

Case study on smart and sustainable growth: Supporting SMEs

1. Introduction

The aim of the case studies is to take a deep dive into specific measures relevant to the RRF’s **smart, sustainable and inclusive growth pillar**¹ to identify and analyse challenges or success stories in implementing these measures. To narrow down the focus of this case study, we particularly focus on **measures supporting SMEs**.

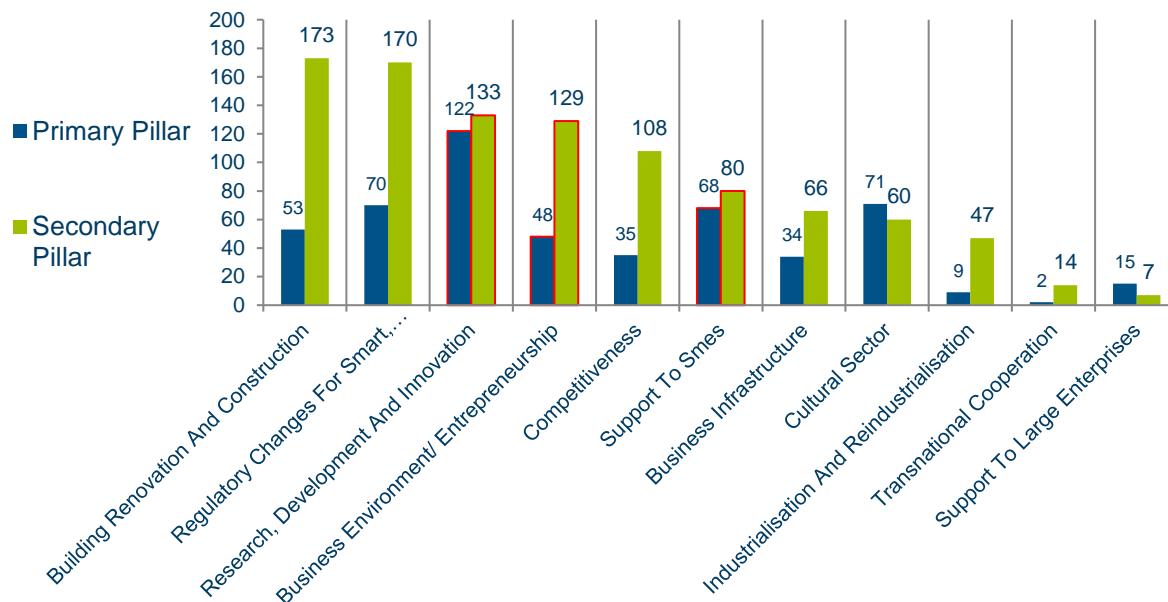
In the context of the needs experienced by SMEs, measures proposed in the national RRFs do not only focus only recovery but also on **supporting innovation and adjusting to the green and digital transition** as well as addressing **regulatory burden**.

Scope

Thematic coverage

There are 527 measures and sub-measures with the ‘Smart, sustainable and inclusive growth pillar’ as their primary pillar and 987 as their secondary.² This leaves a total of 1514 measures and sub-measures related to smart, sustainable and inclusive growth.

Figure 1: RRF Measures with the ‘Smart, sustainable and inclusive growth’ pillar as their primary or secondary pillar



¹ As stipulated in the RRF Regulation, the pillar covers smart, sustainable and inclusive growth, including economic cohesion, jobs, productivity, competitiveness, research, development and innovation, and a well-functioning internal market with strong SMEs. As such the pillar in itself is rather broad, but the regulation further emphasises the importance of promoting economic development that is both intelligent and environmentally sustainable.

² The considerably higher number of secondary pillars categorised as ‘Smart, sustainable and inclusive growth’, can likely be explained by the fact that many measures were primarily categorised by Member States to contribute to either the green transition or the digital transformation.

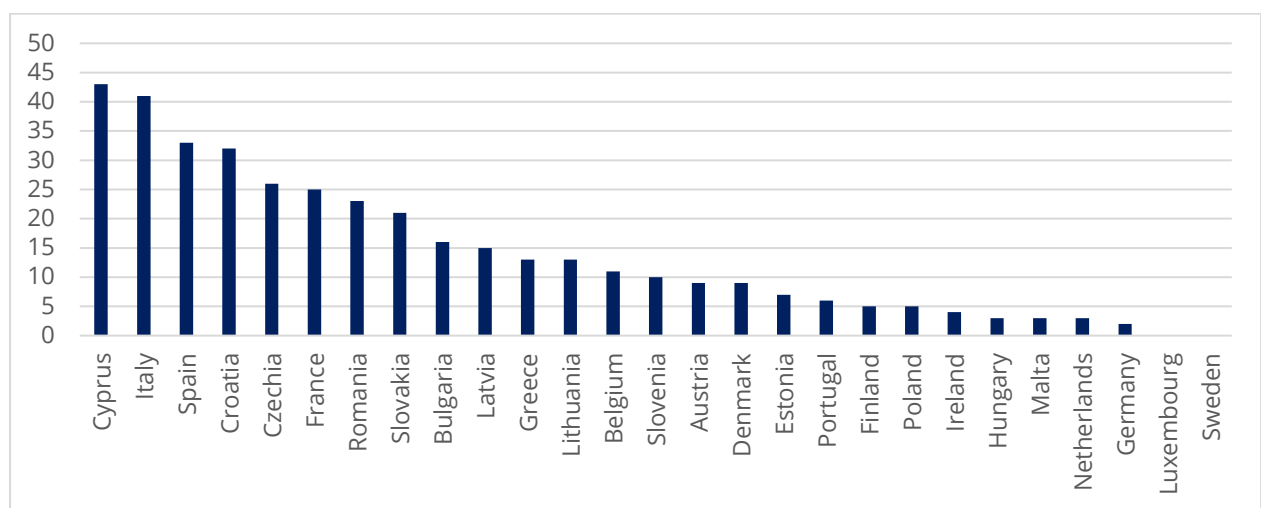
The most relevant measures to this case study are those categorised as ‘Support to SMEs’. All Member States apart from Germany, Hungary, Luxembourg, the Netherlands, Slovakia and Sweden have measures in this policy area. However, also measures under the policy areas ‘Business Environment/Entrepreneurship’ and ‘Research, Development and Innovation’, are likely to be relevant to SMEs. Beyond this, various other policy areas such as ‘Competitiveness’ and ‘Business infrastructure’ likely contain some SME relevant measures. In addition, outside of the ‘Smart, sustainable and inclusive growth’ pillar also measures categorised as ‘Digitalisation of businesses’ in the ‘Digital Transformation’ pillar are likely supporting SMEs. This makes a full categorisation of all relevant SME measures difficult and **the cross-cutting nature of many SME measures makes the pillar tagging methodology used by the European Commission suboptimal when it comes identifying SME support measures.**

