European Commission

RECOVERY AND RESILIENCE SCOREBOARD

Thematic analysis

SME Support

NextGenEU

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This paper is part of a series of thematic analysis undertaken by the European Commission to illustrate the impact of the Recovery and Resilience Facility (RRF). The RRF is the European Union's largest ever funding instrument and is intended to support European economies and societies to recover from the Covid-19 pandemic and build resilience against future shocks. EU Member States commit to implement ambitious reforms and investments and receive funds from the RRF when they achieve these commitments.

Policy Overview

Small and medium-sized enterprises (SMEs) are the backbone of Europe's economy, representing 99% of all businesses in the EU, employing two thirds of the EU workforce and accounting for more than half of value added. They are adding value in every sector of the economy, from services to manufacturing, and innovation activity, and are central to the EU's twin transitions toward a sustainable and digital economy.

SMEs face specific challenges due to their size. They often face higher costs to comply with rules and regulations and face barriers to expand market opportunities and to access finance. SMEs have also lower time and financial resources for training, management and development activity. SMEs are also very diverse in terms of size and business models. They range from liberal professions and microenterprises in the services sector to middle-range industrial companies, from traditional crafts to high-tech start-ups.

While the Covid-19 crisis had a heavy impact on the entire EU economy, SMEs have particularly suffered from the crisis. Lockdowns forced many small businesses to close temporarily and SMEs' value added declined by 7.6% in 2020 compared to 2019[1], considerably more than the contraction in the economy as a whole (that declined by 5.9%). Public support measures helped mitigate some of the damage, with employment in SMEs declining by 1.7%, a sign that many businesses managed to put workers on short-time employment support scheme rather than laying off their employees permanently. Even so, the drop in employment was larger than the one observed in the economy as a whole (that declined by 1.4%).

The recovery of SMEs is expected to be much swifter than following the economic and financial crisis in 2008. EU SMEs value added and employment are forecast to grow in 2021, as compared to 2020[2]. However, the recovery shows different progress in different Member States (MS) and across sectors. Furthermore, as the economy recovers and the temporary measures are phased out, some long term effects of the crisis may still play out in the coming years.

The EU SME Strategy for a sustainable and digital Europe remains the compass for the recovery of SMEs. Its priorities (digitalisation, sustainability, and resilience) have gained importance and have been further strengthened by the update of the EU Industrial Strategy in May 2021. Its actions related to capacity-building, access to finance and improving market access have not only helped provide immediate crisis support to SMEs but have also been key to supporting SMEs' recovery.

The recently adopted Industrial Strategy Update will also aim to increase resilience across all industrial ecosystems. SMEs and start-ups are likely to benefit from a strengthened Single Market, reduced supply dependencies and the accelerated green and digital transitions.

The Recovery and Resilience Facility (RRF) will boost the implementation of the EU SME Strategy and the updated EU Industrial Strategy. It will ensure that SMEs not only recover, but make the transition towards a greener, more digital and more resilient economy. A coordinated implementation and proper monitoring of all the actions at the EU and national levels will be necessary to make sure that the available funding reaches SMEs effectively.

[1] Annual Report on European SMEs 2020/2021, https://ec.europa.eu/growth/smes/sme-strategy/sme-performance-review_en
[2] Annual Report on European SMEs 2020/2021, https://ec.europa.eu/growth/smes/sme-strategy/sme-performance-review_en

SMEs in the recovery and resilience plans

Overview of the plans

In the architecture of the RRF, reforms and investments targeting SMEs are a priority policy area to achieve a smart, sustainable and inclusive growth. The Commission has encouraged Member States to target SMEs in their recovery and resilience plans (RRPs) and to use recovery funds to address priority needs of SMEs.

Overall, all 22 plans endorsed by the Council include measures relevant to SMEs. Across these 22 plans, a significant number of reforms and investments either target specifically SMEs or are deemed to have a significant impact on SMEs. Measures supporting SMEs are spread across the plans and are often included as part of larger measures. For this reason, there can be different approaches to summarise the measures, and the related estimated expenditure, that will benefit SMEs.

Among the measures that contribute to the policy pillar of Smart, sustainable and inclusive growth, overall there are 19 plans that contain investments and reforms worth €44 billion identified as supporting SMEs, representing approximately 10% of the total estimated RRF expenditure (covering the 22 endorsed RRPs).[3]

However, SMEs will also benefit from a larger pool of measures that have a wider policy focus. For example calls for projects supporting R&I in the green and digital areas, financial instruments open to all companies, reforms of the business environment with an impact on SMEs as well as larger firms, or broad measures like the digitalisation of public administration services will have a positive impact on the operations and costs of many SMEs but will not be exclusive to SMEs.

