba-strategic-plan>

<sup>12</sup> <https://www.kosgeb.gov.tr/site/tr/genel/detay/349/plan-raporlar-ve-mali-tablolar>

In the United States, the 1953 Small Business Act, which established the Small Business Administration (SBA), is the corner stone of small business policy at Federal level. The SBA, which has been amended several times during its history, is a cabinet level position and fulfils a number of objectives, such as improving access to finance, entrepreneurial development, government contracting and small business advocacy (see also Box VVV). The SBA produces a Strategic Plan of its objectives and activities every five years. The four strategic goals of its latest plan are: 1) Support small business revenue and job growth; 2) Build healthy entrepreneurial ecosystems and create business friendly environments; 3) Restore small businesses and communities after disasters; and 4) Strengthen SBA's ability to serve small businesses. The SBA is represented in every state, and is also responsible for the Small Business Support Centres at local level.

## Broader policy frameworks

The third type of policy frameworks regards countries where SME policies are put forward as part of wider policy frameworks and strategies, such as on industrial, innovation, digital and/or regional policy. For instance, in the **United Kingdom** SME and entrepreneurship policies are part of a wider Industrial Strategy that was launched in 2017. Box 5 provides a number of examples of such policy frameworks in various OECD countries. Most countries include an SME perspective as part of their wider enterprise policies. In some cases, SME perspectives are included in a specific, wider policy document (for instance, in **Colombia** and **Estonia**), whereas in other countries various policy documents and frameworks include an SME perspective.

### Box 5. Countries where SME and entrepreneurship policies are part of wider strategies and policy frameworks

#### **Belgium**

In Belgium, SME and entrepreneurship policies are a shared responsibility between the Federal government and the regions. Whereas there are SME Strategies at regional level (Box 6), there is no SME policy document at Federal level, although the Federal government agreement does mention SMEs. However, the responsible Ministry undertakes various actions of relevance to SMEs, for instance regarding public procurement, the promotion of entrepreneurship and internationalisation, including through the data and analysis, SME consultation and international coordination by its SME Observatory.

#### **Canada**

The SME and entrepreneurship policy framework in Canada is not concentrated in a particular flagship policy initiative or a sole government organisation, but resides within various government initiatives for instance on export promotion, innovation and women entrepreneurship. The Federal Ministry responsible (ISED) has three objectives with regards to SMEs: Setting an efficient and competitive Canadian market place; Strengthening the Canadian economy through advancements in science and technology, knowledge and innovation; and building competitive Canadian business and communities. Execution of federal policy objectives with regard to SMEs often takes place at state level through regional development agencies, including through SME strategies at state level (Box 6).

**Colombia** "Productive Development Policy Strategy" (2016)

<https://www.mincit.gov.co/minindustria/viceministerio>

<https://www.mincit.gov.co/minindustria/temas-de-interes/politica-de-desarrollo-productivo#:~:text=El%20objetivo%20general%20de%20%C3%A9sta,aprobado%20en%20Agosto%20de%202016.>

Colombia supports SMEs as part of a wider strategy regarding business development, productivity, competitiveness, MSMEs and regulation. The key objectives are to support productivity and diversification. To this end, it includes a transversal strategy, aimed at access to finance, internationalisation, innovation and a sector strategy, with amongst other a focus on cluster support. Colombia has set up Superior Councils for SMEs in each region, with broad membership, which play an important role in policy delivery. Furthermore, Colombia supports SMEs through the "Política Nacional de Emprendimiento" (2020-25) which acknowledges the specific characteristics and needs of entrepreneurs, depending on the nature of their business: subsistence, consolidation, or wealth creation. It focuses on skills development, access and sophistication of financing mechanisms, strengthening marketing strategies, technological development and innovation and strengthening of institutional architecture to guarantee a public supply of consistent support instruments. The National Planning Department approved in January 2019 the Business Formalization Policy (CONPES 3956) with the main objective of promoting higher levels of business formality in the economy through better information for public policy decision-making and actions that improve the benefit cost ratio of formality for companies.

**Denmark** "Statement on Growth and Competitiveness" (2018)

<https://em.dk/publikationer/2018/redegoerelse-om-vaekst-og-konkurrenceevne-2018/>

The Danish Government's policy for business development is presented in the annual "Statement on Growth and Competitiveness" (Redegørelse om Vækst og Konkurrenceevne). This white paper details the objectives for supporting the business environment through measures comprising inter alia tax reform, support for innovation and education, regional development and balanced public spending. The main focus areas include: Industrialisation 4.0, which covers digital growth, production automation, IT security, research and development; Generation Growth, which covers support for entrepreneurship, shared economy, reduction of burdens, reduced taxation and increased competitiveness and New Global Economy, which covers policy measures for business strategies for growth, implementation of EU initiatives and support to exports and international investments. An overview of state initiatives regarding business promotion is presented in the "Statement on Business Promotion" (2021), which include the overall areas green transition, innovation and entrepreneurship, non-profit and cultural business purposes, global marketing and international framework and partnership instruments.

**Estonia** "Entrepreneurship Growth Strategy 2014- 2020" (2013)

[https://kasvustrateegia.mkm.ee/index\\_eng.html](https://kasvustrateegia.mkm.ee/index_eng.html)

Estonia has laid out its SME and entrepreneurship policies as part of its wider Entrepreneurship Growth Strategy. This Strategy, which itself relates to the wider Estonia 2020 Strategy and various other strategies on innovation, regional development and digitalisation, is not specifically focused on small business, but rather aims to enhance competitiveness and employment of all Estonian enterprises and potential, beginning and established entrepreneurs. It focuses on access to finance, skills, innovation, the reduction of red tape and the creation of an entrepreneur friendly business environment and the attraction of foreign investment.

**France** "PACTE – Plan d'Action pour la Croissance et la Transformation des Entreprises" (2019)

<https://www.gouvernement.fr/action/pacte-le-plan-d-action-pour-la-croissance-et-la-transformation-des-entreprises>

France does not have a single document outlining its SME policy framework, but positions its support for SMEs and entrepreneurs as part of wider industrial, innovation and regional policies, such as the Action

Plan for Business Growth and Transformation. The SME perspective therein focuses particularly on measures to simplify and reduce burdens for SMEs<sup>13</sup>, and on new entrepreneurship. The 2017 France Start-up Nation initiative<sup>14</sup> aims to allow everybody in France to start a new business. This emphasis on new ventures is also reflected in the policy response to COVID-19, which includes a EUR 4 billion emergency plan to support start-ups. The delivery of SME support takes place mainly through BpiFrance and regional authorities and local chambers of commerce and industry.

**Greece** “National Strategy for Sustainable and Fair Growth“ (2018)

<https://www.nationalgrowthstrategy.gr/en/>

Greece includes its SME and entrepreneurship policies as part of its wider National Strategy for growth, whose 220 proposals also include Greece actions in the context of the EU SBA as well as regional development. It focuses on creating jobs, enhancing productivity and improving the business environment, and includes a variety of measures from framework conditions to more targeted policies. The strategy includes provisions for monitoring and evaluation.

**Iceland** “Iceland 2020”

<https://www.government.is/media/forsaetisraduneyti-media/media/2020/iceland2020.pdf>

Iceland generally does not have specific SME targeted policy instruments, but includes SMEs in policies towards the business community at large, for instance regarding digitalisation, innovation, trade and investment.

**Italy**

Italy does not have a single document that lays out its SME policy approach, but rather a range of policy initiatives that include specific SME groups or issues. Examples include legislation for innovative start-ups and SMEs (respectively, Decree-Law no. 179/2012 and Decree-Law no. 3/2015), which fulfil explicit policy objectives and provide for a system of periodic monitoring of the effects of incentives, and the 2015 Industry 4.0 Plan for the digitisation of enterprises (now known as "Transition 4.0"). The objective of SME policy is increasingly on innovative entrepreneurship and digitisation. A coordination role is given to the “SME Ombudsman” (also the SME Envoy), who is called upon to monitor the implementation of the European Small Business Act at the national level, to draw up policy proposals to be submitted to the Government aimed at fostering the development of the SME system, and to draft an annual report to the President of the Council of Ministers.

**Latvia** “National Industrial Policy Guidelines” (2014)

[https://www.em.gov.lv/en/sectoral\\_policy/industrial\\_policy/](https://www.em.gov.lv/en/sectoral_policy/industrial_policy/)

In Latvia, policies for entrepreneurship and start-ups are part of the wider industrial policy guidelines. These guidelines were developed in response to the Global Financial Crisis, and aim to strengthen the long term sustainability of the economy. This includes a focus on competitiveness and exports, digitalisation, innovation and the reduction of energy costs. The framework includes an entrepreneurship focus, directed to the reduction of red tape and support to start-ups and micro-enterprises.

**Mexico** “Economy’s Sectoral Program 2020-2024” (2019)

[https://www.gob.mx/cms/uploads/attachment/file/559457/Programa\\_Sectorial-ECONOM\\_A\\_final\\_validada.pdf](https://www.gob.mx/cms/uploads/attachment/file/559457/Programa_Sectorial-ECONOM_A_final_validada.pdf)

<sup>13</sup> <https://www.economie.gouv.fr/loi-pacte-mesures-simplification-vie-pme-eti>

<sup>14</sup> <https://www.elysee.fr/emmanuel-macron/2017/06/15/discours-du-president-de-la-republique-au-salon-vivatech-2017>

Mexico has incorporated its SME policy framework in the Sectoral Program for the Economy by the Ministry of Economy, which itself is part of the National Development Plan 2019-2024. The third objective of the Sectoral Plan regards SMEs (“to promote the creation and consolidation of productive MSMEs for greater productive inclusion”). It focuses in particular on raising the productivity of MSMEs by improving access to finance, strengthening entrepreneurship competences, improving the business environment and foster technological innovation. The program underlines in particular the importance of women entrepreneurship.

### **Poland**

In Poland, policies towards SME and entrepreneurship development are part of wider government policy frameworks and strategies, for instance the Plan for Responsible Development, the Strategy for Innovation and Efficiency of the Economy – Dynamic Poland 2020, and the Enterprise Development Programme 2020. Policies include the StartInPoland programme which aims to support start-ups and engage in the development of technological companies and innovation of large companies. The Business Constitution (Konstytucja Biznesu reform (2018), establishes new and easier fundamental principles for doing business, including relations with the administration. SME policies aim to support succession in family-run firms, reduce licensing costs, and speed up legal proceedings.

**Portugal** “Action Plan for the Digital Transition” (2020) (<https://eportugal.gov.pt/en/noticias/governo-lanca-plano-de-acao-para-a-transicao-digital>); *Startup Portugal* (<https://startuppportugal.com/>)

In Portugal, SME policies are included in a wider policy framework regarding productivity, industry, and economic development. Portugal has a variety of support measures in place for SMEs and entrepreneurs. Startup Portugal encompasses Portugal’s approach towards entrepreneurship, focusing on ecosystems, funding, and internationalisation. The Action Plan for the Digital Transition aims to accelerate Portugal’s digital transition without leaving anyone behind and to project the country in the world. The Action Plan sets a comprehensive strategic vision for the digital transition that includes measures for individuals, companies, including measures to strengthen digital capacities for SMEs, and the public administration. The Plan establishes short and medium-term objectives, structured under three main pillars: (i) Capacity Building and Digital Inclusion; (ii) Businesses Digital Transformation and (iii) Public Services Digitization.

**Slovenia** “Industrial Strategy 2021-2030” (work in progress)

<https://www.gov.si/novice/2020-09-17-osnutek-slovenske-industrijske-strategije-2021-2030-v-javni-razpravi/>

“Action Plan – Slovenia – land of innovative start-ups” :

[https://www.startup.si/Data/Documents/AKCIJSKI\\_ZADN.pdf](https://www.startup.si/Data/Documents/AKCIJSKI_ZADN.pdf)

In Slovenia, the SME policy framework is part of the wider industrial strategy, which is currently under development. The industrial strategy includes a focus on SMEs and entrepreneurship, including guidelines for digitalisation, start-ups, innovation, internationalisation, investment, skills, sustainability and the business climate and red tape. Furthermore, the “Action Plan – Slovenia – land of innovative start-ups”, adopted by the Slovenian Government in 2018, lays down strategic directions for start-ups.

### **Sweden**

Sweden has adopted a mainstreaming approach to SME and entrepreneurship policy, positioning SME and entrepreneurship perspectives within its wider innovation policy and regional development strategies. The policy framework has a decentralised decision making and delivery structure. Through its one-stop-shop website Verksam.se, the government aims to open-up all government services for business by different authorities.



**Switzerland**

<https://www.seco.admin.ch/seco/en/home/Standortfoerderung/KMU-Politik.html>

In Switzerland, both the Federal government and the regions (cantons) play a role in support policies for SMEs. Main policy objectives at Federal level include the improvement of framework conditions by reducing administrative burdens and developing e-government, and support in access to finance, internationalisation, skills and innovation. The Federal government provides a dedicated set of policy support measures tailored to the specific needs of SMEs, an overview of which can be found in its SME Portal<sup>15</sup>. Companies can do their electronic transactions with the administration through the electronic one-stop-shop EasyGov.Swiss (for all companies).<sup>16</sup> Switzerland conducts a wider set of government strategies on digitalisation, ageing, education and climate, of relevance to SME policy.

**United Kingdom** “Industrial Strategy” (2017)

<https://www.gov.uk/government/publications/industrial-strategy-building-a-britain-fit-for-the-future>

The United Kingdom has developed various SME support actions as part of its Industrial Strategy and other policy frameworks. The focus of these actions is on raising productivity and innovation, with an emphasis on improving framework conditions. SME policy is a devolved competency, with different policy frameworks for each part of the UK and few formal coordination structures across government(s). The responsible Ministry (BEIS) has brought forward an SME Action Plan, which primarily regards procurement and fast payment. The government in 2016 introduced a Small Business Commissioner, specifically tasked with addressing late payments to SMEs.

The rationale for including SME perspectives in such wider frameworks may be twofold. First, it may reflect a preference for more generic policy instrumentation addressed to all companies and the intention to achieve synergies with specific policy objectives. For instance, a view on SME policy being essentially aimed at fostering SME innovation will increase the likelihood of incorporating SME policy in innovation policy frameworks instead of stand-alone documents that articulate broad SME-related objectives. In such cases, however, the more generic policy approach tend to be complemented by strong ex-ante SME testing or organisational checks and balances for mainstreaming.

Second, the choice for broader frameworks may be linked to the distribution of responsibilities across government levels on SME policies. In some countries, SME policy is a devolved responsibility (for instance **United Kingdom**) or a joint federal-regional responsibility (e.g. **Australia, Belgium, Canada, Switzerland**). Such divisions of responsibilities leave less room for national/federal SME specific policy initiatives like Strategies or Action Plans. Subsequently, in those countries SME Strategies are more likely to exist at subnational government level, which is the case for **Australia, Belgium** and **Canada** (see Box 6 for examples of such subnational strategies). In the **United Kingdom**, the priority approach towards ensuring conducive framework conditions for all businesses also applies for the policy frameworks in Scotland, Northern Ireland and Wales.<sup>17</sup> In **Switzerland**, the cantons have full authority on SME support measures they want to implement. However, as company regulations are predominantly federal, regulatory measures and digital government for SMEs are mainly coordinated at federal level.

<sup>15</sup> <https://www.easygov.swiss/easygov/#/>

<sup>16</sup> This 2013 brochure provide an overview in English:  
[https://www.caminada.com/sites/default/files/Switzerlands\\_SME\\_policy.pdf](https://www.caminada.com/sites/default/files/Switzerlands_SME_policy.pdf)

<sup>17</sup> See <https://www.gov.scot/policies/supporting-business/>, <https://gov.wales/business-support>, <https://www.economy-ni.gov.uk/topics/economic-policy/enterprise-policy>, <https://www.lepnetwork.net/about-leps/location-map/>

### Box 6. Examples of SME Strategies at sub-national level

This paper focuses on national SME policy frameworks. However, in various OECD countries, states or regions have developed what they call SME Strategies, for instance in Australia, Belgium and Canada. These often predate the national SME Strategies discussed in Box 2, and include hands on support measures for small business, similar to SME Action plans listed in Box 4.