Nevertheless, considering the focus of this case study relates mainly to SME support, entrepreneurship, business environment, digitalisation and innovation, we particularly looked into the policy areas of ‘Support to SMEs’, ‘Business Environment/ Entrepreneurship’, ‘Research, Development and Innovation’ and ‘Digitalisation of Businesses’. After removing doubles (i.e. measures that fall under multiple relevant policy areas), combining sub-measures as well as cleaning the data from clearly non-relevant measures, we arrived at a total of 357 measures relevant to SMEs. Among these, we find 228 investments and 129 reforms.³

Country coverage

In an initial assessment done in January 2022⁴, the European Commission found that all of the 22 plans that had been endorsed at that time included measures relevant to SMEs. Reviewing ourselves the 357 relevant measures identified we find that **all countries apart from Luxembourg and Sweden included measures related to SME support in their RRFs.** Figure 2 presents an overview of the measures per country which fall under the Smart, Sustainable and Inclusive growth pillar which are found to be relevant to SMEs. Each measure has a primary and secondary policy pillar, which allows for the identification of SME-relevant measures. The first figure presents the number of identified measures that directly target SMEs (primary and secondary pillar), while the second figure illustrates the shares of measures under the different relevant policy areas.

Figure 2: RRF measures related to ‘Support to SMEs’, ‘Business Environment/ Entrepreneurship’, ‘Research, Development and Innovation’ and ‘Digitalisation of Businesses’ by Member State (primary and secondary policy pillar)

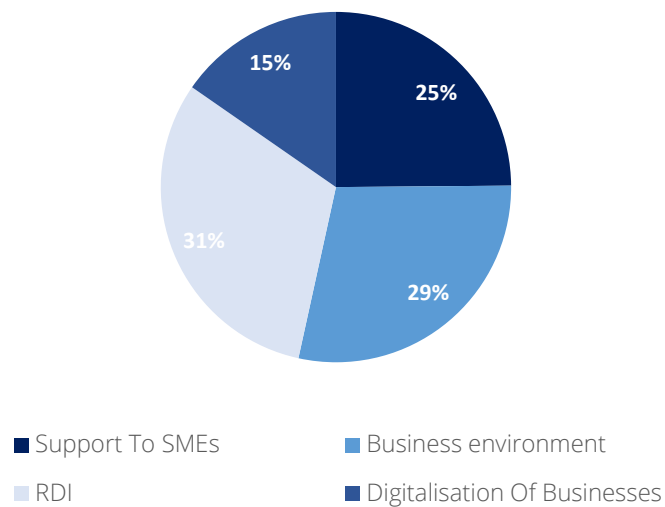


Note: It should be noted that the total numbers do not correspond to the total number of measures for each policy area due to the deletion of double measures (i.e. measures that appeared twice as they have two relevant policy areas). Source: Fenix.

³ It should be noted that these investments and reforms still include measures that are not directly relevant to SMEs, but only have indirect impacts while other measures might not be fully captured.




⁴ Recovery And Resilience Scoreboard (2022) [Thematic analysis. SME Support.](#)

Figure 3: Total RRF measures with 'Support to SMEs', 'Business Environment/ Entrepreneurship', 'Research, Development and Innovation' and 'Digitalisation of Businesses' as primary and secondary policy pillar



Based on the above assessment and the notion to select a diverse set of countries (diverse in the sense of type of measures and economic context), we selected four countries with relevant measures on smart and sustainable growth which target in particular SMEs and innovation: Greece, Finland, Ireland and Portugal.

A summary of the considerations for the selection of these countries is provided below:

 Greece	<p>Reducing regulatory burden and closing the investment gap</p> <p>The Greek RRP dedicates close to 20% of its expenditures to SME support measures. Of particular interest are its various reforms on the business environment. The Greek RRP include investment measures to support SMEs in the green and digital domain, one particular instrument aims to close the investment gap caused by the Covid-19 pandemic, increase the level of financing to private sector investments and target productivity and competitiveness. Additionally, the Greek RRP contains reforms aimed at reducing the administrative and regulatory burden on businesses and the digital transformation of SMEs.</p>
 Finland	<p>Supporting innovation, digital leadership and the green transition</p> <p>The measures identified for supporting SMEs and job creation in Finland are predominantly related to investments. The majority of these investments concern programmes with grant support for companies wishing to invest in innovation and the green or digital transition. Additionally, one reform has been identified which aims to increase the annual number of job search interviews conducted in line with the Nordic model of employment services to increase equal employment opportunities.</p>
 Ireland	<p>Reducing regulatory burden and supporting the twin transition</p> <p>The Irish RRP allocates about 11% to support SMEs directly and 27% if one also includes broader measures that not only target SMEs, but companies in general. There are various relevant measures, however the most relevant reform for SMEs is likely the implementation of the SME test which should reduce regulatory burden. Investments target both the decarbonisation and the digital transformation of enterprises with the latter particularly focusing on SMEs.</p>



Portugal

Catching up in digitalisation and innovation

The Portuguese RRP has with about 15% a high share of funding targeted at SMEs. Specifically interesting is the support for the digital transformation of SMEs. Innovative actions include training and coaching programmes for companies and an initiative, which aims to foster business innovation through the establishment and support of strategic Agendas/Alliances, primarily targeting reindustrialisation efforts. Two reforms were identified. This includes the reform aiming to set up the Portuguese Promotional Bank, (which provides tailored financing solutions to foster economic development, enhance entrepreneurship, investment, and job creation) and the digital transition of the business environment (which is part of a corresponding investment measure targeting digitalisation measures specifically targeting SMEs).