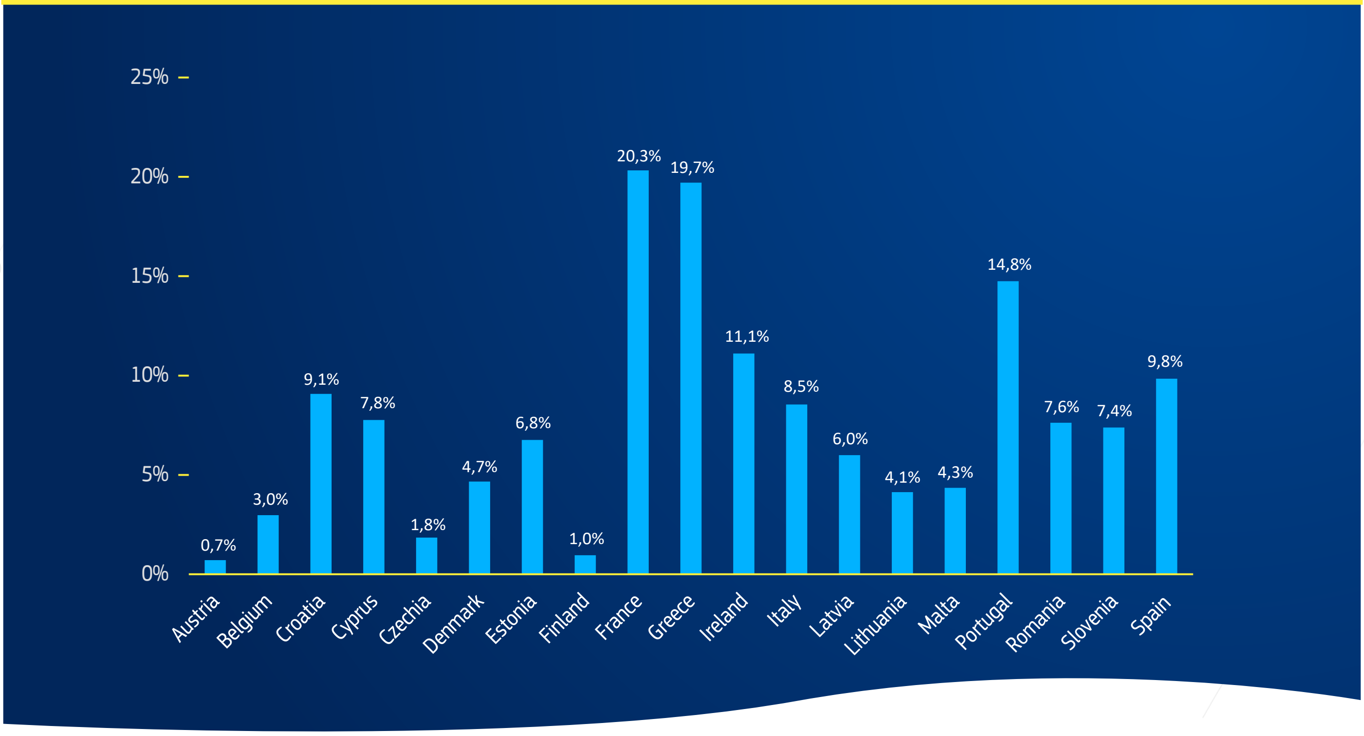
Accounting for these additional measures, it is estimated that all 22 plans currently covered by the Scoreboard include measures that are relevant for SMEs with a total estimated expenditure of about €109 billion or close to 24% of the total estimated RRF expenditure (covering the 22 endorsed RRPs).[4]

Support to SMEs
Expenditure in EUR millions per Member State

Note: This chart shows estimated expenditure based on the pillar tagging methodology for the Recovery and Resilience Scoreboard and corresponds to the measures allocated to the policy area "Support to SMEs" as primary or secondary policy areas. Other measures can also be relevant for SMEs. See also the Country Overview section.

[3] The figure is based on the pillar tagging methodology for the Recovery and Resilience Scoreboard and corresponds to the measures allocated to the policy area "Support to SMEs" as primary or secondary policy area.
[4] This figure is based on the pillar tagging methodology for the Recovery and Resilience Scoreboard and corresponds to the measures allocated to the policy area "Support to SMEs" as primary or secondary policy area, further expanded taking into account also additional measures, included under other policy pillars or policy areas that are also relevant for SMEs.

Support to SMEs expenditure
Share (%) of the total estimated cost per Member State



Note: This chart shows estimated expenditure based on the pillar tagging methodology for the Recovery and Resilience Scoreboard and corresponds to the measures allocated to the policy area "Support to SMEs" as primary or secondary policy areas. Other measures can also be relevant for SMEs. See also the Country Overview section.