#### **Australia:**

New South Wales “NSW Small Business Strategy” (2017)

Queensland “Advancing Small Business Queensland Strategy” (2019)

#### **Belgium<sup>18</sup>:**

Brussels Region “SME Strategy” (2016)<sup>19</sup>

Wallonia “SME Strategy” (2016)<sup>20</sup>

#### **Canada**

Ontario “Business Growth Initiative” (2016)

Alberta “Small Business Strategy” (2014)

<sup>18</sup> In Flanders, a central advisory institution to the regional government (SERV) in 2015 suggested the development of an SME Strategy as well, but as far as could be established this has not materialised (yet). Flanders has concluded a public contract for support services to SMEs.

<sup>19</sup> The Brussels, currently a regional economic transition strategy is being developed, which will include the main subject included in the SME Strategy.

<sup>20</sup> Since 2019, the government has entrusted SOWALFIN with the mission of implementing actions for SMEs.

# 3 Objectives, scope and type of policies

SME policy frameworks may differ in the objectives they aim to achieve and the scope and type of policies used to realise these.

## Objectives

National SME policy frameworks serve a variety of policy objectives, which can be divided into four categories:

- First, there are policy frameworks that aim to strengthen competitiveness, (productivity) growth and/or innovation of SMEs. Virtually all OECD countries pursue this objective, which is often made explicit in strategic documents, such as in Australia, Canada, Costa Rica, Czech Republic, Denmark, Estonia, European Union, France, Germany, Hungary, Ireland, Israel, Italy, Korea, Latvia, Lithuania, Luxembourg, Mexico, New Zealand, Norway, Slovak Republic, Spain, Switzerland, Turkey, and the United Kingdom. Various countries include related objectives on internationalisation as well as (increasingly) on digitalisation, for instance Australia, Austria, Chile, European Union, Germany, Hungary, Italy, Korea, Latvia, Netherlands, New Zealand, Portugal and Spain.
- Second, various policy frameworks put the emphasis on entrepreneurship and the creation of new (entrepreneurial) ventures. This is for instance the case in Australia, Austria, Belgium, Estonia, the European Union, Finland, France, Israel, Italy, Korea, Latvia, Norway, Slovak Republic, and the United Kingdom.
- Third, some SME policy frameworks focus on the creation of jobs and employment as key objective, as it is for instance the case in Finland, Mexico, Sweden, and on inclusive entrepreneurship for women and/or minorities (for instance in Canada).
- Fourth, some policy frameworks have wider societal objectives, for instance with regards to the social impact of SMEs and entrepreneurs or the need for place based approaches to enhance policy effectiveness and reduce regional divides. In their strategic plans, an increasing number of countries focus on the sustainability transformation for SMEs, for instance in Canada, Costa Rica, Czech Republic, the European Union, Germany, Korea, Netherlands, New Zealand, Norway, Spain.

In practice, countries often articulate a combination of the four objectives, or even pursue all four of them. Classifying the three types of SME policy frameworks discussed in section 2 according to the various objectives they serve is therefore little distinctive. To allow for a more discriminating perspective, table 2 lists for each SME policy framework type the objectives per country that receive most strategic emphasis in the policy document, with a maximum of two objectives by country.



**Table 1. Strategic emphasis in policy objectives and type of policy framework (top two strategic priorities by country)**

Type of objective:	Type of policy framework:		
	SME Strategy	SME Action Plan.	Broader policy framework
i. Competitiveness, growth, innovation, digitalisation	Costa Rica, Czech Republic, EU, Germany, Hungary, Ireland, Korea, New Zealand, Spain	Australia, Austria, Lithuania, Luxembourg, Netherlands, Slovak Republic, Israel, Japan, US	Belgium, Canada, Colombia, Denmark, Estonia, France, Italy, Latvia, Poland, Switzerland, United Kingdom
ii. Entrepreneurship, new ventures	Hungary, Korea, New Zealand, Ireland	Australia, Austria, Finland, Israel, Japan, Lithuania, Luxembourg, Norway, Slovak Republic, US	Belgium, Colombia, Denmark, Estonia, France, Italy, Latvia, Poland, Switzerland, United Kingdom
iii. Jobs and employment		Finland	
iv. Wider societal goals, sustainability	Costa Rica, Czech Republic, EU, Germany, Spain, Belgium (Brussels)	Netherlands, Norway	Canada

The table shows that for all types of policy frameworks, achieving competitiveness, growth, innovation and digitalisation of SMEs is by far the main objective pursued, closely followed by objectives on new entrepreneurship and start-ups. The differences in type of policy framework thus seem not much related to differences in objectives pursued. However, some differences are visible. Countries with SME Strategies appear to put relatively less emphasis on new entrepreneurship, and relatively more emphasis on digitalisation and sustainability, although exceptions exist. Vice versa, countries with action plans or wider policy frameworks focus strongly on new entrepreneurship, next to competitiveness, innovation etc. Jobs and employment appear to rank in the top two of main objectives only rarely.

Only few policy frameworks include *quantitative targets*. Examples include **Estonia, Finland, Hungary, Ireland, and Turkey**.

## Scope and types of policies

The SME policy frameworks discussed in section 2 encompass a wide variety of policy domains and instruments. These instruments can be categorised according to the *direct* or more *indirect* nature of support measures (OECD, 2020<sup>[11]</sup>). Some policies aim to improve framework and business conditions, for instance a favourable tax and regulatory framework, favourable competitive conditions and initiatives for the development of an entrepreneurial culture. Other policies offer direct support to companies, for instance, through training and education programmes, provision of information, advice, coaching and mentoring, facilitating access to finance for entrepreneurs and supporting entrepreneurs in specific activities that are conducive to growth, such as innovation and internationalisation. Some of these policies are specifically targeted to SMEs or certain types of SMEs (such as start-ups) whereas others are more generically open to the wider business community.

A relevant question is if the types of SME policy frameworks distinguished in section 2 relate to certain types of policy instruments. A comprehensive answer to this question goes beyond the scope of this paper. However, the analysis of the various SME policy frameworks presented in Box 3, 4 and 5 allows for some tentative conclusions.

First, all countries put strong emphasis on improving framework conditions as part of their SME policy. The emphasis is most often on the reduction of red tape and unnecessary costs for SMEs. In particular countries that give priority to the support of new ventures, aim to reduce entry barriers for start-ups. In several cases, SME policy frameworks aim to address aspects of taxation as well (**Australia, Finland, Germany, Hungary, Netherlands, New Zealand**). Various countries also put measures in place to improve e-government (**Germany, Hungary, New Zealand, Switzerland**) as well as labour markets and social security (**Finland, Germany**). For instance, Entrepreneur's Desk in **Portugal** aims to simplify the regulatory process for entrepreneurs by offering them a single point of contact to obtain all the information

needed regarding the development of an economic activity in Portugal, carry out administrative procedures online, including payments, and obtain public services online when possible. Some countries focus on favouring inter-generational change in entrepreneurship (**Hungary**) and on second chance entrepreneurship (**Finland, Korea**). **France** offers a tax incentive to start-ups in geographical areas of economic distress, with temporary tax reductions to entrepreneurs setting up or relocating in disadvantaged urban areas. **Australia** offers tax incentives for early-stage investors that provide funding to innovative start-ups. Some countries put in place specific programmes to improve their entrepreneurial ecosystems (**Estonia, Netherland**).

Second, at the same time, all countries also include some targeted support measures for SMEs.

- The 2020 SME Finance Scoreboard (OECD, 2020<sup>[9]</sup>) maps the increase in access to finance support aimed at SMEs since 2009, which largely remained in place in later years. Currently almost all OECD countries operate SME focused access to finance support, including (according to the Scoreboard country profiles): **Australia, Austria, Belgium, Canada, Chile, Costa Rica, Czech Republic, Estonia, Finland, France, Germany, Greece, Ireland, Italy, Japan, Korea, Latvia, Lithuania, Mexico, Netherlands, Poland, Portugal, Slovak Republic, Spain, Sweden, Switzerland, Turkey, United Kingdom** and the **United States**.
- Regarding internationalisation, helping SMEs overcome their difficulties in accessing global markets is a key dimension of a number of national export strategies, for instance in **Norway, Spain, Slovenia** and the **United Kingdom**. In some other cases (**Hungary, Italy**), SME export support is framed within new industrial-innovation policies. Several countries have developed more targeted efforts aimed at SMEs, in order to mitigate the costs inherent to internationalisation and trading across borders (**Australia, Canada, Czech Republic, Germany, Hungary, Korea, Lithuania, Netherlands, Turkey**), or focused on specific groups of entrepreneurs such as first time exporters (**Belgium**), women entrepreneurs (**Canada**) or start-ups (**Korea, Poland**).
- Regarding innovation, countries increasingly take SME constraints and potential into consideration in their innovation policies (for instance in the **Czech Republic** and the **Netherlands**), especially in R&D tax incentives (**Austria, Canada, France, the Netherlands, Norway** and the **United Kingdom**), but also through direct innovation funding to SME (**Australia, Estonia, Ireland, Luxembourg, United Kingdom**). Across countries, innovation policy increasingly focuses on supporting specific groups of entrepreneurs, such as start-ups and innovative and high growth firms.
- Regarding digitalisation, a growing number of countries have put in place financial (**France, Hungary, Lithuania, Spain, Turkey**) or non-financial support (training, awareness) programmes (**Austria, Canada, Colombia, Denmark, Germany, New Zealand, Switzerland, Turkey, United Kingdom**) to accelerate the SME digital transition. Some countries, such as **Denmark, New Zealand** and **Spain**, have also set up sectoral programmes to assist SMEs to this end. In some cases, digitalisation support targets specific groups, such as women entrepreneurs.
- Various countries have set up policies regarding SMEs and skills, mainly focusing on reducing training costs for firms and promoting the benefits of workplace training. Some countries list skills and education among their priority support efforts for SMEs, for instance the **Austria, Czech Republic, Estonia, Ireland, Norway**. Many OECD countries offer tax incentives to SMEs to reduce the cost firms incur for training their employees (for instance **Canada, Chile**). Smaller firms are also frequently targeted by direct training subsidies schemes. Training vouchers, for example, help SMEs purchase training hours from accredited individuals or institutions (for instance **Lithuania**). In addition to support for skills development, countries aim to raise awareness of the importance of training and skills development in SMEs through various channels, including public and stakeholder organisations (for instance **Ireland, Belgium**). Some countries have programmes to improve the development of SME management skills (for instance the **United Kingdom**), sometimes specifically targeted at management skills for ICT adoption (**Mexico**). Various countries

provide information, advice, coaching and mentoring support (for instance **Denmark, Norway, the United Kingdom**). Several countries aim to include an SME perspective in wider educational schemes, to allow for a better match between their needs and skills supply. Skills are also part of support programmes specifically aimed at start-ups (**Netherlands**). Various countries operate programmes for entrepreneurship education at higher education institutions (for instance the **United Kingdom**).

- Finally, some countries have put in place policy instruments specifically aimed at improving the environmental performance of SMEs. The **European Union's** SME Strategy for instance proposes to expand sustainability advisory services to SMEs. The **German** SME Strategy proposes a combination of generic and targeted measures. Generally, while several countries SME policy frameworks include the greening of SMEs as an objective, in most cases this is supported by more generic instruments for all companies, rather than SME targeted instruments.

This overview does not show a clear pattern of use of policy types and types of SME frameworks. Most countries – irrespective of the type of policy framework – opt for a mix of more generic and targeted policies that directly or indirectly support SMEs. The overview suggests that the use of SME targeted instruments has increased across countries since the global financial crisis. This is in particular the case for instruments to improve access to finance, internationalisation and digitalisation. In innovation policies, SME concerns are increasingly mainstreamed within policy instruments, whereas targeted instruments increasingly focus on subgroups of SMEs such as innovative new venture or high growth firms. Support for sustainability (and inclusiveness) increasingly figures in SME policy frameworks (reinforced by the Build Back Better efforts for post COVID-19 recovery), but analysis of the various SME policy frameworks and recovery packages shows that sustainability is often supported by more generic (instead of SME specific) policy instruments. These developments in the use and scope of instruments take place along all three types of SME policy frameworks.

A final relevant question is how existing SME policy frameworks, and objective and instruments used, relate to the SME and entrepreneurship policy response to COVID-19 across countries. The pandemic put massive strain on existing SME policy frameworks and policy makers, and led to the significant expansion of existing and the set-up of various new instruments, which across countries followed a similar sequence, focusing on averting a liquidity crisis for SMEs while gradually putting more emphasis on structural policy support and Build Back Better packages to support recovery (OECD, 2020<sup>[12]</sup>) (OECD, 2021<sup>[13]</sup>) (OECD, 2021<sup>[14]</sup>).

It is too early to assess what the longer term impact of the pandemic will be on SMEs and SME policy frameworks. However, a number of observations can be made. First, SMEs were at the epicentre of the pandemic, and turned out to be extremely vulnerable to its impact. This was rapidly acknowledged by policy makers, and led to an unprecedented increase of SME specific support measures, in particular regarding access to finance, adding to the existing trend of more SME specific support instruments. It also entailed that a substantial number of SMEs that had not received public support before, now benefited from SME focused policy measures.<sup>21</sup> An important question is how the SME policy response to COVID-19 will influence SME policy frameworks. On the one hand, although the demand for these instruments may decline when economies recover, experience shows that instruments are sticky and may last longer than the crisis for which they were designed. Furthermore, it is likely that challenges related to recovery from the pandemic will continue to require an SME specific perspective. The policy response also brought valuable experience and insights on how to design and execute SME specific policies, for instance on how to make those rapidly and easily accessible, which can assist their effectiveness in the coming period. On

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<sup>21</sup> According to the AECM, the number of newly supported SMEs increased by 555.5% to 1.95 million (<https://aecm.eu/https-aecm-eu-wp-content-uploads-2020-12-aecm-half-yearly-statistical-report-h1-2020-final-pdf/>)

the other hand, it seems likely that the policy focus will change in the shift from an emergency response to a policy response aimed at recovery and strengthening resilience.

Second, there seems to be little relation between the type of SME policy framework used, and the type of SME policy response to COVID-19. The focus on liquidity instruments and their SME orientation hold across countries, and also the inclusion of structural support seems primarily related to country income levels not to a particular SME policy framework (OECD, 2020<sup>[15]</sup>), although countries with SME Strategies appear to be more likely to use a wider range of structural policy instruments. A relevant question is if there is a relation between the type of SME policy framework put in place and the speed and effectiveness of the SME policy response.

Finally, structural policies, for instance to adopt digital tools, find new markets and reskill, are increasingly part of support packages aiming for recovery. A number of countries formulate recovery strategies with the aim of strengthening growth and resilience (an increasingly important SME policy objective post-COVID-19), and enhancing their ability to partake in the digital and sustainability transformation, for instance in **Australia, Canada, France, Germany, Korea and Spain**. This brings the COVID-19 policy response potentially more on par with SME policy frameworks discussed before, where addressing megatrends plays an increasing role. However, whereas the liquidity response to COVID-19 very much exemplified the need for an SME specific approach, given the massive problems small firms experienced, the SME dimension in the wider recovery packages is relatively thin. A major challenge is how to ensure that the recovery packages sufficiently take the needs and circumstances of SMEs into account, and how the recovery packages and the SME policy frameworks remain well aligned.

# 4 Governance

Ensuring coherence of policy design, development and implementation is a key challenge for SME policy frameworks. Countries use three types of approaches and mechanisms towards governance.

- The first regards **control**. In some cases, countries aim to ensure coherence by concentrating responsibilities and tasks with regard to SMEs in a specific entity.
- The second approach regards **organisational coordination**, whereby countries set up organisation arrangements among Ministries, agencies and other actors at national level (horizontal governance), and/or across different levels of government (vertical governance) to ensure coherence.
- The third approach regards functional mechanisms for **mainstreaming** SME considerations and perspectives in policy design, including through consultations, and SME tests in (regulatory) impact assessments.

Governance arrangements and needs differ according to national institutional arrangements and preferences. In practice, countries use a mix of the three forms of governance, also because these can complement each other. For instance, countries can seek the consolidation of SME related tasks in a single entity where possible, but nevertheless, for those policy aspects that cannot be brought under the ‘one single roof’ of that entity, install coordination mechanisms. Functional mainstreaming mechanisms can provide a strong basis for taking SME considerations into account across policy domains, but coordination arrangements remain important to provide oversight and ensure that mainstreaming mechanisms are properly and consistently used. Nevertheless, although the three types of arrangements can complement each other, in practice country SME policy frameworks typically lean towards a certain governance arrangement. For instance, some countries may see a strong focus on functional mainstreaming or consolidation of tasks in a single entity as an alternative for horizontal governance arrangements.