Methodology

Throughout the case study research, we aim to identify in particular best practices in supporting SMEs in their twin transition and innovation uptake as well as any unforeseen challenges or barriers that have hindered the implementation of the support actions. In particular, this case study covers primarily the following criteria:

Table 1: Research questions of the case study and methodology used

Criterion	Question	Relevant EQ	Data collection
Relevance	How well do the measures respond to the specific needs of SMEs and emerging trends linked to the green and digital transitions and priorities of SMEs in the selected countries, and what are the challenges that may affect the relevance of the RRP measures in the future?	EQ 16, 4.7	Literature review, stakeholder interviews, survey
Effectiveness	What is the current state of play as regards to the adoption of milestones and targets.	EQ 2.1	Literature review, stakeholder interviews, RRF Scoreboard
	What is the (potential) impact of the measures on SME competitiveness, innovation as well as the digital and green transitions and to what extent can the measures potentially support women entrepreneurship?	EQ 2.2	Literature review, stakeholder interviews
	What are key success factors or barriers already identified in implementing the measures and have there been any unintended consequences?	EQ 5.3	Literature review, stakeholder interviews, survey
	To what extent can the measures potentially support entrepreneurship for women?	EQ 4.1	Literature review, stakeholder interviews,
Coherence	How coherent are the investment and reform measures with existing national or EU policies targeted at SMEs? In particular, do they align with the 10 policy principles outlined in the Small Business Act?	EQ 14	Literature review, stakeholder interviews
	How well have the relevant stakeholders been taken into account in coordinating the SME measures?	EQ 10 EQ 15	Literature review, stakeholder interviews, survey
	How coherent are the measures with the principles of the EU Single Market in providing equal access to RRP opportunities to EU companies?	EQ 21	Literature review, stakeholder interviews, survey

EU Added Value	Would the investment measures and reforms still have been implemented in the absence of the RRF?	EQ 22	Literature review, stakeholder interviews, survey
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The following sections showcase the outcomes of the case study. First, we provide a concise background of the needs and obstacles faced by SMEs at the EU level and in the selected Member States. Then we present the findings across the evaluation questions.

The analysis is based on a wider background research into the four countries, which includes an introduction to each country's specific SME-related needs and challenges, the national RRFs and the SME-related measures within each RRF. Selected SME support measures were analysed in more depth. This research is presented in the Annex.

2. Background: The role of the Smart, Sustainable and Inclusive growth pillar of the RRF

SMEs play a vital role in the EU economy, there are more than 24 million SMEs in the EU, accounting for over 99% of all businesses and employing over 60% of the workforce.⁵ However, SMEs face a number of challenges, including regulatory burden, access to finance, innovation, and skills, while also needing to adapt in the light of the green and digital transition. The EU's **SME Strategy for a sustainable and digital Europe**⁶ acknowledges these challenges and puts forward actions under three pillars: 1) capacity-building and support for the transition to sustainability and digitalisation; 2) reducing regulatory burden and improving market access; and 3) improving access to financing.

SME specific challenges have however become more pronounced in the aftermath of the **COVID-19 pandemic**. The pandemic has presented unprecedented hurdles by disrupting supply chains, reducing consumer demand, and creating economic uncertainty. To counter these obstacles and pave the way for a robust recovery, the RRF can play a vital role. By aligning their national RRFs with this overarching pillar for fostering smart, sustainable, and inclusive growth, Member States integrated relevant measures to address the specific challenges faced by SMEs, including economic cohesion, jobs, productivity, competitiveness, research, development and innovation, and a well-functioning internal market.⁷ Overall, the **RRF allocates EUR 10.3 billion to the 'Smart, sustainable and inclusive growth' pillar, circa 19% of which is directed to support SMEs.**⁸

The RRF nevertheless does not act in isolation. Other **EU programmes** already support SMEs. Among these are the Single Market Programme, a funding programme that aims to help the single market to reach its full potential. Its objectives include not only supporting a more effective single market but also strengthening the competitiveness and sustainability of SMEs.⁹ Out of the EUR 4.2 billion budget of the SMP, 24% is allocated to that objective, which is further complemented by EUR 2 billion from InvestEU through its 'SME Window'.

Further funds that can be accessed by companies include the European Structural and Investment Funds (ESIF), the European Fund for Southeast Europe (EFSE) and finance through loans and other financial instruments from the European Investment Bank and the European Investment Fund.¹⁰ Finally, additional supporting tools for SMEs include the Enterprise Europe Network, the SME envoy network, the Network of European Digital Innovation Hubs and the joint cluster initiatives (e.g. Euroclusters, European Cluster Collaboration Platform).

⁵ SMEs, Start-ups and entrepreneurs – A major renew Europe Priority. Link

⁶ European Commission, [An SME Strategy for a sustainable and digital Europe](#), COM(2020) 103 final.

⁷ https://ec.europa.eu/economy_finance/recovery-and-resilience-scoreboard/smart.html

⁸ European Commission, Recovery and Resilience Scoreboard: [Smart, sustainable and inclusive growth](#).

⁹ European Commission, [The Single Market Programme](#).

¹⁰ For an overview of also national instruments, see: <https://europa.eu/youreurope/business/finance-funding/getting-funding/access-finance/search/en#shortcut-4>.

Table 2: SME performance monitor indicators in selected countries, 2023

Indicator	Greece	Finland	Ireland	Portugal
Number of SMEs (share of microenterprises in %)	731,829 (99.9%)	251,958 (99.7%)	304,947 (99.7 %)	976,982 (99.9%)
People employed by SMEs	2.2 million	1 million	1.1 million	2.8 million
Value added of SMEs, in EUR (% share of the overall economy)	34.8 billion (57%)	69.9 billion (57.8%)	109.6 billion (31.6%) ¹¹	73 billion (70.7%)

Source: EC SME performance monitor 2023, available at: https://neighbourhood-enlargement.ec.europa.eu/enlargement-policy/policy-highlights/sme-performance-review_en. Note: EU average value added of SMEs is 53%.

The smart growth aspect

Under the smart growth elements of the RRF, the key pillar sought to **enhance the digitalisation and innovation capabilities** of SMEs. While the uptake of digital technologies by SMEs has shown to be crucial for improving economic resilience of businesses during the COVID-19 crisis, only 55% of EU SMEs were found to have a basic level of digital intensity in 2021.¹² Therefore, by providing financial support and resources for digital adoption, training, and innovation, the RRF equips SMEs with the necessary tools to stay competitive in an increasingly digitalised business landscape. Through this end, Member States can leverage digitalisation and technological advancements to enhance the competitiveness of SMEs. This may include providing financial incentives for SMEs to adopt digital tools, facilitating access to digital training programmes, and supporting the development of innovative products and services. Embracing smart growth measures can empower SMEs to adapt to the digital era and capitalise on the opportunities it presents, such as increased market access through international e-commerce or operational cost reductions through automatization.

Table 3 highlights that **current levels of innovation and digitalisation among enterprises differ across the EU and the four selected Member States** with Ireland and in particular Finland being leaders while Greece and Portugal are followers.

