In an uncertain global economic environment, SMEs and entrepreneurs must be a driving force for innovation and knowledge-based growth. Their capacity to fulfill this catalytic role depends on the development of a conducive business ecosystem, in which new economic opportunities can be identified and seized, talent and creativity expressed, innovative efforts rewarded and growth potential unleashed. There are a number of conditions that need to be met to support SME innovation and smart growth: a sound institutional and regulatory environment, which favours competition and does not impose undue burdens on SMEs; access to the right skills and diverse sources of financing, particularly for innovative and fast-growing firms; and integration in knowledge networks and services. These conditions are particularly important to enable SMEs to identify market opportunities, tap into complementary resources, establish strong innovation partnerships, build value from their intangibles and make strategic use of IPRs, contribute to R&D and its commercialisation, as well as develop on-technological innovation.