## Responsible Ministries, Ministers and Agencies

The architecture of Ministers, Ministries and Agencies responsible for SME policy frameworks differs markedly across OECD countries, as it is shown in Annex A. Although the names, responsibilities and portfolios of Ministers, Ministries and Agencies evolve regularly following elections and changes in government, their configuration is of relevance for understanding the way countries aim to ensure coherence.

### **Ministries**

In most OECD countries, the responsibility for SME policies resides within the Ministry for the Economy, Enterprise, Business, Industry, Innovation and/or Trade. This reflects the prevailing view on SME policy objectives in many countries as being primarily economic in nature (as compared to social oriented). It also reflects that, in organising their bureaucracies, countries see synergies in combining responsibilities for SMEs with those towards the wider business economy. However, this also means that responsibilities for important drivers for SME development lie outside those Ministries, for instance regarding tax, education

or employment. In some countries, the Ministry responsible for SMEs is also responsible for taxation (**France**), employment (**Germany**) or education (**Australia**).

The presence of dedicated Ministries that solely focus on SMEs and entrepreneurship can have the advantage of raising visibility of the SME portfolio, and offers possibilities for synergies within those Ministries. It may also be of relevance for the organisation of governance and its effectiveness. **Korea** introduced in 2017 a dedicated Ministry (and Minister) of SMEs and Start-ups (MSS). MSS was created in 2017 to replace the Small Medium Business Administration, an organisation within the Ministry of Trade, Industry and Energy, and was given tasks regarding trade, digital and finance for SMEs previously allocated to other Ministries. .

### **Ministers**

As to Ministers, responsibilities for SME (policies) are included in Ministerial portfolios across OECD countries in various ways. Four arrangements can be distinguished:

- **Korea** is the example where a cabinet Minister has the exclusive and dedicated responsibility for the SME (and start-up) portfolio. This increases the visibility of the SME portfolio, and also means that SME responsibilities are represented explicitly during government Ministerial meetings.
- In other countries, the dedicated responsibility for SMEs lies with more junior Ministers or State Secretaries. **Mexico** has an Under Minister of Small and Medium Enterprise within the Ministry of Economy. **France** has a “Ministre délégué” for small business within the Ministry for the Economy, Finance and Recovery. In **Italy**, an Under-Secretary has the formal responsibility for the SME portfolio. **Chile** has an Undersecretary of Economy and Smaller Companies. In the **United States**, the responsibilities lies with the Small Business Administrator.
- Third, there are countries where SME policy is an explicit dossier within a Minister’s portfolio, but in combination with selected other responsibilities. Since November 2020, in **New Zealand**, the portfolios held by the Minister for Small Business have broadened and align across key portfolios to include responsibilities as the Minister for Economic Development, Minister for Regional Development, Minister of Tourism and Minister of Forestry. **Australia** has a Minister responsible for Education, Skills, Small and Family Business. **Canada** has a Minister of Small Business, Export Promotion and International Trade, supported by both the Industry and Global Canada Ministries. In **Luxembourg**, there is a Minister for *Mittelstand* and Tourism within the Ministry for the Economy. In the **United Kingdom**, there is an Under-secretary of State for Small Business, Consumers and Corporate Responsibility. **Belgium** has a Federal Minister of the Middle Class, SMEs, Self-employed, Agriculture, Institutional Reforms and Democratic Renewal. **Costa Rica** has a Vice Minister for SME, Entrepreneurship, Consumers and Institutional Strategic Approach. **Spain** has a General Secretary of Industry and Small Business In such cases, Ministers will obviously have to divide their time between their different responsibilities, but may also make use of the synergies in their portfolio to bring forward the SME agenda, for instance between SMEs and trade or SMEs and skills.
- Finally, in over 20 countries (see Annex A) SME policy is part of a Minister or State-Secretary’s wider portfolio, but next to many other responsibilities and without explicit mentioning in the Ministers title. Although the priority given to the SME portfolio reflects political priorities, not the name of the Minister’s portfolio per se, this gives arguably less explicit profile and visibility to the small business portfolio. At the same time, this again can make coordination easier among the dossiers in a Minister’s portfolio. For instance, in the **Netherlands** and **Portugal** the State Secretary/Minister responsible for SMEs also carries responsibility for the digitalisation agenda. Combining the SME agenda in a wider Ministerial portfolio can also contribute to the seniority of such Minister, and hence the weight of the SME portfolio within the government.



## Agencies

Several countries have one or more agencies in place to implement and execute (amongst other tasks) SME and entrepreneurship policies. The tasks of these agencies vary, but in most cases focus on trade and investment, innovation and the execution of financial and non-financial support instruments.

In most countries, the agencies are not exclusively focused on SMEs but on the broader business community (for instance, Austria, Chile, Czech Republic, Denmark, Estonia, France, Germany, Ireland, Latvia, Lithuania, Korea, Netherlands, Poland, Portugal, Slovak Republic, Slovenia and Sweden). Such wider enterprise agencies aim to benefit from scale across support areas and business categories. They (aim to) provide one-stop-shops for business, usually physically as virtually, which are open to SMEs as much as for other businesses. Since smaller businesses are often less well informed on government support measures, an important challenge for such generic enterprise agencies is to be sufficiently accessible for SMEs.

Examples of countries with specific SME agencies include **Costa Rica, Israel, Japan, Turkey, the United States**, and the **European Union** (see also (ILO, 2016<sup>[16]</sup>). The mandate and role of these specific SME agencies differs significantly. In some countries, those agencies primarily execute and implement policy instruments, and offer a one-stop-shop for SMEs (as is the case for EASME in the **European Union** and **PYMES Costa Rica**). In other countries, the agencies also play a role in consultations of SMEs and the execution of SME tests (**Israel**), and in the wider governance of SME policies (for instance in **Japan, Israel**). In the **United States**, the Small Business Administration combines these three functions (see Box 7).

### Box 7. United States Small Business Administration (SBA)

Since its founding on 30 July 1953, the U.S. Small Business Administration has delivered millions of loans, loan guarantees, contracts, counselling sessions and other forms of assistance to small businesses. SBA provides assistances primarily through its four programmatic functions:

#### **Access to Capital** (Business Financing):

SBA provides small businesses with an array of financing for small businesses from the smallest needs in micro-lending to substantial debt and equity investment capital (venture capital). The SBA was also the central vehicle through which the US administration organised and delivered support to small business in response to the COVID-19 pandemic, through its disaster relief programs and the Payment Protection Programme (PPP).

#### **Entrepreneurial Development** (Education, Information, Technical Assistance & Training):

SBA provides free individual face-to-face, and internet counselling for small businesses, and low-cost training to nascent entrepreneurs and established small businesses through the Small Business Development Centres in over 900 locations throughout the United States and US territories.

#### **Government Contracting** (Federal Procurement):

In keeping with the mandate of the Small Business Act, SBA's Office of Government Contracting sets goals with other federal departments and agencies to reach the statutory goal of 23 percent in prime contract dollars to small businesses. This office also provides small businesses with subcontracting procurement opportunities, outreach programs, and training.

#### **Advocacy** (Voice for Small Business):

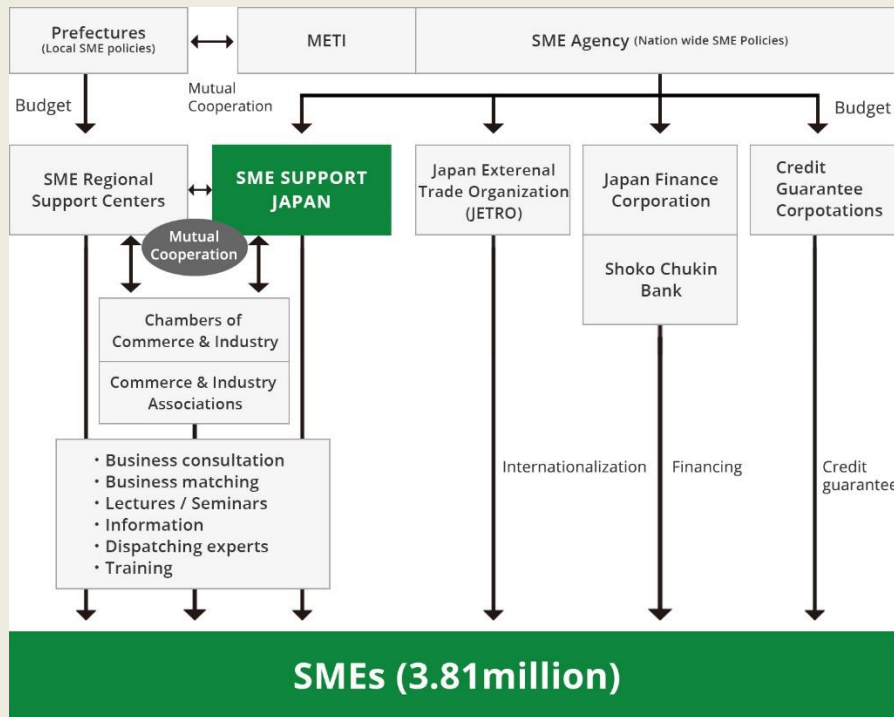
Created in 1978, this Office reviews Congressional legislation and testifies on behalf of small business. It also assesses the impact of the regulatory burden on behalf of small businesses. Additionally, it conducts a vast array of research on American small businesses and the small business environment.

Source: <https://www.sba.gov/>

In **Japan**, the SME policy delivery framework includes a variety of actors, with a central role for the SME agency as part of the Ministry for the Economy, Trade and Industry (METI, see Box 8).

### Box 8. Japan SME policy delivery framework

In Japan, various organisations play a role in SME policy delivery (see graph). At national level, the SME Agency, as part of the METI, executes and coordinates Japanese SME policy towards other actors that deliver for instance on access to finance and trade. SME Support Japan and the Regional SME Support Centres deliver a variety of further support measures to small businesses, and wider SME support. METI and the local prefectures cooperate to ensure vertical coherence of policy delivery.



Source: <https://www.smrj.go.jp/english/about/>

Since 2013, **Mexico**, had a specialised SME agency Inadem (Instituto Nacional del Emprendedor), which was however discontinued in 2019 and replaced by the Productive Development Unit (UDP) within the



Ministry of Economy<sup>22</sup>, with a wider mandate than SMEs (Marchese and Potter, 2018<sub>[17]</sub>). **Hungary** considers to establish an SME agency as part of the development of its SME Strategy.<sup>23</sup>

As the examples of **Japan** and the **United States** show, in many cases, national agencies operate at state or regional level as well, and provide the linking pin between policy formulation at national level and delivery and implementation at local level. In such cases, vertical coordination arrangements are in place *within* those agencies.

To conclude this section, there appears to be no relation between the existence of an SME Strategy and the existence of a dedicated SME Minister, Ministry or agency, which one might a prima facie expect given that both an SME Strategy and the existence of SME specific institutions may reflect a preference for SME specific arrangements. In fact, none of the countries with a specific SME agency has drafted an SME Strategy. Whereas **Korea** is the only country that combines a dedicated SME Minister and Ministry with an SME Strategy, of the other countries that have Ministers with SMEs explicitly in their portfolio and title, with the exception of **Spain** and **New Zealand**, none have developed an SME Strategy. To some extent, the existence of dedicated SME institutions such as agencies can be seen as alternatives to SME Strategies, since they aim to achieve similar objectives with regard to coherence as SME Strategies, but via an alternative – agency - route.

## Horizontal governance

The horizontal governance of SME Strategies and policy frameworks takes different forms. As discussed in the previous section, some countries have opted for concentration of SME responsibilities in specific Ministries or through the operations of specific agencies. Others have introduced various coordination structures among Ministries and agencies to ensure coherence and effectiveness.

### *Inter-ministerial councils*

Some countries have created a comprehensive SME inter-ministerial council, which oversees various aspects of the strategies and other SME policy frameworks.

In **Spain**, the Inter-ministerial SME Council is the official body for the planning and co-ordination of all the national policies measures affecting SME and entrepreneurship development, created by Royal Decree 962/2013. Its responsibilities include informing the multiannual SME support plan; developing recommendations and proposals on priorities, mechanisms, actions and regulatory changes; co-ordinating the various support programmes carried out by the competent bodies and harmonising the eligibility criteria and service standards for SME support; monitoring the application of the Small Business Act for Europe in Spain; promoting entrepreneurship in the media, educational settings and society in general; reporting on regulatory projects and improvements. The Council is chaired by the Ministry of Industry, Trade and Tourism and consists of 52 members including 13 members representing Ministries, 8 representatives of State agencies, one representative for each autonomous region and representatives of local governments, business and labour organisations representing SMEs, and the Council of Chambers of Commerce and Industry (see also Box 9).

The **German** SME Strategy acknowledges that SME policy is a cross-cutting issue. To this end, a 'Committee of State Secretaries for the SME Strategy' is established, which will examine the plans and initiatives of all government departments for their compatibility with the needs of the SME sector.

<sup>22</sup> <https://www.gob.mx/se/acciones-y-programas/unidad-de-desarrollo-productivo>

<sup>23</sup> <https://bse.hu/Issuers/bet50/bet50---fifty-prosperous-hungarian-companies---2019/interviews/the-itm-at-the-service-of-the-sme-sector---hungarian-ministry-for-innovation-and-technology>

In the context of the SME Strategy, **Hungary** has established a new SME Inter-ministerial Council whose main tasks will include providing strategic directions on the implementation of the strategy, assigning clear implementation and monitoring responsibilities to specific ministries and government departments for the specific policy components of the strategy and the monitoring the outcomes of the SME Strategy and update its policy priorities, based on the most recent economic trends. The Minister for Innovation and Technology will chair the SME Inter-Ministerial Council, except for issues related to business regulation and taxation in which case the Minister of Finance will chair the Council. The Inter-Ministerial Council will meet twice a year and will be supported by a Technical Working Group meeting three times a year. The main task of the Technical Working Group will consist in preparing the agendas of the Council, summarising its decisions, and following up the overall implementation of the Strategy. The national SME Envoy will chair the work of the Technical Working Group. The following ministries comprise both the Inter-Ministerial Council and at the Technical Working Group: Ministry for Innovation and Technology (chair), Ministry of Finance (co-chair), Ministry of Foreign Affairs and Trade, Ministry of Human Capacities, Ministry of Interior, Ministry Without Portfolio.

The National SME Development Council (NSDC) of **Malaysia**, established in 2004, has the mandate to provide strategic directions for the formulation of SME policy, including its objectives and targets. The membership of the NSDC consists of the heads of 14 key ministries and 3 agencies, chaired by the Prime Minister. It is the highest policymaking body to set strategic directions for government policies on SME development and to ensure the co-ordination and effectiveness of SME programmes. It meets twice a year to deliberate strategies and new policies to support SME development across all sectors, as well as to monitor and evaluate the effectiveness of SME policies and programmes.

The SME Promotion Committee of **Thailand** is the key body responsible for setting strategy and co-ordinating SME policy across government. This Committee, chaired by the Deputy Prime Minister, consists of 25 members, including key ministries (Commerce, Industry, Finance, Agriculture, Labour, Science and Technology, etc.), appointed representatives of the Board of Trade and Federation of Thai Industries, six members from private sector organisations, and three regional entrepreneurs. The core responsibilities of the Committee include recommending the “SME Promotion Policy and Plan” to the ministerial cabinet, submitting an “SME Status Report” to the cabinet and the public, recommending incentives, new laws, or legislative amendments to the authorised agencies, and supervising concerned agencies on the implementation of the SME Promotion Action Plan.

In **Costa Rica**, the Mixed Advisory Council on SMEs (Consejo Asesor Mixto de la PYME) established by Law No. 8262, ensures horizontal coordination. The Council, chaired by the Minister of Economy, Industry and Commerce (MEIC), includes other Ministries and agencies, as well as representatives from the private sector, and meets every two months. Ministries and agencies are asked to prepare an annual report on their efforts towards SMEs, to be shared with MEIC.

### ***Working groups***

Some countries organise coordination through units within the Ministries that are primarily responsible for SME policies, often through working groups with different mandate, composition and focus.

In **Canada**, the responsible Ministry ISED’s Small Business Policy Branch chairs the Interdepartmental SME Working Group, which shares information across government that relates to small business policy and provides functional guidance to the Business Development Bank of Canada (BDC). However, ISED’s Small Business Policy Branch does not have a mandate for overall small business policy coordination. Thus, any national SME and entrepreneurship strategy requires high-level buy in across the federal government and strong consultation with relevant stakeholders.