Table 3: Levels of innovation and digitalisation for enterprises in the EU and the four selected Member States

Indicator	EU average	Greece	Finland	Ireland	Portugal
EIS Summary Index	108.47	86.22 (Rank 20)	145.63 (Rank 3)	125.61 (Rank 9)	92.88 (Rank 18)
EIS – 3.1.1 SMEs with product innovations	126.65	226.71	187.37	136.52	114.75
EIS – 3.1.2 SMEs with business process innovations	153.79	241.40	226.14	188.86	164.38
EIS – 3.2.1 Innovative SMEs collaborating with others	126.79	221.64	309.04	255.36	63.79

¹¹ The relative low number in value added in Ireland can be explained by the presence of large multinational companies in Ireland that inflate the Irish GDP.

¹² Eurostat, How digitalised are the EU's enterprises? Available at: <https://ec.europa.eu/eurostat/web/products-eurostat-news/-/ddn-20220826-1>.

DESI – 3. Integration of Digital Technology by Enterprises	36.1	26.6 (Rank 22)	59.1 (Rank 1)	43.3 (Rank 7)	37.6 (Rank 12)
DESI – 3a1 SMEs with at least a basic level of digital intensity	55%	39%	82%	64%	52%
DESI – 3c1 SMEs selling online	18%	20%	23%	33%	16%

Sources: The European Innovation Scoreboard (EIS) 2023; The Digital Economy and Society Index (DESI) 2022.

The sustainable growth aspect

The sustainable growth pillar of the RRF endeavours **to promote eco-friendly practices and green technologies** among SMEs. The RRF recognises that sustainability is not only crucial for protecting the environment but also essential for the long-term viability of businesses. By incentivising SMEs to adopt sustainable measures, such as energy-efficient processes and renewable energy utilisation, the RRF aims to build a more environmentally conscious and resilient SME sector. Therefore, the sustainable growth pillar of the RRF encouraged Member States to prioritise environmental considerations when designing their recovery plans.

Similar to smart growth, for sustainable growth we see a **variation between Member States** with particularly Portuguese and Irish companies being more advanced on this aspect (see Table 4).

Table 4: Levels of sustainability measures among enterprises in the EU and the four selected Member States

Indicator	EU average	Greece	Finland	Ireland	Portugal
% of companies not taking any resource efficiency actions	9%	13%	9%	9%	6%
% of companies that have a strategy in place to become carbon neutral	24%	19%	24%	29%	30%
Over the past year, how much of your annual turnover have you invested on average to be more resource efficient?					
Less than 1%	46%	48%	51%	24%	29%
1 – 10%	35%	45%	35%	47%	41%
More than 10%	5%	4%	9%	10%	8%
Don't know	14%	3%	5%	20%	23%

Source: Flash Eurobarometer 498, SMEs, green markets and resource efficiency, (% by country, EU27).

The inclusive growth aspect

Lastly, the inclusive growth pillar of the RRF calls for measures that **promote social cohesion and address inequalities**. Member States can integrate policies that ensure SMEs have access to fair financing, foster diversity and inclusion within their workforce, and create opportunities for underserved communities. This inclusive approach enables SMEs to play a central role in driving economic growth while ensuring that the benefits are shared equitably among all segments of society.

Looking at female entrepreneurship (see Table 5) , we see that in particular, Ireland is quite advanced with relatively many female entrepreneurs. Both Finland and Portugal are close to the EU average, while Greece is lagging behind. Next to the RRF, the European Commission also launched WEgate, an online platform supporting women entrepreneurs during the pandemic. Similarly, the EEN has a dedicated group of experts working on women's entrepreneurship.

Table 5: Levels of female entrepreneurship in the EU and the four selected Member States

Indicator	EU average	Greece	Finland	Ireland	Portugal
% of female 18-64 population who are either a nascent entrepreneur or owner-manager of a new business, divided by the equivalent percentage for their male counterparts	66%	55%	68%	83%	62%

Source: Global Entrepreneurship Monitor, EU average does not include Malta, 2022 data for all Member States apart from Ireland, Finland, Italy (2021) as well as Portugal (2019), Bulgaria (2018), Estonia (2017), Belgium (2015), Denmark (2014) and Czechia (2013).

3. Results

Overarching findings

The RRP measures, designed to bolster economic recovery and resilience, while overall relevant, have showcased **varying degrees of relevance concerning the identified needs of SMEs** and the twin transitions. While there's a general trend of alignment with the EU SME Strategy, more could be done to tailor the measures to the contexts of individual country contexts and challenges to adequately address the CSRs formulated in the 2020 European Semester and specific needs of SMEs. Across the assessed NRRPs, there is a consistent alignment with the pillars and sub-pillars outlined in the EU SME Strategy for a sustainable and digital Europe. **Investments in digitalisation, sustainability, R&I emerge as focal points, indicating a clear resonance with the EU's strategic vision.**

Progress in implementing SME-related measures varies across the analysed countries. Over half of the milestones and targets are under implementation, while 25 have been completed or fulfilled. The **pace of implementation is generally on track, with no major delays detected in realising these measures.** Stakeholders across different countries express confidence in completing or disbursing the RRF funding before 2026.

Success in implementing SME-related measures has been found to be tied to clear targeting and beneficiary identification. Designing **measures that specifically address the needs of a well-defined target group** ensures higher participation and benefits. Effective communication, streamlined administrative procedures, and timely implementation are also identified as critical success factors. In contrast, heavy and complex programs can discourage SME participation as well as complicate implementation, emphasising **the need for measures that are simple and accessible.** Moreover, the examined measures generally lack specific provisions directly addressing or supporting women entrepreneurship. Tangible results of these measures are yet to be fully realised due to the ongoing implementation.

In terms of coherence with existing EU policies targeted at SMEs and the included SME-measures in the NRRPs, the Small Business Act (SBA) for Europe provides an essential focus point. In general, the **alignment with the SBA's ten policy principles is partial, with a notable emphasis on regulatory simplification and digitalisation.** However, principles related to supportive entrepreneurship environments and accessing external markets are less prominently addressed. Notably, measures in all selected countries lack specific provisions to improve SME access to public procurement, representing in some cases a missed opportunity. Moreover, the alignment with the Single Market principle is found to be imperative to ensure a fair playing field for SMEs across the EU. In theory, the SME-related measures across the selected countries allow the participation of foreign businesses, aligning with

the EU Single Market principles. However, consulted stakeholders familiar with the implementation of the measures did not experience any practical cases of businesses from other MSs applying to the SME-related measures.