Overall, the scope of the SME measures included in the RRPs covers a wide range of areas, from improvement of the business environment and access to public procurement, to digitalisation of SMEs and improvement of their environmental sustainability. A number of measures also aim at improving SMEs' growth and resilience through improved access to finance, reskilling and upskilling of their employees or strengthening their research and development capacities. Besides the measures which target SMEs explicitly - and exclusively in some cases – a number of RRPs measures are also expected to indirectly benefit SMEs. This is the case for the large investments supported by the RRF in sectors with high share of SMEs like construction and tourism or the call for projects for R&D activity to which innovative SMEs can participate.

SMEs will benefit from reforms aiming at improving the business environment and reducing red tape. These reforms are present in many RRPs such as Cyprus, Spain or Portugal. Greece has put forward in its RRP a reform to simplify the procedures for obtaining credit, electricity connection, construction permit or registering a property. Ireland committed to implement the SME Test[3], the objective of which is to remove unnecessary regulatory barriers for SMEs.

Investments and reforms to digitalise public administration will also benefit SMEs reducing their administrative burdens. Several Member States have proposed measures to implement the Single Digital Gateway by establishing one-stop shops and modernise and digitalise business registers. Germany, for instance, is taking steps to cut red tape and lower compliance costs for SMEs by creating a single infrastructure for citizens and companies to register their data. Instead of submitting their data multiple times to several authorities, citizens and companies will be required to submit it only once.

[3]The SME Test analyses the possible effects of legislative proposals on SMEs - SME Test (europa.eu).

A large number of investments will support the digitalisation of SMEs. Digitalisation can act as an enabler for SMEs to increase the efficiency of their production processes and their ability to adopt advanced technologies or innovate. Whilst some SMEs are frontrunners in the digital transformation, many more traditional SMEs lack the financial resources and/or skills to reap the benefits of digitalisation. Thus, a significant number of investments in the RRPs are dedicated to assisting SMEs in designing, implementing and scaling up digitalisation. For instance, Portugal has taken the initiative to create 25 local, regional or sectorial digital commerce accelerators as well as a system of financial incentives to help SMEs digitalise their business models. Around 30,000 SMEs are expected to benefit from this initiative.

SMEs will also benefit from investments in digital infrastructure. Investments in connectivity will bring broadband to rural areas, which will be beneficial, in particular, to local SMEs. For example, Czechia will launch a call for tenders to deploy very high-capacity networks (VHCN) to maximise access to online services for citizens, enterprises, public administrations and institutions, especially in rural areas.

Many investments also aim at supporting SMEs in their green transition. The transition towards more sustainable business practices is key for SMEs' continued competitiveness and growth. A large number of measures in the RRPs will fund investments to improve waste management and the recycling of critical raw materials. Czechia will finance projects for the development of circular solutions in industrial enterprises. Measures to support decarbonisation through investments in innovative green solutions or alternative production methods are also present in many RRPs. For instance, Latvia plans to implement a combined financial instrument (a repayable loan and a capital discount) to encourage businesses to increase their energy efficiency by introducing renewable energy technologies, carrying out energy audits, as well as investing in sustainable transport.

Supporting SMEs' access to finance is another area with a significant number of measures across RRPs. These include investments to strengthen the capitalisation of SMEs and provide direct financing through dedicated financial instruments (guarantees, loans or equity from financial institutions). Other measures aim to improve the framework for private investments like venture capital and other innovative forms of financing. Croatia, for instance, will establish a number of financial instruments to provide more favourable financing conditions, with the objective of distributing 1,300 loans/interest rates subsidies to SMEs. Many RRF investments incentivise SMEs to build their research and development capabilities. In Slovakia, for example, companies with significant technological and innovative potential will have access to a dedicated investment aimed at encouraging SMEs to participate in green and digital projects. Cyprus will establish a National Promotional Agency that will improve SMEs' access to finance by facilitating access to loans, guarantees and equity financing and enhance the absorption capacity of EU financing through EU tools.

Other investments focus on boosting SME growth through reskilling, upskilling and vocational training for their employees. This is the case of Greece with an investment to develop training programmes to enhance the skills of professionals of the Cultural and Creative Industries. The training programmes cover business administration, financial management, human resource management, marketing, digital skills and protection of intellectual property. A total of 3,600 professionals are expected to benefit from such programmes. Reforms and investments aimed at improving the acquisition of skills (green and digital) for SMEs' employees and strengthening life-long learning frameworks are high on the Member States' agenda with Belgium, Spain, Portugal, Slovakia, Estonia, Greece, Lithuania and Malta putting forward such reforms.