In **New Zealand**, the Small Business Collective is a dedicated entity focused on small business, within the Ministry (MBIE). It was created in response to the conclusion by the Small Business Council (SBC) – which

drafted New Zealand's Strategy - that there was a lack of coordination between and information about the various support schemes for small businesses by public and private agencies, underlining the need for a more 'comprehensive understanding' of the needs and experiences of small business. The SBC proposed the creation of a dedicated cross-agency small business unit to co-ordinate, align, and oversee all small business focused work across government. The Small Business Collective developed in response to this. It brings together strategy, policy and service delivery and is focused on representing the voice of New Zealand's small and micro businesses in the design and delivery of policies and services, within MBIE and across government. The Collective is responsible for a broad programme of work that includes overseeing the implementation of the Small Business Strategy. The Collective works closely with small businesses, the private sector and with the government departments that small businesses most often deal with.<sup>24</sup>

Taking an SME perspective better into account across all policy areas is key to the **European Union** Small Business Act (SBA) and the EU SME Strategy. A key concept in the SBA is the Think Small First principle, aimed at ensuring that an SME perspective is taken into account across policies. The European Commission appoints a high level SME Envoy to drive the work of the SME Envoy network to ensure the implementation of strategy and the application of the Think Small First principle in all EU policies. The EU SME Envoy also tracks the implementation in the individual Member States. In order to facilitate the mainstreaming of the SME strategy across all policy areas, the EU SME Envoy will be closely involved in the European Semester process and will work closely with the Regulatory Scrutiny Board.<sup>25</sup>

In **Portugal**, the Think Small First principle guides the mainstreaming of an SME dimension across policies. In response to the requirement of the EU SBA to establish a governance mechanism for the SBA at national level, the Resolution of the Council of Ministers (RCM) 14/2014 assigns to the inter-Ministerial structure in charge of the definition of economic and investment policy lines the role of Monitoring Committee of SBA in Portugal. This Monitoring Committee is supported by a Technical Group, chaired by the national SME Envoy. The Technical Group comprises several relevant entities belonging to Public Administration and the main national associative business structures, playing an important role promoting SME development and competitiveness in economic sectors, such as industry, trade and services and tourism.

In **Ireland**, the DBEI has the lead responsibility for co-ordinating SME and entrepreneurship policies across government. It consults broadly with other departments on policy directions and actions and has been effective in embedding a policy focus on SMEs and entrepreneurship in their strategies. It also benefits from having oversight control of many of the implementing agencies (e.g. Enterprise Ireland, the Local Enterprise Offices, Science Foundation Ireland, InterTradeIreland, Microfinance Ireland, the National Standards Authority of Ireland, the Industrial Development Authority, and the Irish Patents Office). In the context of the National SME and Entrepreneurship Growth Plan, drawn up by the SME Growth Task Force, an SME and Entrepreneurship Implementation Group was established which includes representation from the appropriate Government Departments and agencies and is chaired at Ministerial level. This group has the policy and operational responsibility and capability to progress and deliver upon the recommendations in the Plan.

In **Mexico**, the Productive Development Unit (UDP) as part of the Ministry of Economy is in charge of reviewing, proposing, promoting, designing, coordinating and executing the public policy to support micro, small and medium-sized enterprises (MSMEs), with a perspective of reducing inequality between people and regions. Under the Ministry of Economy guidelines, the UDP operates various coordination bodies with different government agencies, such as *Consejo Directivo del Fondo Nacional Emprendedor* and the Committees for the *Programa Nacional para el Financiamiento al Microempresario*.

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<sup>24</sup> <https://www.mbie.govt.nz/business-and-employment/business/support-for-business/small-business/>

<sup>25</sup> [https://ec.europa.eu/info/sites/info/files/communication-sme-strategy-march-2020\\_en.pdf](https://ec.europa.eu/info/sites/info/files/communication-sme-strategy-march-2020_en.pdf)

### ***Thematic arrangements***

Other countries opted for the establishment of thematic arrangements dealing with specific sub-dimensions of the SME policy framework, for instance through thematic inter-ministerial committees. **Italy's** Control Room for Enterprise Internationalisation (*Cabina di regia per l'internazionalizzazione*) is chaired by the Minister of Economic Development and the Minister of Foreign Affairs and has been established as a partnership between institutional actors (ministries, technical agencies, Chambers of Commerce and regions) and private actors (business associations) to increase co-ordination in the country's support for enterprise internationalisation. It is assisted by a "junior control room" consisting of government officers and technical staff charged with the implementation of the guidelines set by the senior political body. The objectives of the control room include avoiding duplication of effort, making the deployment of resources for business internationalisation more effective and leveraging scale and synergy benefits. An outcome of the work of the Cabina di Regia has been the "Regional Plan for the Internationalisation of the SME sector", which has involved regional governments and Chambers of Commerce. This Plan identifies a set of guidelines and areas where regional governments and Chambers of Commerce can work together to enhance the internationalisation support for SMEs, including: i) technical and information support; ii) training; iii) territorial marketing to attract foreign investments; iv) development of dedicated export-oriented financial products; v) promotional and commercial initiatives in Italy and abroad; and vi) better use of the EU Structural Funds to promote the internationalization of companies from Italy's southern regions.

Thematic coordination frameworks on SMEs have also been developed in specific policy domains, such as taxation. In recent years, tax administrations in various OECD and non-OECD countries are developing a more strategic approach with regards to SMEs, with a view to improving SME compliance and reducing the administrative burdens they are confronted with<sup>26</sup>. Although the approaches differ by country, they aim to provide a more holistic and customer centred perspective towards SMEs, including engagement with SMEs and organisational structures. For instance, in **Australia**, the Australian Tax Office (ATO) corporate plan outlines its focus areas and priorities for the financial year ahead. The ATO's role in supporting the Australian community through recent challenges has highlighted the importance of the organisation's commitment to transformation. The ATO pursues an overarching aspiration – to build trust and confidence in the tax and superannuation systems and to create a streamlined, integrated and data-driven future. The *ATO corporate plan 2020–21* identifies eight strategic initiatives. These focus areas connect to the highest priorities of the organisation and demonstrate how it will continue to contribute to the economic and social wellbeing of Australians. One of the strategic initiatives in 2020-21 is specifically related to small business, and aims to 'improve the tax performance of small businesses by integrating tax reporting mechanisms and making verifiable data easier for them to provide, access and use.' The initiative focuses on building integrity in the tax and superannuation systems of Australia by improving the tax performance of small businesses and making it easier for them to participate. The size of the small business income tax and good and services tax gaps, as well as the impact of the black economy, highlight the need to make small business an area of focus for the organisation.

### ***Ministerial responsibility without an SME-specific coordination structure***

In a number of countries, the task of ensuring coherence and coordination in SME policy frameworks lies with the Ministry that has responsibility for this policy domain, but without – as far as it could be established - a formal governance structure to specifically coordinate SME policies.

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<sup>26</sup> OECD (2020) 'Supporting SMEs to get Tax Right; Strategic Planning', <https://blog.forumforthefuture.be/en/article/supporting-smes-to-get-tax-right-series-strategic-planning/10036>

In **Belgium**, the Federal Ministry FOD Economie is responsible for the coordination between the different levels of government (federal, regions) and between different stakeholders to define a common position on SME topics in external fora.

In **Colombia**, the Vice Minister of Business Development has as one of his functions to establish permanent and effective mechanisms that guarantee the coordination and greater participation of the private sector.

In the **United Kingdom**, the BEIS unit that focuses on small business has a coordinating role within the government, although SME perspectives may be discussed in the wider Cabinet Committee on Domestic and Economic Strategy<sup>27</sup>. In 2016, a *Small Business Commissioner* was appointed, specifically tasked with addressing late payments to SMEs across government.<sup>28</sup>

In **Switzerland**, the SME Policy Section of the State Secretariat for Economic Affairs cooperates with various partners to optimise the delivery of SME policies. Its main tasks include the parameters regarding SME funding, reducing administrative burden and e-government for SMEs. In the past few years the SME portal and the platform EasyGov.swiss were set up to provide SMEs with information and help reduce the administrative burden.

In the **Slovak Republic**, the Ministry of Economy is the central body of the state administration responsible for support to SMEs, including for implementation of the SME Support Law, and places an emphasis on the integration of SMEs into its national sectoral strategies. Its authority also covers policies related to the business environment, industrial development, domestic and foreign trade, enterprise competitiveness, and innovation. It oversees implementation of the policies through its support agencies. Attention is given to SMEs by the Business Environment and Innovation Department of the Ministry, however, unlike state ministries responsible for SME and entrepreneurship policy in other countries, the Slovak Ministry of Economy does not have a dedicated SME policy unit in its structure.

In **Luxembourg**, entrepreneurship and SME policy is co-ordinated by the Ministry of the Economy and implemented through a range of public and private actors and associations, including the national innovation agency Luxinnovation, the Chamber of Commerce, the Chamber of Crafts, the Public Employment Service (ADEM) and the recently established one-stop shop, the “House of Entrepreneurship”.

In **Korea**, the Ministry for SMEs and Startups is responsible for coordination processes in SME and micro-enterprise policies. In addition, as a part of the Comprehensive Plan, MSS seeks to strengthen cooperation with 17 Ministries, including the Ministry of Economy and Finance and the Ministry of Science and ICT, through collaborative projects.

In **Italy**, there are no formal inter-ministerial coordination mechanisms specifically dedicated to SME policies, either in the form of periodic meetings or dedicated offices. The most involved Ministry and agency (MISE and Invitalia) coordinate bilaterally, whereas coordination with other ministries involved in specific SME actions takes place bilaterally and on an ad hoc basis.

In **Chile**, the Division of Smaller Companies (DEMT) within the Ministry is responsible for formulating and implementing policies to promote production for smaller companies. To do this, it also coordinates with different public and private entities. Law 2041629 from 2010 provides the basis for this coordination role by the Ministry. There is no further formal structure for coordination on SME policies between Ministries.

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<sup>27</sup> <https://www.gov.uk/government/publications/the-cabinet-committees-system-and-list-of-cabinet-committees>

<sup>28</sup> <https://www.smallbusinesscommissioner.gov.uk>

<sup>29</sup> <https://www.bcn.cl/leychile/navegar?idNorma=1010668>

In **Slovenia**, the Ministry of Economic Development and Technology collaborates closely with other Ministries (predominantly Ministry of Labour and Ministry of Education) and various agencies such as SPIRIT Agency, Slovene Enterprise Fund, Chamber of Commerce, Chamber of Crafts and Entrepreneurship, SID Bank (Slovenian Development and Export Bank) on SME and entrepreneurship policies. There is no formal Inter-ministerial body for coordination.

In the **Netherlands**, co-ordination among Ministries takes place through more generic Ministerial sub-councils and civil servant committees on economic topics that do not exclusively focus on SMEs.

### **Agencies**

Some countries organise horizontal coordination through the operation of agencies. This is for instance the case with the **United States** SBA, which operates as an advocacy office on small business perspectives across government (see Box 7). In **Japan**, the SME Agency plays a key role in coordinating SME policies nation-wide, as part of METI. Its White paper aims to contribute to coherence and effectiveness of SME policy efforts (Box 8).

In **Israel**, the Small Business Agency helps to steer, prioritise and co-ordinate the various SME policy interventions on a more operational level by consulting with businesses, co-operating with other government players on the delivery of certain specific programmes, and providing an entry point to the range of government programmes through the MAOF centre diagnostic and referral work. Similarly in **Turkey** the Strategic Plan of KOSGEB, the SME Agency, contributes to a coordinated SME policy delivery.

In some cases, the creation of an agency aims to support coherence. For instance, in **France**, mechanisms to promote business creation are spread across more than ten national programmes as stated in the budget law and under the remit of three national ministries. France has a wide range of entrepreneurial support programmes delivered by various networks, agencies and non-governmental organisations. The multiplicity of policies and public and non-governmental operators at national and local levels generate a complex landscape that is sometimes difficult to navigate for entrepreneurs.<sup>30</sup> In April 2016, the Entrepreneurship Agency (Agence France Entrepreneur) was created to support the implementation and coherence of the large number of programmes and initiatives related to business creation and entrepreneurship. As of January 2019, Bpifrance has taken over the role of Agence France Entrepreneur and is now the main agency to deliver support to SMEs.<sup>31</sup>

### **Parliamentary committees**

In some countries, Parliaments have dedicated committees on SMEs. In **Israel**, the Knesset's Small Business Sub-Committee, is part of the Finance Committee. In the **United States**, there is a Senate Committee on Small Business and Entrepreneurship, which has oversight of the SBA, and a House Small Business Committee. There is also a bipartisan Small Business Caucus in the Congress. Similarly, the **European Parliament** has an Intergroup on SMEs.

### **Coordination and COVID-19**

Finally, the scale and urgency of the pandemic also put pressure on the SME policy delivery and governance structures. Some countries set up governance forums to ensure effective and coherent delivery (OECD, 2020<sup>[12]</sup>) (OECD, 2021<sup>[18]</sup>). For instance, in **Austria**, the Ministry of Economy and Digitalisation established a taskforce to monitor the impact of the outbreak on all firms. In **Denmark**, the

<sup>30</sup> <https://www.oecd.org/cfe/smes/France-IE-Country-Note-2018.pdf>

<sup>31</sup> <https://bpifrance-creation.fr/encyclopedie/se-faire-accompagner/reseaux-professionnels-laccompagnement/afe-creation-est-devenu>



government has set up the “Government and Business Corona Unit” in collaboration with the business sector, with a mandate to discuss possible temporary and targeted measures that can address the current challenges of the business because of the outbreak of COVID-19. In **France**, regional task forces have been set up together with public development banks to accelerate support measures for enterprises. Joint action is being taken between national and regional authorities to manage the crisis as part of the new Economic Council ‘*Etats-Régions*’. **Israel** has created a network of local authority’ representatives, for peer learning and communicating “field” knowledge to the Ministry of Economy, and vice versa. The **United Kingdom** set up a new implementation Economic and Business committee in the COVID-19 context.<sup>32</sup>

## Vertical governance

Similar to horizontal governance, vertical governance is organised in a variety of ways (OECD, 2016<sup>[19]</sup>). Some countries combine vertical and horizontal governance mechanisms. In other countries, coordination works via various cooperative partnerships between actors at central and regional level, or operates via integrated agencies operating at central and regional level. Finally, in some countries SME policy frameworks are primarily regional in nature, with lighter coordination structures at central level.

### ***Combining vertical and horizontal governance***

In some countries, coordination structures are set-up that include both horizontal and vertical governance aspects. An example is the **Spanish** State Council on SMEs, which includes national Ministries and Agencies as well as Regional Governments (see Box 9). All levels of administration (local, regional, national) are expected to follow the actions for SMEs in the Policy Framework. Regional governments participate in the Inter-ministerial SME Council.

#### **Box 9. The Inter-ministerial State Council on Small and Medium Enterprises, Spain**

##### ***Description of the approach***

The State Council on Small and Medium Enterprises is attached to the Spanish Ministry of Industry, Commerce and Tourism. It is the official body for the planning and co-ordination of all policies and measures of the various ministries and public administrations affecting SMEs, including the facilitation of their creation, growth, and competitiveness. It aims to foster dialogue and co-ordination and includes representatives of all the relevant ministries as well as representatives of SMEs.

The Council is regulated by Royal Decree 962/2013, approved by the Council of Ministers. It is responsible for: monitoring the evolution, problems and policies affecting SMEs; developing recommendations and proposals on priorities, mechanisms, actions and regulatory changes necessary to increase SME activity and competitiveness; informing the multiannual SME support plan; coordinating the various support programmes carried out by the different competent bodies and harmonising the eligibility criteria and service standards for support to SMEs; and monitoring the application of the Small Business Act for Europe in Spain to enable the evolution of policies in line with the principles of the Act.

The Council is chaired by the Ministry of Industry, Commerce and Tourism, with the heads of the General Secretariat of Industry and SMEs and the Directorate General for Industry and SMEs each holding vice-chair positions. It consists of: 13 members representing ministerial departments of the

<sup>32</sup> <https://www.gov.uk/government/news/new-government-structures-to-coordinate-response-to-coronavirus>

General State Administration, representatives of eight State agencies (e.g. State Society for the Management of Innovation and Tourism Technologies, Centre for Industrial Technological Development, Spanish Patent and Trademark Office, Spain Export and Investments, Official Credit Institute), one representative for each autonomous region, a member representing the Local Administrations, the business and labour organisations representing SMEs, and the Chamber of Commerce and Industry.