Lastly, it has been found that there is a general consensus between the consulted stakeholders from the four selected countries that **the investment measures and specific reform actions would not have been initiated with the same dimensions nor size without the presence of the RRF**. The Facility has not only incentivised countries to tackle urgent recovery necessities after the Covid-19 pandemic but has also spurred their efforts to address long-term challenges, particularly in areas like the green and digital transition.

Relevance

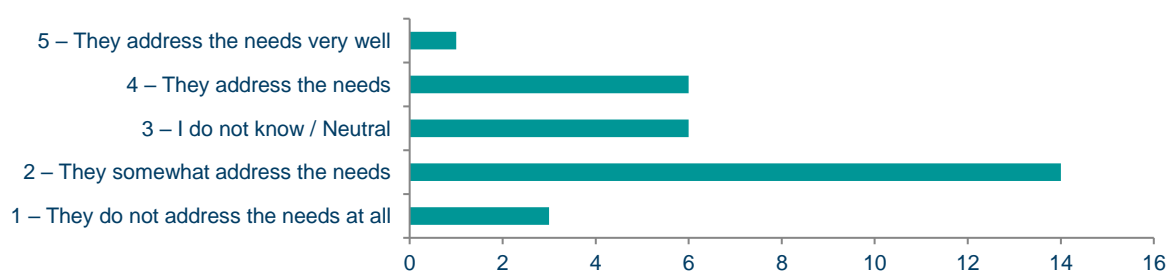
How well do the measures respond to the specific needs of SMEs and emerging trends linked to the green and digital transitions and priorities of SMEs in the selected countries, and what are the challenges that may affect the relevance of the RRP measures in the future?

Summary

- Overall, the SME-related measures successfully cover digital and green areas by providing investment support and improving regulatory hurdles for investments in these areas.
- The coverage of included measures in addressing the SME-relevant CSR from the 2020 European Semester varies significantly by country. For example, while Greece covers all relevant CSRs and Portugal and Finland most of them, the Irish measures only address one CSR.
- Beyond the relevance of the measures regarding the CSRs, we also looked at SME specific needs identified in the EU SME Performance Review. Similarly, here we found that Greece covers all of their 2021 and 2023 challenges fully or partially and Portugal covers all but one related to late payments. Both Finland and Ireland's measures are less relevant in regard to the needs identified by the SME Performance Review. However, Finland especially manages to address the issue of internationalisation and skills.

The analysis of the relevance of the SME-related RRP measures in the selected countries, requires an assessment of the extent to which they address the needs of SMEs. As part of this research, we conducted a survey with SMEs and SME support organisations in the EU. The survey was disseminated through the Enterprise Europe Network and the European Cluster Collaboration Platform (see Annex 3 for more information). While small in scale, the survey highlights **a perception by these organisations that the RRP did not do particularly well in addressing the needs of SMEs and businesses** in the countries of respondents.

Figure 4: How well do current business support measures which support enterprises respond to the specific needs and priorities of businesses in your country? (n = 30)



To complement these only indicative findings, we assessed the priorities established in the 2020 European Semester country specific recommendations (CSRs) in the **SME Strategy for a sustainable and digital Europe** and the individual country's CSRs identified in the **2020 European Semester**.¹³ The following sections will assess to what extent the SME measures identified in each of the four countries address the SME-relevant CSRs.

For Greece, three CSRs are identified to be particularly relevant for SMEs. We find that the SME-related measures in the Greek RRP successfully address the SME-relevant CSRs in the 2020 European Semester. However, a consulted Greek SME organisation points out a potential imbalance, with a predominant focus on larger projects possibly overshadowing smaller-scale initiatives with direct benefits for SMEs. To ensure a balanced approach, resources and attention allocation must cater to the unique needs of SMEs, fostering sustainable and impactful transformations. Table 6 provides an overview of these CSRs.

Table 6: Extent to which the SME-related measures included in the Greek RRP address identified SME-relevant CSRs

CSR	Description	Addressed in the Greek RRP?
3.1	Implement the temporary measures aimed at securing access to liquidity for firms, in particular small and medium-sized enterprises.	Yes
3.5	Focus investment on the green and digital transition, in particular on clean and efficient production and use of energy,	Yes
4.1	Increase the efficiency of administrative and tax courts	Yes

Source: EC, Country-specific recommendations database, [link](#)

The first CSR, which urged the implementation of temporary measures to secure access to liquidity for firms, especially SMEs, is notably addressed in the Greek RRP. Two SME-related measures stand out in this regard. The reform on "Super-deduction of expenses on green economy, energy, and digital transition" targets both digital and green elements, offering tax deductions for qualifying SME expenses in these areas. Additionally, the investment measure "RRP loan facility", aiming to stimulate private investments in Greece, focuses specifically on enhancing the competitiveness of Greek firms, including SMEs.

The second CSR focused on directing investments toward green and digital transitions, specifically in clean and efficient energy production and use. The Greek RRP includes measures such as the Digital Transformation of SMEs, supporting the digital transition of SMEs. While the Digital Transformation measure addresses various digitalisation needs, concerns were raised by stakeholders about the relatively low grant amounts, hindering broader SME participation.

¹³ The European Semester undergoes annual updates, incorporating new or modified country-specific recommendations. We have selected the 2020 CSRs for this analysis, as these were the recommendations provided to MSs during the formulation of their RRP.

The third CSR recommended increasing the efficiency of administrative and tax courts. In response, the Greek RRP incorporates measures aimed at facilitating administrative procedures for investments, adopting standardisation across processes, and establishing a modern regulatory framework. Another reform measure, the "Ease of doing business" reform, aligns well with the needs of SMEs, aiming to reduce administrative burdens and enhance access to finance.

In terms of addressing the CSRs, **the Finnish RRP** does address most but not all the SME-relevant CSRs. As can be seen in Table 7. The Finnish measures predominantly target supporting research, development, and innovation (RDI) and fostering the introduction of green technologies in SMEs.¹⁴ All in all, nearly EUR 295 million is allocated to support SMEs in the country through SME-specific measures (total size of Finnish RRP is EUR 1.8 billion).