Reforms and investments also include measures to foster entrepreneurship. For example, Spain is planning to adopt a new start-up law which will create favourable conditions for the creation and growth of innovative start-ups. This is complemented with actions to support at least 6,900 entrepreneurs that shall benefit from the Entrepreneurship Skills Programme and at least 800 entrepreneurs shall be supported by the 'Women Talent Programme'. Austria also includes a start-up package tailored to the needs of start-ups, innovative SMEs and social entrepreneurship. Croatia is planning to invest in the management capacity of SMEs by providing them with business consultancy support.

Other initiatives will also support the internationalisation of SMEs. Estonia proposes, as part of a reform of the digital transformation of enterprises, to create better conditions for exporting companies to operate in foreign markets. In the same area, Portugal proposes the programme 'Internationalisation via E-commerce', to help enterprises to develop new sales channels abroad via online sales. Czechia will support the international expansion of start-ups via consulting, mentoring business advisory services and accelerator programmes.

SMEs are also expected to benefit from the many RRF funding opportunities and increase in demand in areas like construction and building renovation, culture, tourism and social sectors. SMEs active in these sectors like service providers, manufacturing and construction companies can leverage their local expertise and presence to provide their services. Many RRPs include investments in these SME intensive sectors.

Finally, SMEs will also benefit from the increase in public spending or public calls for projects, for example for R&D projects. Public procurement rules already foresee and encourage the splitting of contracts into lots to facilitate access for SMEs. In some cases, Member States have received recommendations on public procurement and improving the business environment. In the dialogue with Member States, on how to design their RRPs, the Commission stressed the need to address such recommendations, which can play an essential role in ensuring a successful implementation of the RRPs also to the benefit of SMEs.

Good practices

The Greek RRP includes a wide variety of measures aiming at improving the business environment for SMEs. A reform under Component 4.7 (€3 million) specifically aims at reducing the administrative and regulatory burden on businesses. The reform comprises a series of interventions to simplify procedures such as getting credit, obtaining an electricity connection, registering property, and getting a construction permit. The reform aims to achieve this by reducing the complexity, cost and length of these processes. For registering property for instance, the reform provides for an online platform enabling purchasers to complete all requirements for transferring property online. The reform also involves training public sector staff involved in such processes.

Portugal includes a comprehensive investment package (€450 million) supporting the digitalisation of SMEs. The objective of the investment is to support the transformation of the business models of SMEs and their digitalisation through several actions. These include a coaching programme to support businesses in the adoption of advanced digital technologies and a voucher system for start-ups aimed at supporting them to develop digital and green based business models. The investment package also foresees vouchers for incubators and accelerators to support their development, including the adoption of new digital technology. It also includes the creation of a national test beds network for SMEs to test new products and services and accelerate their digital transformation. The target is to establish 30 test bed infrastructures and to test at least 3,600 pilot projects. Local commerce in 50 shopping areas located in urban centres will also benefit from actions like the adoption of electronic payments and local e-commerce and delivery platforms. In addition, 16 Digital Innovation Hubs will be set up to reinforce and complement the network already under development within the Digital Europe Programme.

The French RRP includes an ambitious programme for supporting the energy renovation of SMEs, including the smallest ones. This investment (€120 million) is part of a plan launched by the government in June 2020 to accompany SMEs in the ecological transition through two support mechanisms. The main support scheme is a tax credit amounting to 30% of the expenses of eligible actions (such as insulation of roofs, attics, walls; collective solar water heater and heat pumps) and capped at €25,000 per company. The second support scheme will finance accompanying measures to support artisans, small traders and self-employed people in their renovation works. 5,000 companies are expected to benefit from the tax credits and support schemes for the energy renovation of their buildings.

The Croatian plan includes several measures to strengthen the growth and resilience of SMEs. It proposes reforms and investments aimed at facilitating access to finance for SMEs (€146 million), grants for start-up funding (€18.8 million) and acceleration programme to provide mentoring, support for investment readiness and access to investor networks for groups of up to 120 start-ups (€7.9 million). It will also invest in programmes to provide business consultancy to support SMEs to increase their management capacity (€3.9 million) and support innovation in SMEs by encouraging the commercialisation of innovation projects that reached a maturity close to market entry (€50.4 million). Finally, it will support SMEs in the tourism sector to help their green transition (€82.9 million).

Country overview

For all Member States, the listed relevant components are based on the Council Implementing Decision.

Austria

Allocation: EUR 32 - 1,226[6] million. Relevant components: 2.C, 2.D, 4.D.

The plan includes a robust package of measures aiming at supporting and facilitating the digitalisation of companies. In particular, the plan contains targeted investments to help SMEs adopt digital technologies, which has proven to be a bottleneck for productivity growth. The plan also includes an investment premium of 14% for all companies investing in certain digital technologies, notably advanced ones. This investment premium is intended to stimulate private investment related to the green and digital transitions and to increase companies' competitiveness and resilience.