The Council operates through two organs:

- The Plenary body of the Council, composed of all members, acts as a consultative and advisory body on all matters affecting SMEs. It promotes public-private dialogue in order to provide greater rationality and efficiency to SME policies and to formulate proposals for actions. It meets at least once a year.
- The Permanent Commission, chaired by the Directorate General of Industry and SMEs, which comprises representatives from the Ministry of Industry, Commerce and Tourism, and the Ministry of Energy, Tourism and Digital Agenda, and may establish working groups, is responsible for co-ordinating and enforcing the work approved by the Plenary body. It reports periodically to the State SME Council on the progress of the strategic framework, informs about possible risks affecting its effective implementation, and proposes actions to be developed with the strategic framework.

A Monitoring Office has responsibility for regular monitoring of the status and evolution of the Strategic Framework. This involves collecting information on the results from each line of action, informing the working groups of any risks or problems requiring attention, and proposing the re-orientation/redesign of Strategic Framework actions.

Finally, the State Council has appointed an Advisory Board of SME stakeholders, business leaders, and SME support organisations to provide policy input on the problems facing SMEs and possible solutions to be studied by the working groups/State Council.

Source: Information on the State Council on Small and Medium Enterprises, Spain:

<http://www.ipyme.org/esES/PoliticasyMedidasPYME/ConsejoGeneralPYME/Paginas/ConsejoEstatualPYME.aspx/>; Royal Decree 962/2013, of December 5, which creates and regulates the State Council for small and medium-sized companies, <https://www.boe.es/eli/es/rd/2013/12/05/962/>; Ministry of Industry, Commerce and Tourism (2019), Strategic Framework for SME Policy 2030, April, Government of Spain, section 5 on governance system <https://industria.gob.es/es-es/Servicios/MarcoEstrategicoPYME/Marco%20Estrat%C3%A9gico%20PYME.pdf> (in Spanish).

### **Statutory policy co-ordination bodies**

Some countries have established formal statutory bodies responsible for vertical policy co-ordination (OECD, 2016<sup>[19]</sup>). As part of a process of policy decentralisation to the regions that has been underway over the past 20 years, the **Italian** government has set up a statutory body called the State-Region Conference (Conferenza Stato Regioni) to co-ordinate relations between the State and the Regions. The Conference has in particular played a role in relation to programming EU funds. The State-Region Conference agreed to the National Strategic Reference Framework for 2007-13, which was initially developed by the State in consultation with stakeholders. The framework sets out guidelines for the regions for the development of regional strategies and operational programmes. The same approach is being adopted for the current financing period (2014-2020), with the co-ordinating document now called the Partnership Contract.

The **Netherlands** SME Action Plan (2018) introduces an SME Cooperation Agenda with regional governments, including a meeting twice a year at political level and (since 2021) every month at civil



servant level to discuss progress.<sup>33</sup> In the course of 2020, and in the context of the COVID-19 pandemic the scope of the agenda has been broadened to an Economic Cooperation Platform between the national and regional and local governments to reflect that the agenda not only included emergency support to SMEs, but wider support measures for post-COVID-19 recovery.<sup>34</sup>

In **Mexico**, the Ministry of Economy has a permanent dialogue with the *Asociación Mexicana de Secretarios de Desarrollo Económico* (AMSDE, state level). Furthermore, the Federal Commission on Regulatory Improvement (COFEMER), an administrative body within the Ministry of Economy, provides feedback on existing regulations and offers technical advice on regulatory reform to states and municipalities. This consists in promoting local regulatory reform, adjusting local regulations and establishing “Rapid Business Start-up Systems” and “Regulatory Improvement Councils”. Local level implementation is thus a core part of the organisation’s activities (OECD, 2019<sup>[8]</sup>).

### **Agencies and regional delivery systems**

In some countries, national agencies include or oversee regional and/or local SME support centres, allowing for coordination within one bureaucratic entity. Countries with integrated national-regional delivery systems for SME support through agencies are less likely to have set-up formal coordination structures on SME policies across government levels.

This is for instance the case in **Israel**, where the Small Business Agency runs the MOAF network of business development service centres throughout the country. Similarly, in the **United States**, the SBA runs offices throughout the country and is responsible for the 900 small business development centres.

In **Korea**, the Ministry for SMEs and Startups (MSS) is responsible for coordination processes in SME and micro-enterprise policies. As a former agency, MSS operates 13 regional offices nation-wide.

In **Ireland**, Enterprise Ireland and the Industrial Development Agency IDA both have a regional office footprint and regional focus within their corporate plans. The launch of Regional Enterprise Plans and their implementation through Regional Steering Committees provides a vehicle for collaborative initiatives tailored to regional needs and opportunities.

The organisation of **Sweden’s** national SME and entrepreneurship policy framework is similarly characterised by a decentralised decision structure. The government sets the general goals for the policy and distributes the grants to the organisations that are supposed to implement the policies. These organisations are national but operate on the regional and local level.

**Colombia** has set up Regional SME Councils (*Consejos Superiores de Micro y de Pequeña y mediana empresa*<sup>35</sup>) in each region. Objectives of these councils are to promote market research and sectoral and regional export plans, to promote the creation of financing systems and access to capital, technological and knowledge management of MSMEs and to promote the support and advice of MSMEs. The Councils have a broad membership, including national and regional governments, SMEs and SME associations and Chambers of Commerce.

Similarly, in **Canada** coherence across government levels is pursued through the delivery of federal SME policy support via the regional development agencies (RDA). The federal government established its first four RDAs in the mid-1980s to expand capacities at the local level and boost regional economic growth. In response to the Great Recession of 2008-09, the number and functions of Canada’s RDAs have been

<sup>33</sup> <https://www.rijksoverheid.nl/documenten/rapporten/2018/06/01/mkb-samenwerkingsagenda-2018-2019>

<sup>34</sup> <https://www.rijksoverheid.nl/documenten/kamerstukken/2020/10/30/kamerbrief-mkb-actieplan>

<sup>35</sup> <http://www.mipymes.gov.co/coordinacion-con-entidades-publico-privadas-para-a-consejos-superiores-de-micro-empresa-consejos-1>

expanded to better address the challenges faced by particular industries due to global trends. The Canadian RDAs develop and implement tailored federal-funded interventions in functionally-defined regions in a way that is complementary to the efforts of the provinces and territories. They generally provide support to SMEs and non-profit organisations for innovation, entrepreneurship, and commercialisation support (OECD, 2016<sup>[19]</sup>).

In **Slovenia**, the Regional Development Ministry coordinates national regional policy. There are 12 development regions in Slovenia and each one adopts its own Regional Development Strategy. Regional Development Agencies (RDA) coordinate the programming of these strategies. The strategies include a section on regional entrepreneurship and support environment. This section is prepared by the regional advisory body on entrepreneurship, consisting of RDA staff, companies, and support institutions (regional Chamber of Commerce, local affiliates of the Chamber of Crafts and Entrepreneurship). Furthermore, the Government Office for Development and European Cohesion Policy (GODE) supports and coordinates SME policy development. Several cities are supporting SMEs and entrepreneurship and have set-up steering boards to coordinate this.

### ***Coordination with devolved responsibilities***

Competences for entrepreneurship and SME development can be divided between different levels of government in an “exclusive” or “concurrent” way. In the first case, a specific policy mandate (e.g. workforce skills, research and development, industrial estate development, etc.) falls within the responsibility of a single level of government, whereas in the second case the mandate is simultaneously pursued by more than one level of government (OECD, 2016<sup>[19]</sup>).

Countries where responsibilities for SME policies are fully or partially devolved include **Belgium** and the **United Kingdom**. In these cases, no SME specific formal coordination structures across government levels appear to exist, reflecting that the central government may lack the authority to take up such role in SME policies. However, that does not exclude that SME policies may be part of wider vertical governance mechanisms. In fact, (OECD, 2016<sup>[19]</sup>) suggests that policy co-ordination and tailoring is easier in decentralised systems which have formal arrangements in place to share policy responsibilities across different levels of government. For example, local development agencies in **France** are found at both the regional and department levels (i.e. the second and third tiers of the government structure) and have a mandate that includes support for business creation and business development. In **Italy**, vocational education and training (VET) is a shared competence between regional and provincial governments, (i.e. also the second and third tiers of the government structure). In **Switzerland** both the Federal government and the regions (cantons) play a role in support policies for SMEs. The cantonal ministries for economic affairs form a council which is the main interlocutor to the Federal ministry of Economic affairs and policy coordination. Economic policy matters at the federal level are consulted and coordinated with the cantons through institutionalized compulsory consultation mechanisms. In **Austria**, in 2008 BMDW has set up a National Cluster Platform, that provides coordination between the Federal and Regional entities, and aims to contribute to the successful interaction of science, research and business as well as to strengthening innovation, internationalisation and growth within the domestic business community, in particular SMEs.<sup>36</sup>

In the **European Union**, the SME Strategy indicates that the SME Envoy network, which was created under the SBA, will continue to provide a forum for monitoring of the implementation of the Strategy through National Performance Reviews, which will include also start-up, sustainability and digital policies. Interaction of the Envoy network with regional bodies and authorities will be strengthened.

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<sup>36</sup> <https://www.bmdw.gv.at/en/Topics/Business-Location/Cluster-Platform-Austria.html>

## Consultations and advisory boards

An important aspect of the governance of SME policy frameworks is how SMEs and entrepreneurs themselves, and the associations that represent them, are included through consultations and advisory boards.

### Consultations

Consultations can help ensure that policy measures are effective and meet the needs of SMEs, and do not create unnecessary burdens for SMEs, and hence provide relevant ammunition for mainstreaming SME perspectives in policy making. The importance of clear, standard and compulsory guidelines on the inclusion of SMEs in consultations is recommended in OECD country studies, such as on regulation in Chile (OECD, 2016<sup>[20]</sup>). According to the latest OECD Government at a Glance (OECD, 2019<sup>[21]</sup>), consultations of stakeholders in the design of regulation have slightly improved in recent years. The SME and Entrepreneurship Outlook (OECD, 2019<sup>[22]</sup>) also notes an improvement in public consultations, and mentions 'extensive periods of consultation on the draft RIA' as an issue of importance for SMEs and other stakeholders. The Outlook notes that digital technologies hold the potential to strengthen consultation processes, including with small businesses, and widen the collection of evidence about costs and benefits of regulations.

Given their limited resources, SMEs may lack the time to respond to consultations, and hence their views may be less well represented than those of larger firms. Consultations sometimes may involve complex and burdensome processes. As a consequence, SMEs may participate less frequently in consultations than larger firms, possibly leading to a bias in responses to consultations. Organisations representing SMEs frequently respond to consultations instead of SMEs themselves, but may also have fewer resources than organisations representing larger corporates, and may also not always have representative membership of SMEs (OECD, 2016<sup>[20]</sup>). Also, given the large variety among SMEs, a relevant question is to what extent different types of SMEs are sufficiently reached through consultations. For instance, SMEs that are directly affected by proposed regulation may be more likely to respond to consultations than the larger groups that experience the indirect effects.

The OECD has recently made an in-depth analysis of the way countries design and execute SME tests, which includes analysis on consultations with SMEs.<sup>37</sup> The study is based upon survey results of 23 countries, and discusses different aspects of how consultations are being performed.

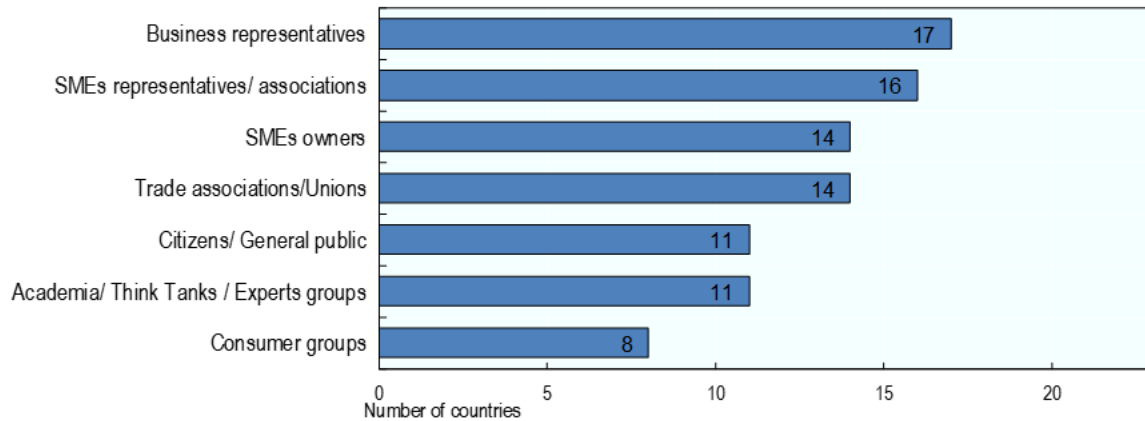
#### ***Who is consulted?***

From the perspective of governance, three aspects are particularly important. The first is what stakeholders OECD countries consult. Figure 1 shows that in most cases, consultations take place with business representatives at large, although 16 (out of 23) countries explicitly consult SME organisations and 14 SME owners themselves.

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<sup>37</sup> OECD (2021) The SME test: Taking SMEs into account when regulating; Annex to the OECD Best Practice Principles on Regulatory Impact Assessment, OECD Regulatory Policy Committee (forthcoming).

Figure 1. Stakeholders consulted during the SME test



Note: Data is based in 23 OECD member countries

Source: OECD SME test survey, 2020, [GOV/RPC(2020)14/REV1]

Some countries have developed mechanisms to actively reach out to stakeholders, to make representative participation in consultations easier. In the **Slovak Republic**, stakeholders can express their interest of being notified when new regulations with possible impact on SMEs are being created. Therefore, when there is a proposed regulation in that area, policymakers reach out to these stakeholders to inform and invite them to participate in consultations. In the **United States**, the Office of Advocacy often conducts roundtables on upcoming rules where attendees tend to include small business representatives and invites the agency to provide an overview of the rule. In the **Czech Republic**, contact information on SMEs or stakeholders linked to SMEs that are interested in participating in consultations are part of the DataKO database<sup>38</sup>. When there is a new draft regulation, these stakeholders are informed and contacted to participate in consultations. **Slovenia** has an online platform where, in addition to commenting on proposed regulations, the public can use a cost calculator to identify and calculate the costs of regulations. In addition, stakeholders can propose an edited option to edit of the current proposal or submit a new one, as well as resent quantitative impacts, describe quantitative impacts and suggest the reduction of burdens to SMEs. In the **Czech Republic** and **Finland** policymakers reach out to trade unions or syndicates, when there are proposed regulations that could affect employees of SMEs or employment conditions. The **European Commission** has extended consultation periods, to make these more accessible for SMEs. In **France**, when the government is drafting a bill, an inspection unit often carries out a study visit to examine the proposed legislation's potential impact on businesses and, specifically, on SMEs.

Some countries pay particular attention to differences among SMEs in setting up consultations, aiming to ensure a representative participation in consultations that reflects SME variety. The Better regulation guidelines by the **European Commission** underline the importance of taking the perspective of different size groups within the SME population into account. The **Netherlands** SME Action Plan distinguishes between frontrunners and a broader peloton of SMEs and underlines the need for policies to take the differences between these into account. Similarly, the **German** SME Strategy also points at the diversity of SMEs, including the existence of 'hidden champions' whose voice is sometimes overheard. One of the objectives of **Korea's** SME Strategy is the strengthening of personalised support for traditional SMEs, micro-enterprises, and traditional markets. In **Canada**, policymakers are required to identify and select stakeholders that best represent SMEs. In **Switzerland**, when developing regulations, policymakers are required to interview a panel of representative of SMEs that the proposed regulation may impact. The

<sup>38</sup> Databáze Konzultovaných Organizací - Database of Consulted Subjects

panel should be heterogeneous. For this, policymakers should consider the size of the businesses, the sector where they operate, their location (if the business operates in a specific canton, is city-based or is countryside-based), and other specific criteria that might be relevant for the proposed regulation (e.g. SMEs linked to environment activities, in case of environmental regulation).

### ***Organisational set-up of consultations***

The second relevant governance aspect involves the way countries organise the consulting of SMEs. Most countries do this through online platforms, working groups and/or expert panels, where SME organisations and SMEs themselves are represented to ensure sufficient feedback from SMEs. In the **United Kingdom** government departments themselves are responsible for engaging SMEs in their consultations, including both entrepreneurs and their representatives, with strict rules on when and how consultations should be conducted. Similarly, in **Portugal** public administration entities usually organise public consultations processes themselves, which also include SMEs.

