

Unclassified**English/French****10 June 2022****COUNCIL****Meeting of the Council at Ministerial Level, 9-10 June 2022****RECOMMENDATION OF THE COUNCIL ON SME AND
ENTREPRENEURSHIP POLICY****(Adopted by the Council at Ministerial level on 10 June 2022)****JT03497428**

THE COUNCIL,

HAVING REGARD to Article 5 b) of the Convention on the Organisation for Economic Co-operation and Development of 14 December 1960;

HAVING REGARD to the standards developed by the OECD in the area of Small- and Medium-sized Enterprises (hereafter “SME”) and entrepreneurship, regulatory policy, public governance, corporate governance, innovation, digitalisation, green growth, multinational enterprises, responsible business conduct and public procurement;

RECOGNISING the importance of SMEs and entrepreneurs for economic growth, job creation, regional and local development, sustainability and social cohesion;

CONSIDERING the drastically changing environment in which SMEs and entrepreneurs operate through digitalisation, climate change and internationalisation, and the need for policies to address these;

RECOGNISING that SME and entrepreneurship policies have a broad and varied scope, ranging from measures specifically targeted to SMEs to strengthening framework conditions and supporting the wider business community, and involve a variety of actors across governments at central and sub-national level;

RECOGNISING the need for effective and comprehensive SME and entrepreneurship policy frameworks to ensure coherence and synergy across the different policies and actors, and for considering the diversity of the SME and entrepreneurship population;

RECOGNISING the role of diverse stakeholders in the SME and entrepreneurship ecosystem, including SME representatives and business associations, large firms, financial institutions, civil society, academia and research organisations, and the value of social dialogue and public-private sector cooperation for effective policy design and implementation;

RECOGNISING that, through the work of the OECD, international co-operation on SME and entrepreneurship data, analysis and policies has become an essential building block for effective, efficient and coherent SME and entrepreneurship policies;

RECOGNISING that Members and non-Members having adhered to this Recommendation (hereafter the “Adherents”) have different approaches to SME and entrepreneurship policies depending on legal, institutional and cultural contexts as well as differing ways in which they address the need for coherent, effective and efficient SME and entrepreneurship policies.

On the proposal of the Committee on Small- and Medium-Sized Enterprises and Entrepreneurship:

I. RECOMMENDS that Adherents promote and implement effective, efficient and coherent policies for SME and entrepreneurship to foster their contribution to inclusive and sustainable growth and for the benefit of all. To that effect, Adherents should:

- 1. Put in place cross-cutting and coherent approaches to SME and entrepreneurship policy design and implementation by:**
 - a. Co-ordinating and aligning SME and entrepreneurship policy across government entities and levels through effective governance mechanisms and place based-approaches, in line with each country’s institutional setting, circumstances and needs.
 - b. Ensuring that implications for SMEs and entrepreneurs are considered across the diverse policy areas that influence their prospects and outcomes in order to enhance policy synergies, address potential trade-offs and reduce administrative burdens, including through increased attention to their specificities and circumstances in policy and regulatory design, SME tests and evaluations, consultation mechanisms, streamlined processes and user-centric approaches in implementation.

- c. Taking account of the diversity of SMEs and entrepreneurs throughout policy making, by assessing implications for different types of SMEs, entrepreneurs and self-employed, adopting policy relevant typologies and collecting granular data on SME and entrepreneur key features, performance and behaviour.
- d. Setting up robust monitoring and evaluation mechanisms that systematically assess policies for their SME and entrepreneurship impacts, using relevant data and methodologies and feeding results in new policy initiatives.

2. Facilitate the transition and resilience of SMEs and entrepreneurs by:

- a. Supporting the adoption of digital technologies, services and data by all SMEs and entrepreneurs in line with their needs, digital maturity and aspirations by enhancing access to digital infrastructure; strengthening digital skills, data literacy and management of digital security risk; and ensuring open and well-functioning markets for digital goods and services.
- b. Encouraging and enabling SMEs and entrepreneurs to transition to sustainable business models, practices and technologies, and to drive green innovations, taking into account their specificities and needs in environmental policies; fostering their access to resources, including sustainable finance; and supporting their adoption of circular economy strategies.
- c. Enhancing SMEs and entrepreneurs participation in international trade and global value chains through open markets; conducive regulatory frameworks; trade facilitation and trade finance; and by strengthening their access to services and networks, including with foreign partners and multinationals.
- d. Enabling entrepreneurship by reducing barriers to entry, exit, business transfer and business succession, and by easing possibilities to re-start for entrepreneurs who fail; and ensuring that policies and the regulatory environment support competition and provide incentives and support for innovative entrepreneurs to scale up.
- e. Encouraging and supporting under-represented or disadvantaged groups to participate in entrepreneurship, by taking into account structural barriers and specific challenges and needs through appropriate targeted measures, where necessary, and through equal access to wider entrepreneurship support programmes.
- f. Facilitating the transition from informal to formal entrepreneurship, easing access to resources where needed; and ensuring a level playing field and enabling conditions for productive employment and decent work for the self-employed and for all kinds of entrepreneurship, including in the platform economy.
- g. Promoting responsible business conduct and the engagement of SMEs and entrepreneurs in avoiding and addressing adverse environmental and social impacts and improving social outcomes associated with their activities and business relations along value chains and within their local communities.

3. Enhance SMEs and entrepreneurs' access to resources by:

- a. Providing adequate incentives for SMEs and entrepreneurs to innovate and fostering their capacity to benefit from innovation diffusion, through conducive market conditions; robust and inclusive innovation ecosystems, local networks and infrastructure; and appropriate targeted measures, where necessary.
- b. Enhancing SMEs and entrepreneurs' access to a diverse range of financing instruments, sources and channels that are adapted to their needs in terms of development, growth and

sustainability, by implementing evidence-based policies and regulatory approaches conducive to transparent and resilient SME finance markets; leveraging the role of new technologies; encouraging timely payments; and strengthening SME financial skills and vision.

- c. Encouraging the development of an entrepreneurial mindset throughout society, and creating adequate incentives for SMEs and entrepreneurs to invest in skills; in particular promote the development of and access to skills that are transversal across jobs and contexts, such as management, problem-solving and digital skills.
- d. Strengthening entrepreneurial ecosystems at national and local level, including by developing networks and linkages along supply chains, between SMEs and with large firms, within and across sectors; and by enhancing SME access to and participation in public procurement.

II. INVITES the Secretary-General to disseminate this Recommendation.

III. INVITES Adherents to disseminate this Recommendation at all levels of government.

IV. INVITES non-Adherents to take account of and adhere to this Recommendation.

V. INSTRUCTS the Committee on SMEs and Entrepreneurship to:

- a. Serve as a forum for exchanging information and experience with respect to the implementation of this Recommendation through a multi-stakeholder and interdisciplinary dialogue on SME and entrepreneurship;
- b. Support the efforts of Adherents to implement this Recommendation through the development of a toolkit;
- c. Report to Council on the implementation, dissemination and continued relevance of this Recommendation no later than five years following its adoption and at least every ten years thereafter.