The proposed reforms are expected to address weaknesses of the business environment and to improve the framework conditions for start-ups. In particular, the legal proposal for the 'once-only principle' seeks to reduce the administrative burden and decrease the compliance costs caused by incompatible IT systems, and to encourage investment, particularly towards SMEs, notably in the services sectors. These reforms will contribute to better framework conditions for potential growth.

Belgium

Allocation: EUR 176 - 1,262 million. No specific component, measures supporting SMEs spread across all components.

The plan includes a comprehensive package of measures, both reforms and investments, that will benefit SMEs. The proposed investments will support SMEs' green and digital transitions with supporting measures in the field of cybersecurity, improvement and streamlining of administrative procedures through digitalisation, as well as transitioning to the circular economy. Measures will also enable the development of research and innovation in SMEs and provide training opportunities to improve the digital skills of the workforce.

At federal level, the proposed reforms will aim at fully digitalising the creation of a legal person, make bids easier through e-tendering procedures, support businesses in offering alternatives to company cars to their staff. In Flanders, support tools in research and innovation will be adapted to better target SMEs and the environmental permits procedure will be made easier.

Overall, it is expected that the investments and reforms will contribute to improving the situation of SMEs, their digital and cyber awareness, part of their regulatory environment and their green transition.

Cyprus

Allocation: EUR 94 - 328 million. Relevant components: 3.1, 3.2, 3.3, 5.1.

More than 10% of the total allocation of the Cypriot plan is composed of measures aimed at supporting the resilience, innovativeness and competitiveness of SMEs. For instance, resilience is addressed through measures aimed at improving the business environment, such as the reform of the Companies' Law and the creation of an integrated

[6] Estimated expenditure supporting SMEs is presented in ranges. The lower bound is based on the pillar tagging methodology for the Recovery and Resilience Scoreboard and corresponds to the measures allocated to the policy area "Support to SMEs" as primary or secondary policy area. The upper bound also takes into account additional measures, included under other policy pillars or policy areas that are also relevant for SMEs.

information system for the Registrar of Companies. Innovativeness will be supported through innovation funding programmes and funding schemes for the absorption of digital technology in SMEs. Competitiveness will benefit from: investments to diversify the economy and enhance the added value of the tourism sector; the creation of a "Regulatory Sandbox" to enable FinTech to experiment new products in a supportive regulatory environment; the provision of tailor-made consulting services to SMEs; the establishment of a National Promotional Agency; and financial support for industrial manufacturing and food processing activities.

Overall, the Plan is expected to diversify, as well as to make Cypriot businesses more competitive, thanks to more resilient, innovative and properly funded SMEs.

Czechia

Allocation: EUR 130 - 1,083 million. Relevant components: 1.4, 1.5, 1.6, 4.2, 5.2.

The plan includes a comprehensive package of measures aiming at providing direct support to the business sector, with a particular focus on SMEs. The goal is to facilitate the digitalisation and adoption of new technologies by companies, including SMEs. In addition, the plan aims to increase competitiveness and flexibility of businesses as well as to support research, development and innovation.

The proposed investments will foster access to finance for innovative start-ups and SMEs, support the digital transformation mainly of SMEs and state administration, and provide Czech SMEs and start-ups with training, advisory and consulting services in management skills.

Overall, it is expected that the investments and reforms will boost the innovativeness of firms, directly contribute to the digital transformation of businesses, and support reskilling and upskilling in SMEs.

Germany

Allocation: EUR 0 - 9,453 million. Relevant components: 1.1, 1.2, 2.1, 2.2, 6.1.

Several measures in the German plan could benefit SMEs. Measures facilitating investment in research and innovation, including, for example, under the planned IPCEIs in the areas of renewable hydrogen are likely to benefit SMEs active in that sector. The programme to support research and development of vehicle manufacturers and suppliers is also particularly relevant for SMEs. The plan also includes measures on education and training, such as the programme on building training networks, which is particularly targeted at SMEs. Many measures, in particular those that include call for projects, positively factor in the involvement of SMEs. Other measures are expected to benefit SMEs, such as the implementation of the Online Access Act and the modernisation of registers, which are expected to reduce the administrative burden for companies and constitute a noticeable improvement especially for SMEs. These reforms pave way for the introduction and effective application of the 'once-only principle' through digital means across all levels of the administration, which would contribute effectively to the reduction of administrative burden and compliance costs for businesses.

Denmark

Allocation: EUR 75 - 450 million. Relevant components: 3, 4, 6, 7.