In some cases special fora or agencies are tasked with executing consultations. In **Denmark** for instance, the Business Forum for Better Regulation identifies areas where companies experience the greatest burdens and proposes simplification through enhanced consultation with the private sector. Under its renewed mandate, the Forum has greater capacity for addressing a broader range of burdens, including adaptation costs, i.e. “one-off” costs related to adapting to new and changed regulation, and strengthening the “comply-or-explain” principle, by which government is requested to specify in more detail to what extent a proposal is complied with.

In **Switzerland**, the SME Forum is an extra-parliamentary commission of experts and SME owners that plays an important role in the decision-making process when primary laws or ordinances are being developed, and is co-chaired by the head of the Swiss SME Umbrella Association and a representative of the State Secretariat for Economic Affairs. Its main task is to bring the needs of SMEs to the attention of the federal administration for them to be considered when developing regulations, and to provide a stage where both SMEs and federal office can exchange ideas. The forum provides feedback on proposed and existing regulations when requested by policymakers and it can also proactively discuss existing regulations to provide recommendations for amendments or simplifications. Furthermore, the forum monitors the implementation of planned measures and the costs involved for SMEs to comply with said measures, paying special attention to administrative burdens.

In **Mexico**, consultations take place on a thematic basis. The Productive Development Unit (UDP) within the Ministry of Economy engages in different dialogues with relevant stakeholders (public, private and social agencies and organizations) for the specific topics to be addressed.

In **Korea**, the Ministry of SMEs and Start-ups complements its policymaking teams with external expertise of specialized researchers. These specialized researchers identify the relevant stakeholders that are relevant to consult for a given regulation, and advice on the scope of stakeholders that should be consulted in each situation.

The **Hungarian** SME Strategy includes the establishment of an “entrepreneurial consultation system”, whereby business associations, chambers and other relevant representative SME associations are regularly consulted vis-à-vis opportunities, challenges, needs and opinions important to policy.

### ***Advisory boards***

Various countries have set up *advisory boards* with experts and entrepreneurs to provide input and advice to the government on SME and entrepreneurship policies.

In **Belgium**, the High Council for self-employed and SMEs (Conseil Supérieur des Indépendants et PME, CSIPME) constitutes a platform for representatives of SME and self-employed organisations and advises (primarily) the Federal Government on relevant issues.

**Germany** has an SME Advisory Board at the Federal Ministry for Economic Affairs and Energy, which focuses on the current situation and future economic prospects facing small and medium-sized businesses as well as professional services. The board advises the Federal Minister on the impacts that structural changes in the domestic and global economy are likely to have on SMEs. In addition, it analyses the effects that current domestic economic policies are having on the SME sector. The members of the board may set up working groups and submit the results of their deliberations in the form of resolutions. The SME Advisory Board was set up in response to a motion by the Bundestag Committee of 7 May 1956 on Special Issues of Small and Medium-sized Enterprises, following a request by Chancellor Konrad Adenauer. Since then, the members, who are appointed at the beginning of each term of legislation, usually meet twice a year in order to provide ideas about general SME-related issues. The body is composed of people whose practical work and experience in the field of SME-related issues makes them particularly suited to such a task. The members of the board are not representatives of business associations, but are independent experts who represent only their personal opinion and are not bound by any instructions.

In **Costa Rica**, the SME Joint Advisory Council is an advisory body to the Ministry of Economy, Industry and Commerce (MEIC) in the development of SMEs policies. One of its functions is to seek active cooperation between the public and private sectors, in the execution of promotion programs for SMEs. When deemed appropriate, ministers from other portfolios, representatives of other public and private organizations whose activity affects policies for SMEs, or other persons related to the subject are invited to participate in the sessions of the Advisory Council. The Council also plays a role in evaluation and monitoring the impact of SME support programmes.

In **Chile**, consultations primarily take place via the Ministry of Economy, Development and Tourism, which runs two public-private boards composed of SME associations' representatives and public agencies: the Smaller Companies Advisory Council (SCAC), created in 2010, is chaired by the Minister of Economy, and has a wider advisory role on SME policies.<sup>39</sup> The Working Party on Smaller Companies Reactivation was created in 2020 to provide input from entrepreneurs to evaluate COVID-19 emergency support measures.<sup>40</sup>

The **Irish** government actively consults stakeholders including the Small Firms Association and the Irish Small and Medium Enterprise Association when developing and updating SME and entrepreneurship policies and programmes. Regular formal consultations are also held with SMEs through the Advisory Group on Small Business (AGSB), chaired by the Minister of State for Trade, Employment, Business, EU Digital Single Market and Data Protection. The SME Growth Taskforce that launched the new Irish SME Strategy included representation from the private sector including SMEs.

The **Spanish** SME Strategy involves the establishment of an advisory board including both large firms and SMEs (Consejo Asesor PYME).

In the **Slovak Republic**, there is a high degree of consultation with SMEs on legislative and regulatory proposals, which is one of the key activities of the SBA Better Regulation Centre. The Centre carries out consultations with SMEs, and prepares periodic surveys of SMEs for evidence-based input on their operating challenges, the responsiveness of the business environment to their needs, and use of government support programmes. The results of these surveys, a form of consultation, are fed into the policy process for consideration. Stakeholders can express their interest of being notified when new

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<sup>39</sup> <https://www.bcn.cl/leychile/navegar?idNorma=1010668>

<sup>40</sup> <https://www.bcn.cl/leychile/navegar?idNorma=1149003&org=ulp>



regulations with possible impact on SMEs are being created. When there is a proposed regulation in that area, policymakers reach out to these stakeholders to inform and invite them to participate in consultations. However, there is not a broader mechanism for gathering SME inputs on broader SME and entrepreneurship policy issues, nor a formal SME Advisory Council.

In **Canada**, several advisory boards regarding SMEs exist. For instance, the Minister of Trade's SME Advisory board, which is composed of 18 members who are private-sector business owners involved in global commerce and who represent various industrial sectors and regions of Canada. The Supplier Advisory Committee (SAC) consults with a wide range of organisations, including the Canadian Federation of Independent Business (CFIB) and the Canadian Chamber of Commerce, and facilitates feedback from approximately 400 000 firms. The Private Sector Advisory Board (PSAB) is a body of respected industry leaders which was established by the Networks of Centres of Excellence (NCE) at the request of the federal government in 2007. PSAB provides expert advice to the NCE Steering Committee. Finally, Startup Canada set up the Startup Canada Task Force, which has been created as a platform to advance entrepreneurship policy in Canada. The Task Force identifies priorities on a bi-annual basis, responding to what it perceives as the most pressing issues and imminent opportunities for Canada to advance its standing in entrepreneurship support. The members of the Task Force are selected for their role in leading associations pertinent to the success of Canada's entrepreneurs.<sup>41</sup>

In **Israel**, the Small Business Agency has formed an ad-hoc consultative advisory committee on SMEs consisting of representatives from four major business associations. Although the committee does not have an official mandate and role, the business associations have been consulted on a number of occasions on issues affecting SMEs. In particular, valuable inputs have been provided on regulatory reforms with an impact on SMEs.

In the **Netherlands**, the Committee for Entrepreneurship provides an annual state of SMEs report together with Statistics Netherlands, and brought forward advisory report on an SME productivity agenda (Nederlands Comité voor Ondernemerschap, 2020<sub>[23]</sub>).

Various countries have established an *SME Ombudsman* (**Australia, Canada, Italy, Korea**), providing advocacy for SMEs and expert input and advice for assessing the impact of regulation on SMEs (Marchese and Potter, 2018<sub>[17]</sub>). In the **United States**, the SBA also functions as small business Ombudsman. Since 2016, the **Australian** Small Business and Family Enterprise Ombudsman serves as an advocate for SMEs and plays a central role in designing SME friendly federal laws. It has three tasks: i) Advocate for small businesses and family enterprises; ii) Provide access to dispute resolution services; and iii) Ensure government policies are small business 'friendly'.<sup>42</sup> In **Korea**, the SME Ombudsman helps to identify regulation that affects new industries associated with digitalisation, and aims to resolve unreasonable regulations and other difficulties for SMEs. Examples of an Ombudsman in **Germany** exist at state level, whereas in **Canada** there is an Ombudsman function regarding SMEs and taxation.

Finally, all EU countries have nominated since 2011 an *SME Envoy*, who participates in the SME Envoy network chaired by the **European Commission**, and who, amongst other things, help monitor progress on the implementation of the SBA and help foster SME friendly regulation.<sup>43</sup> The EU SME Strategy has reinforced this role. In its SME Strategy, the European Commission also announces the establishment of Strategic Entrepreneurship Ambassadors, a new advisory group of entrepreneurs from across Europe which will play the role of a sounding board for the SME Envoys. The European Commission's SME Envoy also becomes a member of the Fit for Future Platform – the successor of the REFIT Platform – through which stakeholders provide input for the better regulation agenda.

<sup>41</sup> [https://www.startupcan.ca/portfolio\\_page/startup-canada-task-force/](https://www.startupcan.ca/portfolio_page/startup-canada-task-force/)

<sup>42</sup> <https://www.asbfeo.gov.au/>

<sup>43</sup> [https://ec.europa.eu/growth/smes/sme-strategy/sme-envoys\\_en](https://ec.europa.eu/growth/smes/sme-strategy/sme-envoys_en)

## SME tests

Ensuring coherence and mainstreaming of an SME perspective across policy areas, also benefits from the inclusion of an SME focus in ex ante (regulatory) impact assessments (RIAs). The 2012 OECD Recommendation of the Council on Regulatory Policy and Governance (OECD, 2012<sup>[24]</sup>) recognises the importance of including a SME perspective in ex-ante regulatory impact assessment, stating that ‘in designing regulation governments need to be aware of the incidence of regulatory costs on businesses and citizens and of disproportionate impacts on small to medium-sized enterprises and micro businesses.’ Likewise, in performing RIAs officials should ‘evaluate the impact on small to medium sized enterprises and demonstrate how administrative and compliance costs are minimised.’ The OECD best practices on regulatory impact assessments underline this, stating that ‘RIA mechanisms should explicitly consider the impact of the legislation on SMEs (the “SME test”) as an integral part of the assessment.’<sup>44</sup> The SME test is a tool that seeks to assist decision-makers to identify and estimate the impacts that proposed regulations will have on different SMEs. It is also used as a tool that helps identify and propose mitigating measures that could minimize the impact that regulations can have on (particular subgroups of) SMEs.

The OECD Regulatory Policy Outlook (OECD, 2018<sup>[25]</sup>) reports that the number of countries that undertake regulatory impact assessments (and the quality of RIAs) is rising. 34 out of 36 countries (including the EU) analyse the impact on SMEs in their RIAs, a small increase compared to the previous outlook, making SME impact analysis the fourth most frequently tested impact in RIAs. The OECD study on SME testing<sup>45</sup> maps the growth in SME testing. Starting in the **United States** since the 1980s, policymakers have been required to conduct an impact assessment directed at the effects of proposed regulations on small entities. Other countries, such as **Australia** in the early 1990s, and **Latvia** and **Switzerland** later in that decade adopted a similar practice. Soon after, in the mid-2000s, countries such as the **Czech Republic**, **Poland** and **Sweden** also introduced the use of assessment to measure the impact that regulations could have on SMEs as part of their regulatory-making process. In recent years, countries like **Canada**, **Belgium**, **Italy**, **Ireland**, **Portugal**, **Slovenia** and the **United Kingdom**, have also adopted this practice in their formal procedures as well. **Portugal** since 2017 is collaborating with OECD and European Commission in a project to develop and implement the SME Test, aiming at evaluating the impact of legislation specifically on SMEs and also to identify the measures to eliminate or mitigate those impacts.

### **Scope of SME test application**

However, the focus, design and execution of SME tests differs widely by country. (OECD, 2015<sup>[26]</sup>) notes that although some form of firm size dimension is taken into account in RIAs in many countries, in several countries this only takes place for selected and/or major regulatory proposals. Although, on the one hand, it is important that SME tests are part of every RIA, on the other hand an SME test may constitute a substantial investment which, given limited resources and analytical capability in regulatory bodies, may not justify such a test in all RIAs. There is a need for greater clarity and transparency around when such SME testing is most relevant.

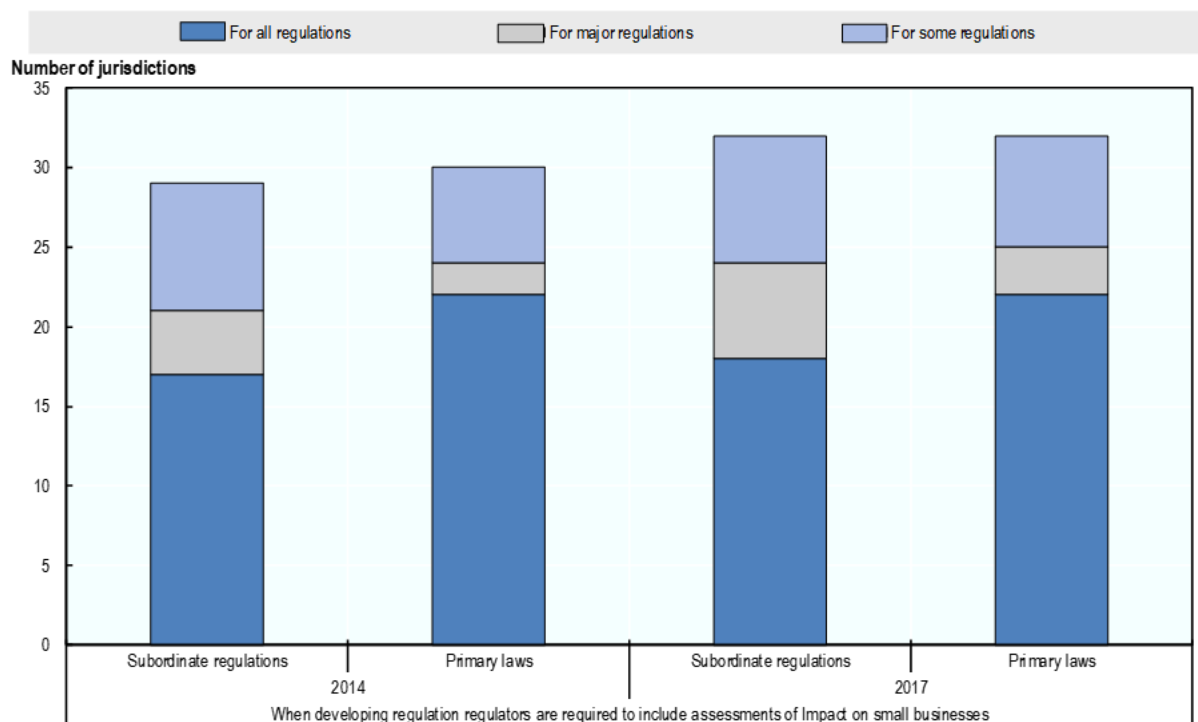
The OECD study on SME testing reviews the practice of SME testing in 23 countries. From a governance perspective, the following aspects of SME testing are of particular relevance. The first regards scope: what share and type of draft regulations is the SME test applied to, and is the SME test mandatory? If only few regulations are considered, the effectiveness of SME tests as a governance tool could be more limited. Figure 2 shows that, out of 34 countries, two third require the performance of an SME test as part of a RIA

<sup>44</sup> OECD (forthcoming) ‘Best Practice Principles for Regulatory Policy: Regulatory Impact Assessment (RIA)’, Final Draft (GOV/RPC(2018)12/REV2)

<sup>45</sup> OECD (2021) The SME test: Taking SMEs into account when regulating; Annex to the OECD Best Practice Principles on Regulatory Impact Assessment, OECD Regulatory Policy Committee (forthcoming).

on all primary laws, whereas two-fifth require this for subordinate regulations. In some countries, SME tests are a mandatory aspect of all impact assessments (for instance **Denmark**). In **New Zealand**, Ministers are currently considering a proposal to introduce a legal requirement to identify the impacts on SMEs within their RIA process, when substantive impacts on this group are anticipated from proposed regulations. Furthermore, even in countries where policymakers are not legally required to consider the impact of proposed regulations on SMEs, such as **Finland**, **Greece** and **Korea**, in practice these impacts are being assessed.