Table 7: Extent to which the SME-related measures included in the Finnish RRP address identified SME-relevant CSRs

CSR	Description	Addressed in the Finnish RRP?
2	Strengthen measures to support employment and bolster active labour market policies.	Yes
3.1	Take measures to provide liquidity to the real economy, in particular to small and medium-sized enterprises.	No
3.3	Promote private investment to foster the economic recovery.	Yes
3.4 & 3.6	Focus investment on the green and digital transition, in particular on clean and efficient production and use of energy (3.4), as well as research and innovation (3.6)	Yes

Source: EC, Country-specific recommendations database, [link](#)

The first CSR for Finland targets employment in the country and recommends the inclusion of active labour market policies. In relation to SMEs, this corresponds well with the 2023 edition of the SME Performance Review, which identified that almost 75% of companies in Finland experience a shortage of skilled labour and 68% of companies indicated that this has limited their growth.¹⁵ In order to tackle this problem, the Finnish RRP includes, amongst other measures, the "Nordic Model of Employment Services" which aims to overhaul the jobseeker service process to make it more aligned with individual needs. However, while this measure is expected to have trickle-down effects across the Finnish economy¹⁶, no specific measure could be identified on how the measure could benefit SMEs. Other measures included in the Finnish RRP target international simplification, which aims to streamline international recruitment processes by leveraging extensive digital solutions, and youth employment schemes to support the integration of the Finnish youth into the labour market.

Regarding the second CSR, no SME-specific measure could be identified which addresses the recommendation to provide liquidity to SMEs. Nevertheless, new SME business lending has increased from 8.3% in 2010 to 9.6% in 2020, according to OECD data.¹⁷ As this indicates that access to finance may not be a particular concern for SMEs in Finland it could be a contributing factor why it was not addressed in the RRP.

Furthermore, a relatively low share of SMEs sell online across borders (7.7% VS. the 8.7% EU average¹⁸). To overcome this challenge, two investment measures are being implemented to provide technical assistance

¹⁴ More specifically, these include the measures: "Accelerating the data economy and digitalisation- Virtual Finland", "RDI funding package supporting the green transition - Accelerating key sectors and strengthening competence (Business Finland)", "RDI funding package supporting the green transition - Supporting innovative growth companies", and "Supporting sustainable and digital growth in the tourism sector".

¹⁵ Finnish Commerce Federation: [A comprehensive report from the service sectors: Half of all companies have difficulties with recruitment, the share of foreign labour is growing in a third of all companies](#)

¹⁶ For more information on measures supporting development and access to skills, see page 159 of the Finnish RRP: [Sustainable Growth Programme for Finland. Recovery and Resilience Plan.](#)

¹⁷ See: <https://www.oecd-ilibrary.org/sites/568ceb9a-en/index.html?itemId=/content/component/568ceb9a-en>.

¹⁸ Finnish SME country performance fiche:

towards accessing export markets and boost the internationalisation capabilities of SMEs.¹⁹ These two measures, as a result, address the third CSR concerning the promotion of private investments in the country.

As previously mentioned, the Finnish RRP prioritises measures supporting RDI and the adoption of green technologies in SMEs, addressing the fourth and fifth CSRs. More specifically, these include the measures: “Accelerating the data economy and digitalisation– Virtual Finland”, “RDI funding package supporting the green transition – Accelerating key sectors and strengthening competence (Business Finland)”, “RDI funding package supporting the green transition – Supporting innovative growth companies”, and “Supporting sustainable and digital growth in the tourism sector”.

For **Ireland**, there are only three SME-related measures in the Irish RRP. The investment measure “Programme to drive the digital transformation of enterprise in Ireland” helps SMEs adapt to changing market conditions and improve their competitiveness, while the investment measure to “Accelerate Decarbonisation of the Enterprise Sector” aims to build capacities for the green transition, covering two of the three sub pillars on capacity building and support for the green and digital transition. The third measure, the reform on performing an SME test across different Irish Governmental Bodies, aims to lift the barriers through partnership and policy experimentation. With the low number of measures, it is not too surprising that Ireland falls short by addressing only one of the four identified CSRs.

Table 8: Extent to which the SME-related measures included in the Irish RRP address identified SME-relevant CSRs

CSR	Description	Addressed in the Irish RRP?
3.1	Continue to provide support to companies, in particular SMEs, especially through measures ensuring their liquidity.	No
3.3	Promote private investment to foster the economic recovery.	No
3.4	Focus investment on the green and digital transition, in particular on clean and efficient production and use of energy (3.4), ...	Yes
3.7	... and research and innovation (3.7).	No

Source: EC, Country-specific recommendations database, [link](#)

The Irish RRP includes measures specifically targeting SMEs in the country for the green and digital transition with the measure on ‘Accelerate Decarbonisation of the enterprise sector’ and the ‘Programme to drive the digital transformation’, thus addressing the third CSR (3.4). However, no other SME measures were identified in the Irish RRP that target or address the other CSRs on ensuring liquidity for SMEs (3.1), promoting private investments (3.3) and focusing investments on research and innovation (3.7).

In terms of the identified SME-related CSRs in the European Semester of 2020, **the Portuguese RRP** addresses most but not all CSRs. This is done through a mix of measures supporting the green and digital transition, private financing and in general innovation and competitiveness. Table 9 provides an overview of the relevant CSRs.

Table 9: Extent to which the SME-related measures included in the Portuguese RRP address identified SME-relevant CSRs

CSR	Description	Addressed in the Portuguese RRP?
2.4	Support the use of digital technologies to boost firms’ competitiveness	Yes
3.1	Implement the temporary measures aimed at securing access to liquidity for firms, in particular small and medium-sized enterprises.	Yes
3.5	Focus investment on the green and digital transition, in particular on clean and efficient production and use of energy,	Yes

¹⁹ This includes the investments measures: “Growth acceleration programme for small enterprises” and “Growth acceleration programme for small enterprises”. More details for both measures can be found in Annex II.

4.1	Increase the efficiency of administrative and tax courts	No
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Source: EC, Country-specific recommendations database, [link](#)

Regarding the first CSR, the emphasis of the Portuguese RRP on supporting SMEs to introduce digital technologies is well-placed to allow SME to utilise digital technologies to improve competitiveness. This is achieved through programs including internationalisation via e-commerce, coaching for digital transition, vouchers for green and digital product development, and support for technological advancement in start-up incubators and accelerators. Moreover, the investment and accompanying reform measure on the creation of the Banco Português de Fomento is well placed to address the challenge faced by Portuguese SMEs in terms of accessing finance (CSR 3.1).

Similarly, the SME-measures in the Portuguese RRP are found to be well positioned to address the green and digitisation transition CSR (3.5). The former, is particularly addressed by the establishment of the Banco Português de Fomento (BPF) through the merger of financial entities geared toward capitalisation and investment support enables SMEs to invest in green projects. With a focus on tailored financing solutions, BPF's mission supports innovation, entrepreneurship, and investment, offering accessibility to financing for Portuguese SMEs. Furthermore, its role as a "Green Bank" empowers SMEs to secure funding for initiatives related to carbon neutrality and the circular economy, facilitating sustainable and environmentally conscious investments. The latter is addressed with the Portuguese measures on digital transformation of SMEs: "Catalyst for the Digital Transition of Enterprises" and "Digital Transition of Enterprises".