The Danish plan contains several measures which will benefit the recovery and resilience of SMEs. For instance, the digitalisation component contains a measure to foster the digitalisation of SMEs by prolonging the existing "SME: Digital" scheme, which provides subsidies for SMEs to digitalise their business. This scheme also aims at helping small businesses overcome barriers to investment and expand the use of new and advanced technology as well as e-commerce solutions. These measures can help businesses, in particular SMEs, to grow and to export goods and services in the internal market. A modernised and interoperable digital infrastructure will also give businesses better access to public-sector digital infrastructure. Moreover, extending very high-speed internet broadband coverage to areas where such connections have not existed before also has the potential to better link SMEs into the digital economy. The Danish plan also provides new possibilities for SMEs to participate in climate-related R&D activities, thereby broadening the innovation base. Investments in R&D are expected to have a positive spill-over effect on productivity. In addition, the construction projects envisaged under the plan (such as building renovations) potentially support SMEs and local jobs.

Estonia

Allocation: EUR 66 - 398 million. Relevant components: 1, 2, 3.

The Estonian plan includes a comprehensive package of measures aimed at supporting SMEs. The plan proposes several investments related to the green transformation of SMEs. This includes green technology development programmes, boosting energy efficiency production, and helping Estonian enterprises to decarbonise. Almost a third of the plan will support investment towards a 'Green Fund' dedicated to providing capital for the development of innovative green technology companies. Further investments aim at supporting the digital transformation of SMEs and the increase in digital skills. Several reforms aim to directly improve the business environment for SMEs and also increase their competitiveness on foreign markets, including with the establishment of business centres and the development of strategies.

Greece

Allocation: EUR 6,142 - 8,809 million. Relevant components: 1.2, 2.3, 3.2, 4.5, 4.6, 4.7.

The Greek plan aims to create an attractive business environment for SMEs conducive to investment and to the easing of doing business. The goal is to establish a more stable and predictable legislative framework for businesses in the country. More precisely, the Plan includes a reform to simplify procedures and requirements relating to business activity, for instance, by extending the simplification of investment licensing procedures, codifying fragmented licensing legislation, and improving the market surveillance framework by reviewing quality policy on standardisation, accreditation and conformity. These reforms are also accompanied by significant investments in digitalisation of public services. Furthermore, the Plan includes a reform aimed at easing the administrative and regulatory burden on businesses by reducing the complexity of processes, costs, and time involved in several business-related areas: getting credit, getting electricity, registering property, and getting a construction permit. The Plan also includes several investments aimed at promoting access to finance for Greek firms including SMEs through an ambitious Loan Facility scheme, promoting digital transformation, accelerating smart manufacturing, increasing the innovation capacity, and supporting vocational training programmes.

Spain

Allocation: EUR 6,842 - 17,779 million. Relevant components: 12, 13.

The Spanish plan includes an ambitious package of measures aiming at supporting the challenges faced by SMEs with the aim of boosting the competitiveness of the Spanish economy and promoting growth and employment. Measures targeting SMEs in the plan aim at facilitating business creation, growth and restructuring of firms, improving the business climate (in particular, by strengthening the functioning of the Spanish internal market), increasing productivity through digitalisation, improving access to finance, innovation and internationalisation. Investments are significantly focused on digitalisation to provide a basic digitisation package to a significant share of SMEs (Digital Toolkit). Other sectorial actions are likely to benefit SMEs active in the following sectors: tourism, culture, agriculture, research and innovation, e-mobility, clean power.

Finland

Allocation: EUR 20 - 514 million. Relevant components: P2C2, P3C3, P3C4.

One investment in the Finnish plan specifically targets SMEs by focusing on accelerating the growth of Finnish micro and small enterprises, as well as boosting their internationalisation capabilities by providing business development grants. A key application criterion is the promotion of new digital solutions. Overall, it is expected that it will support at least 240 SMEs by 2026.

Other investments are indirectly expected to support SMEs. For instance, some investments aim at accelerating the data economy (by facilitating data-driven innovation and securing the value chain of semi-conductor production) and promoting international growth (including growth and export of water expertise, promotion of low-carbon, circular economy and digital renewal). These investments are likely to benefit SMEs by supporting the business environment and the digitalisation of the industry. SMEs may also benefit from investments in research, development and innovation supporting the green transition.

France

Allocation: EUR 8,323 - 15,502 million. Relevant components: 1, 5, 6, 7.

The French plan includes a reform and a package of investments to foster SMEs' growth, innovation performance and green and digital transitions.

These investments aim at fostering the digital upgrade of

SMEs, supporting the energy renovation of their buildings, strengthening the capital of small SMEs in French regions, supporting innovative businesses and helping to preserve employment in R&D. In addition to those investments, some measures will also benefit SMEs, such as the support for the development of green and digital technologies, the sectoral plans (e.g., aeronautics, cultural sector), the support for vocational training and the hiring subsidies.