**Figure 2. Requirement to assess the impact of regulations on SMEs**



Note: Data is based on 34 OECD member countries and the European Union

Source: Indicators of Regulatory Policy and Governance Surveys 2014 and 2017, [GOV/RPC(2020)14/REV1].

Various countries use criteria or thresholds to determine if an SME test needs performed and with what ambition. In some countries such as **Italy**, **Korea** and **Latvia** the assessment is limited to draft regulations that are specifically focused on SMEs or which are expected to have an impact on SMEs. **Austria** utilizes thresholds to trigger the execution of an in-depth SME test when a regulation is expected to have significant financial or business cycle impacts or large administrative costs. In **Canada**, the type of test to be carried out depends on whether the projected total national annual costs of the proposed regulation surpass CAD 1 million (Canadian dollars). If lower than CAD 1 million, the assessment only requires a qualitative description of the impacts on small business; if higher than CAD 1 million a quantitative description of the impacts on small businesses is required. In **Switzerland**, the thresholds determine whether the SME compatibility test is required or only recommended. It is mandatory when a proposed regulation is expected to affect more than 10,000 firms, and recommended when 1,000 firms or a particular geographical region is expected to be affected. **Ireland** has an SME test as part of RIA since 2018. It is not a legal requirement but aims to increase sensitivity on SME impact. The main thrust of the test is to provide possible exemptions or less stringent requirements for SMEs. The SME test in the **Netherlands** takes place via input from panels of SME at an early stage of policy development, to complement existing internet consultations within the company impact tests. After a pilot phase by 1 May 2019 the SME test now take

place for new legislation with expected significant SME impact.<sup>46</sup> In **France**, the ‘SME test’ is only carried out when a text appears to be complex and will have a strong economic impact on SMEs.

In some countries, SME tests are executed outside the RIA framework. In **Korea**, for instance, the SME test can be conducted as a stand-alone test in parallel to a competition impact assessment and a technology impact assessment. Likewise, in the **United States**, the “*regulatory flexibility analysis*” that is focused strictly on SMEs is conducted as a stand-alone test, which must be undertaken whenever policymakers are required to publish general notice of any proposed rule.

As is the case for consultations, some countries explicitly aim to take the diversity of SMEs into account in their SME tests. For instance, when discussing SME testing, the Better Regulation Toolbox of the **European Commission** indicates that ‘a one-size fits all approach for all SMEs has so far not proved effective or efficient as the impact on micro-companies is likely to differ substantially from the impact on medium sized ones’.<sup>47</sup> In **Belgium, Ireland** and **Latvia** policymakers have to assess whether either micro, small or medium might be affected by the assessed regulation. **Italy** and **Switzerland** distinguish affected SMEs by the sector they operate in, in cases when the proposed regulation is sectorial (e.g. tech, agriculture, health, etc.). Likewise, these two countries also distinguish SMEs operating in a given geographical area, to determine whether those will be the only ones affected by a proposed regulation. Better insights as to how SME tests can be designed to take differences between SMEs into account are important.

Finally, SME tests also take place at sub-national level. The **Scottish** firms impact test puts strong emphasis on the variation in the regulatory burden between self-employed, micro, small, medium and large business.<sup>48</sup> However, only in a very few countries, such as **Norway** and **Sweden** there is a requirement to conduct the SME test when developing regulations at all levels of government.

### ***Tools and guidelines***

A further relevant aspect regards the existence of tools and guidelines to ensure quality and coherence in SME testing. Some countries, like **Belgium, Canada, Ireland** and the **United Kingdom**<sup>49</sup>, as well as the **European Commission**, have guidelines for conducting the SME test. These guidelines indicate what should be assessed, when it should be assessed and the necessary steps to conduct the test. The **Canadian** Small Business Lens provides an example of a tool that helps policy makers to take small business concerns into account (see Box 10). Other countries, like **Greece** and **Finland** have less normative guidelines, which allows policymakers to determine in a case by case basis which impacts SMEs are to be considered. The **European Commission** includes a tool on SME testing in its Better regulation toolkit, which provides detailed guidance on how an SME test should be executed.<sup>50</sup> In **Colombia**, the National Department of Planning is updating its *Guidelines for Normative Impact Analysis*, in which it plans to include SME tests as part of their regulatory-making process as well.

<sup>46</sup> <https://www.rijksoverheid.nl/documenten/rapporten/2019/03/04/bijlage-evaluatie-pilotfase-mkb-toets>

<sup>47</sup> <https://ec.europa.eu/info/sites/info/files/better-regulation-toolbox-22.pdf>

<sup>48</sup> <https://www.gov.scot/publications/business-regulatory-impact-assessments-toolkit/pages/6/>

<sup>49</sup> [https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment\\_data/file/872342/better-regulation-guidance.pdf](https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/872342/better-regulation-guidance.pdf)

<sup>50</sup> [https://ec.europa.eu/info/files/better-regulation-toolbox-22\\_en](https://ec.europa.eu/info/files/better-regulation-toolbox-22_en)

### Box 10. Canada Small Business Lens

Canada introduced the Small Business Lens in 2011. The small business lens ensures that regulators are sensitive to the needs of small businesses when they design regulations. When designing regulations, regulators now must demonstrate to ministers that they have done what they can to minimize the impact on small business. The lens introduces a number of new requirements that regulators must consider when designing regulations that will impact small business. Regulators must complete a checklist that drives consultation with small business to understand their realities at the earliest stages of design. They must also demonstrate to ministers that due consideration was given to reduce the burden associated with the option imposed upon small business. If a less burdensome option is not adopted, regulators must justify why.

Source: <https://www.canada.ca/en/treasury-board-secretariat/services/federal-regulatory-management/small-business-lens.html>

### Who executes and oversees the SME test?

SME tests are executed by various actors in OECD countries. In some cases, the responsible Ministries execute and monitor SME testing, as part of their role in making impact assessments. For instance, in **Slovenia**, the Ministry of Economic Development monitors the implementation of mandatory SME tests in all new laws since 2016.

In some other there are agencies or independent actors that conduct SME tests. In the **United States**, the SBA assesses the impact of regulation on behalf of small business. In **Israel**, the Small and Medium Business Agency reviews proposed government resolutions to assess the administrative and cost impact on SMEs and provides recommendations on legislative amendments and government resolutions affecting the life of SMEs, and conducts regulatory impact assessment to examine existing administrative burdens on SMEs and advise on methods to minimise them. In **Norway** and **Sweden**, SME tests are conducted by an independent regulator. In **Korea**, the SME Ombudsman helps identify regulation that affects new industries and resolves difficulties with regulation for SMEs and micro-enterprises.

Several countries, such as **Belgium**, **Greece** and **Italy** as well as the **European Commission** have an *SME Observatory*, that provides analysis, monitoring and advice on SME aspects of policy making, and play a role in policy coordination. Other countries have set-up dedicated SME focused research centres that play a role in SME impact analysis. The **Austrian** Institute for SME Research<sup>51</sup> provides annual analysis of the state of Austrian SMEs and further policy relevant data and analysis for SME policies. In the **United Kingdom**, the Enterprise Research Centre performance policy relevant small business research, including for the government.

Finally, an important aspect is who holds oversight over (the quality of) SME testing. In **Australia**, policymakers can ask the Office of Best Practice Regulation (OBPR) to conduct an early review, in which they can evaluate the test. In addition, the OBPR will conduct a final mandatory review of the test, where it will provide a formal advice on the quality of the report. Furthermore, policymakers can contact the OBPR while conducting the SME test for guidance or suggestions. In **Belgium**, policymakers can, on a voluntary basis, ask the Impact Analysis Board to review any RIA, and the SME test that comes with it. This body will examine the completeness, accuracy and relevance of the RIA and then formulate non-binding recommendations. In **Portugal**, the Technical Unit for Legislative Impact Assessment (UTAIL) conducts the oversight of the SME test, as a part of RIAs. It issues an opinion indicating whether the RIA is fit for purpose or if it should be revised. UTAIL also interacts directly with the policymakers while conducting the

<sup>51</sup> <https://www.kmuforschung.ac.at/facts-and-figures/kmu-daten/?lang=en>



RIA and provide guidance on what should be amended or improved. In the **United Kingdom**, the Regulatory Policy Committee (RPC) assesses how the SMEs test presented by the policymaker was conducted and issues opinions on whether the test is fit for purpose or not. If the RPC retains major concerns over the quality of the evidence and analysis, and the overall quality of the RIA that need to be addressed, it will give the assessment a “red rate”. Otherwise, it will be “green” rated. Within the **European Commission**, the Regulatory Scrutiny Board assesses the quality of SME testing as part of its review of impact assessments being performed. In **Slovenia**, the Ministry of Economic Development monitors the implementation of mandatory SME tests in all new laws since 2016. In **France**, the government’s general secretariat keeps oversight on SME test and can (after examining the impact assessment reports) decide to carry out a full ‘SME test’ if it considers that it does not have sufficient information to assess the impact of specific rules on SMEs.

Comparing the types of SME policy frameworks developed (section 2) and the prevalence and scope of SME testing, there seems to be no relation between the presence of an SME Strategy and SME testing. In fact, several of the examples of robust SME testing relate to countries without an SME Strategy, and without strongly developed horizontal or vertical coordination structures for governance. Countries with a more generic framework condition perspective on SME policies may put stronger emphasis on SME testing as part of their mainstreaming approach.

### **Quality and effectiveness**

OECD analysis points to a number of good practices in SME testing, such as the UK Small and Medium Business Assessment (SaMBA)<sup>52</sup>, the European Commission<sup>53</sup>, and the specific SME RIAs and SME Ombudsman in Korea (OECD, 2017<sup>[27]</sup>). However, in many cases the quality of RIAs remains uneven from an SME perspective (OECD, 2019<sup>[22]</sup>), because of a lack of SME-related data and shared methodologies within administrations. For example, an analysis by Eurochambres of a sample of 13 impact assessments by the European Commission, relating to key dossiers for SMEs over 2015-17, shows that less than one third of these performed an SME test ‘to a good level’, and that quantitative testing of costs and benefits is often absent (Eurochambres, 2017<sup>[28]</sup>). The study also suggests that in the majority of RIAs analysed no targeted consultation of SMEs took place. Likewise, (Chittenden and Ambler, 2015<sup>[29]</sup>) note that although impact assessments in the UK increasingly include an identification of costs for SMEs, these costs are not adequately quantified. A report by the European Parliament notes a positive trend in SME analysis being included in EC RIAs. It also concludes that in 41% of relevant cases the potential impact on SMEs had only been partially assessed, and a veritable SME test had only been carried out in 28% of RIAs that look at SME impact (European Parliament Research Service, 2019<sup>[30]</sup>). Improving methodologies and data availability could help improve the quality of SME tests.

In this respect, it should be noted that the OECD does not systematically assess the impact on SMEs of its policy recommendations across the broad range of policy domains it covers, or the differentiated impact of these on the business population where relevant and possible. However, there is increasing attention and awareness on the SME dimension in various OECD studies.

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<sup>52</sup> See the newly revised guidance on Small and Medium Business Assessment by the UK Regulatory Policy Committee <https://www.gov.uk/government/publications/small-and-micro-business-assessment-samba-guidance>

<sup>53</sup> [https://ec.europa.eu/growth/smes/business-friendly-environment/small-business-act/sme-test\\_en](https://ec.europa.eu/growth/smes/business-friendly-environment/small-business-act/sme-test_en)



# 5 Conclusion

This paper shows that all OECD countries have national policy frameworks in place that relate to SMEs and entrepreneurship, but that these frameworks exhibit marked differences. These differences reflect the different ways that countries approach the inherent complexity and multiplicity of SME policy making, due to the wide range of policy areas and actors at central and sub-national level this involves. Depending on the characteristics of their SME and entrepreneurship eco-systems, differences in institutional circumstances (including the division of responsibilities between national and sub-national responsibilities) and policy preferences, countries have opted for different ways to address this complexity. This paper provides an inventory and comparison of SME policy frameworks along a number of dimensions: the type of policy framework, the objectives, scope and instrumentation of those frameworks and the different aspects of governance of the frameworks (actors, coordination and mainstreaming mechanisms).

## Types of SME policy frameworks

A small but growing number of countries have developed SME Strategies, defined as policy frameworks laid down in a multi-annual document by the central government that gives clarity to all relevant actors on the intended course, and which includes objectives and policy instruments in a variety of SME policy domains. They includes governance arrangements regarding responsibilities of Ministries and agencies involved in SME policy making, and proposes horizontal (among Ministries and agencies) and vertical (among different levels of government) coordination mechanisms to ensure coherence. Strategies also include provisions on how an SME perspective is taken into account in wider policy-making, for instance in consultations, (regulatory) impact assessments and SME tests.

A substantial number of countries have opted for Action Plans as their SME policy framework, including the main policy objectives and instruments in place. These action plans are often not intended to be comprehensive but focus on selected SME measures, often aimed as monitoring reports, and do not always include governance aspects. However, in practice sets of policies countries have put in place may go beyond what Action Plans reflect, and governance arrangements may be in place, although not explicitly listed in those plans.

A third group of countries position their SME policy actions in the context of wider policy frameworks regarding industrial, innovation or regional policy. These frameworks may reflect priorities in national policy agendas, preferences for generic policy approaches across the whole business community or institutional divisions of responsibility between central and other government levels. The preference for such policy frameworks does not exclude the use of more SME specific policy instruments.

## Objectives, scope and type of policy instruments

The objectives the various policy frameworks aim to pursue are to some extent similar. Most policy frameworks aim to support competitiveness, growth and innovation. A few frameworks focus primarily on jobs and employment. An increasing number of countries set the development of new ventures and start-ups as their goal, as part of generic policy framework approaches, but also within Action Plans and SME

Strategies – which for that matter might also be described as SME and Entrepreneurship Strategies. An increasingly important objective of the various policy frameworks is to enable SMEs to partake in the digital and sustainability transition. This is particularly the case for SME Strategies, reflecting the specific circumstances and needs of SMEs. At the same time, countries are developing ambitious across the board Strategies (targeted to all industries, firms and stakeholders) in these areas. An important question is how to organise and maintain an SME perspective in these transition challenges and policies.

Although all countries use a mix of framework oriented and more targeted measures, larger differences emerge in instrumentation than in policy objectives. Action Plans are more likely to focus on SME specific policy instruments, and by their more targeted nature may focus less on framework conditions. Wider industrial or innovation policy frameworks tend to focus more on instruments for all firms, although these also include provisions to ascertain access of SMEs to those more generic instruments. As to SME Strategies, there does not seem to be a clear-cut preference for instruments. Whereas all SME Strategies include a mix of more targeted and generic instruments, differences exist between countries in the relative emphasis these receive.

The SME policy response to COVID-19 has brought a strong need and impetus for SME support, in particular regarding liquidity, which has made the landscape of financial SME support measures significantly more populated. Although challenges for SMEs remain significant at the moment of writing, and continued and extended liquidity support remains of the essence, a focus on recovery instead of emergency measures becomes increasingly important, including more structural support for digitalisation, innovation, reskilling and access to new markets. The Build Back Better recovery agenda also requires renewed efforts to foster new entrepreneurial ventures and second chance entrepreneurship. It becomes increasingly important to make sure that existing SME policy frameworks and the recovery packages are well aligned, and that sufficient attention for the specific circumstances of SMEs is present in those recovery packages.

## Governance

Finally, countries have put in place a variety of governance mechanisms to ensure coherent and effective outcomes for SMEs. In most countries, Ministries for the Economy, Industry, Business or Innovation are responsible for SME policies. A few countries have dedicated Ministries or Ministers responsible for SMEs. A limited number of countries have dedicated SME agencies (responsible for the delivery on SME policy instruments, but in some cases also involved in consultations, SME testing and coordination), whereas most opt for more generic enterprise agencies. SME Strategies exist across the different types of governance arrangements.

Some countries have put SME specific horizontal (between different Ministries and agencies) or vertical (between layers of government) governance mechanisms in place, although many countries have developed one-stop-shops to ensure coherent and comprehensive access to policy instruments (OECD, 2019<sup>[8]</sup>). In countries where SME Strategies are in place, these encompass organisational coordination mechanisms of governance such as inter-ministerial committees and working groups. Countries increasingly put functional mechanisms in place for mainstreaming SME policy concerns, such as SME tests and consultations, although these in many cases are not applied to all regulatory proposals. SME testing and consultation across government can potentially be considered alternatives for organisational inter-ministerial coordination structures. However, since SME tests do not include all SME relevant aspects of policy making, they can better be seen as complements than substitutes. The interplay between organisational and functional coordination and mainstreaming mechanisms and how this relates to countries' choices for SME policy frameworks deserves further attention.