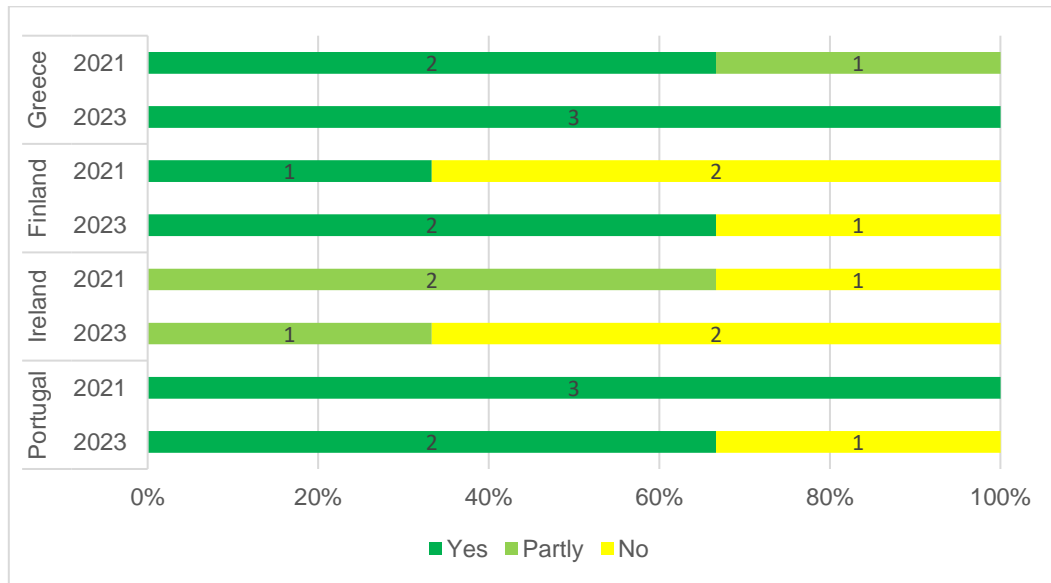
However, it is worth mentioning that consulted Portuguese stakeholders familiar with the implementation of the SME-relevant investment measures have noted problems in their design and experienced implementation delays. These challenges raise concerns about the feasibility of fully implementing these measures by 2026. To ensure successful implementation and realise the objectives of the digital transition, it is argued by consulted stakeholders to improve coordination with stakeholders. Moreover, no SME-related measures could be identified which address the CSR on increasing the efficiency of administrative and tax courts (4.1).

Next to assessing to which extent the four selected countries have addressed SME-related CSRs in the 2020 European Semester, other **European initiatives aiming to identify key challenges for SMEs in MSs are explored**. This includes the **SME Strategy for a sustainable and digital Europe**, and the individual country's challenges identified in the **SME Country Fact Sheets of the SME Performance Review (SPR)**²⁰. The latter forms an important component of the European Commission's monitoring framework to gauge countries' advancements in aligning with the EU SME Strategy. These annually published fact sheets evaluate progress in implementing the SME Strategy at the national level and focus on SME performance indicators and noteworthy strengths and challenges experienced by SMEs in a particular country.

The figure below provides an overview of the extent to which the included SME-related measures target the identified challenges in the 2021 and 2023 edition of the SME Performance Review. The country-specific challenges are further introduced and discussed in Annex A.

²⁰ European Commission, SME Performance review: [link](#).

Figure 5: Extent to which SME-specific measures in the RRP correspond to the identified country-specific challenges of the SPR



Source: SME Performance Review - [link](#). Ecorys' own iteration

Effectiveness

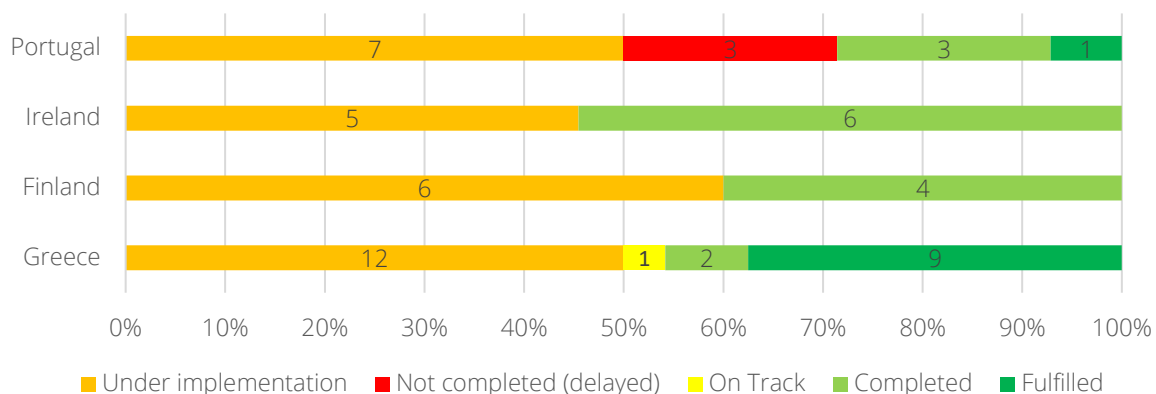
What is the current state of play regarding the adoption of milestones and targets?

Summary

- **Greece:** 11 out of 24 milestones completed or fulfilled, with full implementation of the 'Super-deduction' reform.
- **Finland:** 4 out of 10 milestones completed for 7 measures, with full implementation of the 'Supporting sustainable growth' investment measure.
- **Ireland:** 6 out of 11 milestones completed for 3 measures; with full implementation of the 'Reducing Regulatory Barriers' reform.
- **Portugal:** Delays were encountered in the implementation of 3 targets for the 'Digital transition' investment due to project complexity; stakeholders however remain positive about meeting the 2025 target for the full implementation of the measure.

Across the analysed countries, progress on SME-related measures varies. Over half of the milestones and targets are under implementation and 25 are completed or fulfilled. Overall, no major delays have been identified in implementing SME-related measures across countries. Across the consulted stakeholders from different countries, there is a general consensus that they will be successful in completing or disbursing the RRF funding before 2026. Only one Portuguese SME-related measure has been found to experience a delay and is discussed in further detail below.