In terms of reforms, the plan includes a law on accelerating and simplifying public action ("ASAP law"). This law aims at simplifying administrative procedures. For instance, the law foresees that if regulations should be amended during the examination of an industrial project, the project application shall be subject to the same regulatory provisions in force at the time of submission of the application.

Croatia

Allocation: EUR 580 - 962 million. Relevant components: 1.1, 1.6.

The plan includes a robust package of reforms and investments that will benefit SMEs. Component 1.1 takes a broad, horizontal approach in addressing some of the structural weaknesses of the Croatian economy. It proposes reforms for further reduction of the administrative and parafiscal burden on businesses, further liberalisation of regulated professions and digitisation of services provided by state and public administrations to businesses, which will substantially benefit SMEs. It will also facilitate access to finance for SMEs through targeted grants, concessional loans and equity instruments, notably for the green transition of SMEs in several energy-intensive industries. Furthermore, tailored support is provided to innovative start-ups and SMEs with a view to substantially increase the innovation capacity of Croatian businesses and stimulate private R&D investment. Finally, the plan contains measures to enhance the productivity and competitiveness of SMEs in the tourism sector through a combination of measures, grants and financial instruments aimed at supporting investments and employment, with particular focus on the green and digital transitions.

Ireland

Allocation: EUR 110 - 269 million. Relevant measures: 1.2., 2.2, 3.

The plan proposes a set of reforms and investments directly relevant for SMEs. The most relevant reform (measure 3.4) for SMEs concerns the implementation of the SME test, which aims to remove unnecessary regulatory hurdles and to initiate steps towards a single SME portal, which would provide access to assistance and support for SMEs. Several relevant investments concern the decarbonisation of the enterprise sector (measure 1.2, EUR 55 million), for which SMEs, although not exclusively targeted, are expected to be the main beneficiaries of the grants; the digital transformation of enterprises (measure 2.2, EUR 85 million), where most eligible beneficiaries will be SMEs and start-ups, and substantial investments in green and digital skills.

Italy

Allocation: EUR 16,359 - 37,458 million. Relevant components: M1C1, M1C2, M2C2.

The Italian plan contains both measures directly targeting SMEs and measures that, while not being specifically designed for SMEs, can, nonetheless, have a relevant positive impact on this category of firms.

The former group includes, inter alia: financing for innovative start-ups, including those active in the field of the green transition; support for the internationalisation of SMEs; and initiatives to promote the competitiveness of the numerous small firms active in the tourism sector.

Among the measures indirectly targeting SMEs, one of the most important is the so-called 'Transition 4.0' investment, which provides a tax credit for firms investing in 4.0 tangible and intangible goods, thereby aiming at fostering the modernisation and digitalisation of the production sector. Moreover, the plan also includes a series of measures (e.g., digitalisation of public services, administrative simplifications, reduction of payment arrears by the public administration), which, by improving firms' relations with the public administration, have the potential to significantly improve the business environment and to benefit SMEs.

Luxembourg

Allocation: EUR 0 - 7 million. Relevant components: 1A, 3B.

The plan includes a package of measures supporting SMEs either directly or indirectly. Given the modest size of the Luxembourgish plan, direct support to SMEs is relatively limited. The plan, however, includes investments in the digitalisation of support services offered to businesses, particularly

SMEs, introducing new online services to expand the digital offer and simplify different administrative processes. Other investments and reforms are expected to benefit SMEs. For instance, investments to improve skills amongst the existing and potential workforce should help SMEs, facing increasing skill bottlenecks, to recruit.

Latvia

Allocation: EUR 109 - 551 million. Relevant components: 1, 2, 3, 5.

The Latvian plan contains measures that directly and indirectly target SMEs.

The proposed investments aim at supporting the digitalisation of SMEs by supporting digital skills, reskilling and upskilling, as well as supporting innovative digital infrastructure such as Industry 4.0 solutions. In addition, the plan provides investments for the greening of SMEs, investments in public infrastructure (development of business parks), and investments in research, development and innovation. The proposed reforms aim at increasing the share of population in adult learning, and at creating a single platform/ ecosystem 'one-stop-shop' for Latvian enterprises.

Overall, the investments and reforms are expected to address weaknesses that have hampered SMEs growth, such as lack of investment in R&D, a lack of digitally skilled employees and integration of digital technology in enterprises.

Lithuania

Allocation: EUR 92 - 550 million. Relevant components: 2, 3, 5, 6.

The Lithuanian plan includes a package of measures aimed at directly or indirectly supporting SMEs and the business environment. The proposed venture capital investments (EUR 42 million) have the potential to foster the development of start-ups, whereas voucher-based subsidies could promote the development of green innovation. New digital tools will also be available to help businesses strengthen self-control mechanisms when facing insolvency risks. As SMEs are key drivers of all industrial ecosystems, they can also benefit considerably from the measures proposed to support the automotive (EUR 103 million), construction (EUR 50 million) and energy (EUR 21 million) ecosystems. In addition, the significant shortage in the labour market is addressed by the measures focusing on reskilling and upskilling and on the promotion of vocational training in the form of apprenticeships in SMEs (EUR 147 million). The Plan also includes measures to support science-business cooperation in smart specialisation (EUR 63 million) and enhance innovation policy framework.