## The way forward

The present analysis does not intend to draw conclusions on what an optimal SME policy framework is, or what its objectives, instrumentation or governance should be. Not only do such policy choices largely reflect national circumstances and preferences, but they may also represent institutional responses to trade-offs and complementarities. Nevertheless, across all governance arrangements, the need to ensure greater coherence in SME and entrepreneurship policy approaches has emerged as a priority over the past decades and acquired new relevance in the design of recovery packages for post-COVID-19. For instance, more generic policy frameworks, which may not encompass a visible and comprehensive SME vehicle and SME specific governance arrangements, but seek synergies in supporting different types of firms, increasingly include SME mainstreaming mechanisms. The objective of coherence is explicit in the case of SME focused strategies, including dedicated SME-specific governance arrangements, which intend to address the increasing complexity in the SME policy environment and the mounting challenges regarding the digital and sustainability transitions. Whatever the choice for frameworks, objectives and governance, it is essential that specific circumstances and needs of SMEs and entrepreneurs are taken into account, which underlines the need for a continuous dialogue with stakeholders and analysis at granular level to take differences between SMEs and entrepreneurs into account.

## Annex A. Ministries, Ministers and Agencies

Table A A.1 provides an overview of the Ministries, Ministers and Agencies involved in SME policy frameworks across OECD countries.

**Table A A.1. Ministries, Ministers and Agencies responsible for SME policy frameworks**

Country	Ministry <sup>54</sup>	Minister	Agencies
Australia	Treasury <sup>55</sup>	Minister for Education, Skills, Small and Family Business	Austrade <sup>56</sup>
Austria	Federal Ministry for Digital and Economic Affairs (BMDW) <sup>57</sup>	Federal Minister for Digital and Economic Affairs	Austrian Business Agency <sup>58</sup>
Belgium	Federal Public Service Economy <sup>59</sup>	Federal Minister of the Middle Class, SMEs, Self-employed, Agriculture, Institutional Reforms and Democratic Renewal	VLAIO Agency for Innovation and Entrepreneurship (Flanders) <sup>60</sup> Agence pour l'Entreprise et l'Innovation (Wallonia) <sup>61</sup> Société Régionale d'Investissement de Bruxelles
Canada	Innovation, Science and Economic Development Canada (ISED).	Minister of Small Business, Export Promotion and International Trade	Regional Development Agencies (RDAs) <sup>62</sup> Business Development Bank of Canada (BDC) <sup>63</sup>
Chile	Ministry of Economy, Development and Tourism <sup>64</sup>	Undersecretary of Economy and Smaller Companies	CORFO (economic development agency) <sup>65</sup>
Colombia	Ministry of Industry, Trade and Tourism <sup>66</sup>	Vice Minister of Business Development	INNpulSA (entrepreneurship and innovation) <sup>67</sup>

<sup>54</sup> In some (mainly English speaking) countries, Ministries are called Departments.

<sup>55</sup> <https://treasury.gov.au/small-business>

<sup>56</sup> <https://www.austrade.gov.au/>

<sup>57</sup> <https://www.bmdw.gv.at/en.html>

<sup>58</sup> <https://investinaustria.at/en/>

<sup>59</sup> <https://economie.fgov.be/fr>

<sup>60</sup> <https://www.vlaio.be/nl>

<sup>61</sup> [www.sowalfin.be](http://www.sowalfin.be)

<sup>62</sup> [https://www.ic.gc.ca/eic/site/icgc.nsf/eng/h\\_07662.html](https://www.ic.gc.ca/eic/site/icgc.nsf/eng/h_07662.html)

<sup>63</sup> <https://www.bdc.ca/>

<sup>64</sup> <https://www.economia.gob.cl/>

<sup>65</sup> <https://www.corfo.cl/sites/cpp/webingles>

<sup>66</sup> <https://www.mincit.gov.co/ministerio/conozco-mas>

<sup>67</sup> <https://www.innpulsacolombia.com/>

Costa Rica	Ministry of Economy, Industry and Commerce <sup>68</sup>	Vice Minister for SME, Entrepreneurship, Consumers and Institutional Strategic Approach	PYMES Costa Rica <sup>69</sup>
Czech Republic	Ministry of Industry and Trade <sup>70</sup>	Minister of Industry and Trade	Czech Trade <sup>71</sup> Czech Invest <sup>72</sup> API <sup>73</sup>
Denmark	Ministry of Economic and Business Affairs <sup>74</sup>	Minister for Economic and Business Affairs	Danish Business Authority <sup>75</sup>
Estonia	Ministry of Economic Affairs and Communications <sup>76</sup>	Minister of Economic Affairs and Infrastructure, Minister of Entrepreneurship	Enterprise Estonia <sup>77</sup> KredEx <sup>78</sup>
Finland	Ministry of Economic Affairs and Employment <sup>79</sup>	Minister of Economic Affairs	Business Finland <sup>80</sup> Finish Enterprise Agencies <sup>81</sup>
France	Ministry for the Economy, Finance and Relance <sup>82</sup>	"Ministre délégué" for small business	BpiFrance <sup>83</sup>
Germany	Federal Ministry of Economic Affairs and Energy (BMWi) <sup>84</sup>	Parliamentary State Secretary, Federal Government Commissioner for SMEs and the New Federal States	BAFA (economic development and SMEs) <sup>85</sup>
Greece	Ministry of Development and Investments <sup>86</sup>	Minister of Development and Investment	Enterprise Greece (trade and investment) <sup>87</sup> Startup Greece <sup>88</sup>

<sup>68</sup> <https://www.meic.go.cr/meic/>

<sup>69</sup> <https://www.pyme.go.cr/>

<sup>70</sup> <https://www.mpo.cz/en/>

<sup>71</sup> <https://www.czechtradeoffices.com/>

<sup>72</sup> <https://www.czechinvest.org/en?force>

<sup>73</sup> <https://www.agentura-api.org/en/>

<sup>74</sup> <https://eng.em.dk/>

<sup>75</sup> <https://danishbusinessauthority.dk>

<sup>76</sup> <https://mkm.ee/en>

<sup>77</sup> <https://www.eas.ee/eas/?lang=en>

<sup>78</sup> <https://www.kredex.ee/en>

<sup>79</sup> <https://tem.fi/en/ministry>

<sup>80</sup> <https://www.businessfinland.fi/>

<sup>81</sup> <https://www.uusyrityskeskus.fi/in-english/>

<sup>82</sup> <https://www.economie.gouv.fr/>

<sup>83</sup> <https://bpifrance-creation.fr>

<sup>84</sup> <https://www.bmwi.de/Navigation/EN/Home/home.html>

<sup>85</sup> <https://www.bafa.de>

<sup>86</sup> <http://www.mindev.gov.gr/?lang=en>

<sup>87</sup> <https://www.enterprisegreece.gov.gr/>

<sup>88</sup> <https://startupgreece.gov.gr/>

Hungary	Ministry of Innovation and Technology <sup>89</sup>	Minister for Innovation and Technology	HIPA, Hungarian Investment Promotion Agency <sup>90</sup>
Iceland	Ministry of Industries and Innovation <sup>91</sup>	Minister of Tourism, Industry and Innovation	n.a.
Ireland	Department of Enterprise, Trade and Employment <sup>92</sup>	Minister for Trade Promotion, Digital and Company Regulation	Enterprise Ireland <sup>93</sup> IDA Ireland (industrial development) <sup>94</sup>
Israel	Ministry of Economy and Industry <sup>95</sup>	Minister of Economy	Agency for Small and Medium Business (SBA) <sup>96</sup> Israel Innovation Authority <sup>97</sup>
Italy	Ministry of Economic Development (MISE) <sup>98</sup>	Minister of Economic Development Under-Secretary of Economic Development	ITA (Trade Agency), Invitalia (National Agency for the attraction of investments and business development) <sup>99</sup>
Japan	Ministry of Economy, Trade and Industry (METI) <sup>100</sup>	Minister for Economy, Trade and Industry	Small and Medium Sized Enterprises Agency <sup>101</sup>
Korea	Ministry of SMEs and Startups <sup>102</sup>	Minister of SMEs and Startups	KOTRA (trade & investment) <sup>103</sup> KOSEA (social enterprise) <sup>104</sup>
Latvia	Ministry of Economics <sup>105</sup>	Minister of Economics	Altum (development finance) <sup>106</sup>
Lithuania	Ministry of the Economy and Innovation <sup>107</sup>	Minister of Economy	Enterprise Lithuania <sup>108</sup>

<sup>89</sup> <https://kormany.hu/innovacios-es-technologiai-miniszterium>

<sup>90</sup> <https://hipa.hu/main>

<sup>91</sup> <https://www.government.is/ministries/ministry-of-industries-and-innovation/>

<sup>92</sup> <https://enterprise.gov.ie/en/>

<sup>93</sup> <https://www.enterprise-ireland.com/en/>

<sup>94</sup> <https://www.idaireland.com/>

<sup>95</sup> <http://www.economy.gov.il/English/Pages/default.aspx>

<sup>96</sup> <http://www.economy.gov.il/English/About/Units/Pages/SmallBusinessAgency.aspx>;  
<https://www.sba.org.il/hb/Pages/default.aspx>

<sup>97</sup> <https://innovationisrael.org.il/en/>

<sup>98</sup> <https://www.mise.gov.it/index.php/it/>

<sup>99</sup> <https://www.invitalia.it/>

<sup>100</sup> <https://www.meti.go.jp/english/>

<sup>101</sup> [https://www.chusho.meti.go.jp/sme\\_english/](https://www.chusho.meti.go.jp/sme_english/)

<sup>102</sup> <https://www.mss.go.kr/site/eng/main.do>

<sup>103</sup> <https://www.kotra.or.kr/foreign/kotra/KHENKT010M.html>

<sup>104</sup> <http://www.socialenterprise.or.kr/eng/index.do>

<sup>105</sup> <https://www.em.gov.lv/en/>

<sup>106</sup> <https://www.altum.lv/en/>

<sup>107</sup> <https://eimin.lrv.lt/en/>

<sup>108</sup> <https://www.enterpriselithuania.com/en/about-us/>



Luxembourg	Ministry of the Economy <sup>109</sup>	Minister for Mittelstand and Tourism	Chamber of Commerce <sup>110</sup>
Mexico	Ministry of Economy	Secretary of Economy	Productive Development Unit (UDP) <sup>111</sup>
Netherlands	Ministry of Economic Affairs and Climate <sup>112</sup>	State Secretary of Economic Affairs and Climate	Netherlands Enterprise Agency
New Zealand	Ministry of Business, Innovation and Employment <sup>113</sup>	Minister for Small Business, Economic Development, Regional Development, Tourism and Forestry	NZTE (trade and investment) <sup>114</sup> Tourism NZ, Forestry NZ
Norway	Ministry of Trade, Industry and Fisheries <sup>115</sup>	Minister of Trade and Industry	Innovation Norway (innovation, finance, startups and exports) <sup>116</sup>
Poland	Ministry of Economic Development, Labour and Technology <sup>117</sup>	Ministry of Economic Development, Labour and Technology	Polish Agency for Enterprise Development <sup>118</sup>
Portugal	Ministry for Economy and Digital Transition <sup>119</sup>	Minister for Economy and Digital Transition	AICEP Portugal Global (trade and investment) <sup>120</sup> IAPMEI (agency for innovation and competitiveness) <sup>121</sup>
Slovak Republic	Ministry of Economy <sup>122</sup>	Minister of Economy	Slovak Business Agency <sup>123</sup>
Slovenia	Ministry of Economic Development and Technology <sup>124</sup>	Minister/State Secretary for Economic Development and Technology	Spirit Slovenia <sup>125</sup> Slovene Enterprise Fund <sup>126</sup>
Spain	Ministry of Industry, Trade and Tourism <sup>127</sup>	General Secretary of Industry and Small Business	ENISA (innovation) <sup>128</sup>

<sup>109</sup> <https://meco.gouvernement.lu/en.html>

<sup>110</sup> <https://www.cc.lu/en/home/>

<sup>111</sup> <https://www.gob.mx/se/acciones-y-programas/unidad-de-desarrollo-productivo>

<sup>112</sup> <https://www.rijksoverheid.nl/ministeries/ministerie-van-economische-zaken-en-klimaat>

<sup>113</sup> <https://www.mbie.govt.nz/>

<sup>114</sup> <https://www.nzte.govt.nz/>

<sup>115</sup> <https://www.regjeringen.no/en/dep/nfd/id709/>

<sup>116</sup> <https://www.innovasjon norge.no/en/start-page/>

<sup>117</sup> <https://www.gov.pl/web/development-labour-technology>

<sup>118</sup> <https://en.parp.gov.pl/>

<sup>119</sup> <https://www.portugal.gov.pt/en/gc22/ministries/economy-and-digital-transition>

<sup>120</sup> <http://www.portugalglobal.pt>

<sup>121</sup> <https://www.iapmei.pt/>

<sup>122</sup> <https://www.economy.gov.sk/en/ministry>

<sup>123</sup> <http://www.sbagency.sk/en/about-us>

<sup>124</sup> <https://www.gov.si/en/state-authorities/ministries/ministry-of-economic-development-and-technology/>

<sup>125</sup> <https://www.sloveniabusiness.eu/>

<sup>126</sup> <https://podjetniskisklad.si/en>

<sup>127</sup> <https://www.mincotur.gob.es/en-us/Paginas/index.aspx>

<sup>128</sup> <https://www.enisa.es/>

			CERSA (finance) <sup>129</sup>
Sweden	Ministry of Enterprise and Innovation <sup>130</sup>	Minister for Business, Industry and Innovation	Almi Företagspartner AB <sup>131</sup> Tillväxtverket (Swedish Agency for Economic and Regional Growth) <sup>132</sup>
Switzerland	Federal Department for Economic Affairs, Education and Research, State Secretariat for Economic Affairs (SECO) <sup>133</sup>	State Secretary for Economic Affairs	SME Unit within SECO <sup>134</sup> Switzerland Global Enterprise <sup>135</sup> Innosuisse <sup>136</sup>
Turkey	Ministry of Industry and Technology <sup>137</sup>	Minister of Industry and Technology	KOSGEB (Small and Medium Sized Enterprises Development Organisation) <sup>138</sup>
United Kingdom	Department for Business, Energy and Industrial Strategy (BEIS) <sup>139</sup>	Under-secretary of State for Small Business, Consumers and Corporate Responsibility	British Business Bank <sup>140</sup> UK Trade and Invest <sup>141</sup> Innovate UK <sup>142</sup>
United States	Small Business Administration <sup>143</sup>	SBA Administrator	Small Business Administration
European Union	European Commission, DG Grow <sup>144</sup>	Commissioner for Internal Market	EASME <sup>145</sup>

<sup>129</sup> <http://www.cersa-sme.es/>

<sup>130</sup> <https://www.government.se/government-of-sweden/ministry-of-enterprise-and-innovation/>

<sup>131</sup> <https://www.almi.se>

<sup>132</sup> <https://tillvaxtverket.se/english.html>

<sup>133</sup> <https://www.admin.ch/gov/en/start/departments/departament-of-economic-affairs-education-research-eaer.html>

<sup>134</sup> <https://www.seco.admin.ch/seco/en/home.html>

<sup>135</sup> <https://www.s-ge.com/en/sbh>

<sup>136</sup> <https://www.innosuisse.ch/inno/fr/home.html>

<sup>137</sup> <https://www.sanayi.gov.tr/anasayfa>

<sup>138</sup> <https://www.kosgeb.gov.tr/>

<sup>139</sup> <https://www.gov.uk/government/organisations/department-for-business-energy-and-industrial-strategy>

<sup>140</sup> <https://www.british-business-bank.co.uk/>

<sup>141</sup> <https://www.gov.uk/government/organisations/uk-trade-investment>

<sup>142</sup> <https://www.gov.uk/government/organisations/innovate-uk>

<sup>143</sup> [www.sba.gov](http://www.sba.gov)

<sup>144</sup> [https://ec.europa.eu/knowledge4policy/organisation/dg-grow-dg-internal-market-industry-entrepreneurship-smes\\_en](https://ec.europa.eu/knowledge4policy/organisation/dg-grow-dg-internal-market-industry-entrepreneurship-smes_en)

<sup>145</sup> <https://ec.europa.eu/easme/en>; from 1 April 2021, EASME will merge with the European Innovation Council to form EISMEA

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