Malta

Allocation: EUR 15 - 49 million. Relevant components: 3, 6.

The Maltese plan contains several measures supporting SMEs directly or indirectly through improving the business environment and enhancing innovation capacity. The proposed grant scheme (EUR 13 million) aims at intensifying the digitalisation of the private sector, with SMEs being targeted specifically.

Reforms within the 'Digitalisation' component aim at enhancing digital public services, promoting digital skills, fostering business R&I and strengthening public private cooperation. Investment projects target the public administration, with the aim of providing better consumer experience with online services. Among others, several solutions are proposed to improve data sharing and property transfer processes. Further, the judiciary system will be enhanced through secure digital solutions and tools for better access to justice and strengthened efficiency that will also benefit SMEs.

Portugal

Allocation: EUR 2,455 - 5,681 million. Relevant components: C5, C16, C18.

The plan includes both reforms and investments that will benefit SMEs. Reforms will improve the business environment with actions in the field of licensing and the interoperability between public services, implementing the 'once-only principle'. Investments in the public administration will also aim at creating cybersecurity solutions for SMEs. A full component with investment of EUR 650 million will support the digital transition of enterprises (including SMEs) with a comprehensive package including actions on digital skills, entrepreneurship, internationalization, support in the adoption of digital technologies, focused action to support start-ups creation and growth. SMEs are also likely to benefit from the call for projects in the field of research and innovation. Furthermore, SMEs are likely to benefit from actions targeted at some specific sectors like culture, renewable energy, social services, construction. Finally, SMEs are also likely to benefit from measures aimed at boosting the Portuguese capital market and to promote the capitalisation of companies (including the strengthening of the Banco Português de Fomento that will support viable firms in the form of equity and quasi-equity).

Romania

Allocation: EUR 2,225 - 4,324 million. Relevant components: 6, 7, 9.

The plan includes a comprehensive package of measures aiming at supporting SMEs in the green and digital transition process and at improving the business environment. It includes a substantial investment package both through financial instruments such as portfolio guarantees and venture capital funding, coupled with state aid schemes. Important investments can also be found in other components, to support SMEs in specific areas, such as digitalisation, energy, etc. Component 9 also includes a reform of the business environment which will lead to legislative transparency, de-bureaucratisation and procedural simplification for businesses. Other reforms such as the ones to improve the cooperation between business and research, the digitalisation of public services and the development of the tourism sectors are also important for SMEs.

Slovenia

Allocation: EUR 183 - 684 million. Relevant components: 6, 9, 13.

The Slovenian plan does not contain measures which are exclusively addressed to SMEs. However, at least 5 components contain investments and reforms which are expected to benefit also SMEs. Investments aiming at increasing productivity, resilience and preparation of the twin transition will be carried out through incentives to spur innovative ecosystems and to develop tailored digital strategies for the transformation of businesses. Cross-border projects in digitalisation will also be specifically supported. The proposed reforms to streamline the alternative investment funding, to develop the capital market and to create efficient public institutions will support SMEs by easing their access to finance and creating a business-friendly environment. Moreover, the plan contains measures in support of start-ups and SMEs to innovate in the field of low-carbon circular economy and wood processing. Investments for sustainable renovation in ecosystems like tourism and culture will target SMEs directly since they represent around 99% of all companies in these sectors.

Slovakia

Allocation: EUR 0 - 1,351 million. Relevant components: 1, 4, 9, 14, 17.

The plan includes a comprehensive package of measures aiming at supporting the dual transition of SMEs. The innovation, digital and patent vouchers are expected to stimulate SMEs' cooperation with research organisations, the uptake of digital technologies in companies, and to promote the protection of intellectual property rights. In addition, the financial instruments foreseen in Component 9 can further support innovative businesses, especially for digital and green innovations. The digitalisation of Slovak SMEs will also be assisted by Digital Innovation Hubs initiatives connected with the EU Digital Innovation Hubs network, the fast grants for hackathons, as well as through support for the development and application of top digital technologies. In addition, SMEs can benefit from investments aiming at creating renewable electricity sources and reducing greenhouse gas emissions in industry. Moreover, SMEs will indirectly benefit from a strong impulse in demand triggered by investments, particularly in the construction and services sectors. The proposed reforms on business environment and e-government, including on administrative burden reduction, insolvency framework, and services to businesses, will be supportive to SMEs, despite the lack of specific provisions for them.