Figure 6: Progress of completing the set milestones and targets of SME-related measures included in the Greek, Finnish, Irish and Portuguese RRP



In **Greece**, eleven out of the 24 milestones and targets for SME-relevant measures have been fulfilled or completed (as of Q2 2023). Only one measure, the reform on the “Super-deduction of expenses on the green economy, energy and digital transition” is fully implemented and completed. This reform will allow Greek SMEs to claim a deduction of 200% for expenditures on green initiatives during the fiscal years 2023, 2024 and 2025.²¹

The seven SME-related measures included in the **Finnish RRP** contain 10 milestones and targets. As of Q2 of 2023, four milestones and targets have been completed covering four measures. Of these measures, one investment measure “Supporting sustainable and digital growth in the tourism sector” is entirely implemented. It consists of development and pilot funding for enterprises and of grants awarded to enterprises, organisations and other operators in the cultural and creative industries.²²

Across the three SME-related measures in the **Irish RRP**, eleven milestones and targets were set. Out of these, 6 have been completed as of Q2 of 2023. The remainder of the targets and milestones are set to be finalised between Q4 of 2023 and Q4 of 2026. No delays have been found in the implementation of the SME-related measures. One reform measure, “Reducing Regulatory Barriers”, included in the Irish RRP has been completed. This reform introduced the SME-Test in Ireland.

In **Portugal**, three targets for the investment measure on “Digital transition of Enterprises” have been categorised as delayed – meaning they have missed their envisaged completion date. These delayed targets compromise the number of pilot products developed in the National Test Beds Network.²³ According to consulted stakeholders familiar with the implementation of this measure, the delays have happened due to the complexity of the projects in terms of the broad scale of involved stakeholders. Nevertheless, despite these delays, the consulted stakeholders remain optimistic about completing the measure before the final target deadline for the full implementation of the measure in 2025.

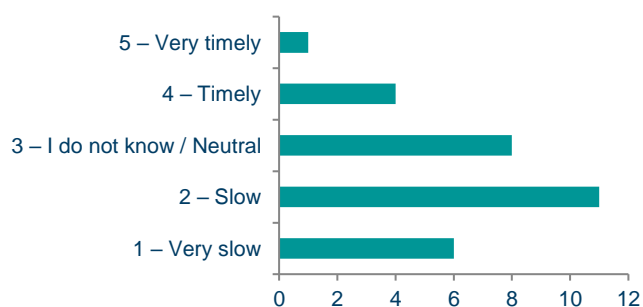
²¹ See: <https://www.taxathand.com/article/26987/Greece/2022/Details-of-implementation-of-superdeduction-for-eligible-expenses-of-SMEs-published>

²² See: https://julkaisut.valtioneuvosto.fi/bitstream/handle/10024/163363/VN_2021_69.pdf?sequence=1&isAllowed=y.

²³ The Testbed concept seeks to offer SMEs and start-ups access to infrastructure and equipment provided by capable entities. These resources encompass physical or virtual spaces where testing and experimentation of innovative products and services can take place. [Portugal Digital](#), 2023.

Apart from the progress in targets and milestones, of particular interest to SME beneficiaries is also the **speed of disbursement of funds by national organisation to SMEs**. Here our small-scale SME survey indicated a general dissatisfaction across the EU with most respondents saying the disbursement has been very slow (6) or slow (11) in their respective countries.

Figure 7: How timely has been the disbursement of funds to the final beneficiaries (e.g. SMEs) by your Member State?



What are key success factors or barriers already identified in implementing the measures and have there been any unintended consequences?

Summary

- Successful measures have well-defined target groups and address their specific needs.
- Awareness among SMEs is a crucial factor for uptake and therefore good communication has been identified as another success factor.
- Complexity of programmes discourages SME participation as highlighted in the Greek and Finnish cases or complicates implementation as highlighted in the Portuguese case.

In our analysis of various stakeholders involved in implementing measures across the four countries shared various findings.

For one, **widespread dissemination** supported by an **effective communication campaign** has been found as crucial by Greek stakeholders in creating awareness and generate interest among a large group of SMEs. To reach a diverse set of SMEs, this communication campaign was supported by TV commercials. The need for awareness raising is also reflected by the Portuguese case and the measure on the “Digital Transition of Enterprises”. By integrating the measure in the wider digitalisation strategy of Portugal, clear synergies have been created and extrapolated the dissemination of the measure to a wider public. Most notably, the high visibility of the measure on the official website of “Portugal Digital” (the national digital strategy) combined with insightful success-story videos and clear information are found to be particularly valuable. By actively engaging in these type dissemination efforts, it can create awareness and understanding, fostering a higher level of participation. Tailoring measures to meet specific needs and engage a well-defined target group are found to boost SME participation and successful implementation, with effective communication being essential to raise awareness and generate interest among a diverse stakeholder audience.

In contrast, an absence of visibility of SME-focused measures will inevitably lead to low SME participation and thereby a low participation in the measure. Our SME survey showcased that a slight majority of respondents (53%) were not aware of any business support measures targeting enterprises in their country's NRRP

Streamlined administrative procedures simplify access to programs for participating entities. Timely implementation is critical, preventing delays that may impede progress and pose challenges for participant organizations. In the context of the Greek digitalization measure, these success factors have been effectively utilized, notably through the creation of a dedicated website and application platform to monitor progress.

However, **challenges and unintended consequences** have been observed in implementing SME-related measures. Consulted stakeholders across the four countries and survey responses reported that **overly complex programs** can deter SME participation, emphasizing the necessity for simplicity and accessibility. For instance, the

small scale of grants in the Greek digitalization investment measure limited its reach, leaving several businesses unserved. Hence, measures tailored to the specific needs and capacities of smaller businesses are essential. Evaluating limitations imposed on SMEs and striking the right balance between regulation and accessibility are crucial for the success and relevance of support programs. This has also been shared by Finnish stakeholders familiar with the implementation of SME-measures, stating that simplifying the application process and providing more flexible options can enhance SME engagement and maximise the benefits of the support programs to be a critical factor influencing the success of support measures. One survey respondent directly involved in supporting Irish SMEs stated that tracking certain implementation decisions across programs has proven to be challenge and was further exacerbated by the pandemic, restricting in-person meetings and thorough due diligence processes.

Therefore, continuous evaluation and feedback from SMEs and stakeholders are found to be vital to mitigate unintended consequences and refine measures, making them more responsive to SME needs and enhancing their successful implementation and impact. To address the issue of complexity, Ireland showcases how a good designed digitalisation measure supported by workshops and local guidance which helped SMEs access the measure. This approach is considered to hold particular added value as the digitalisation measures investigated in other Member States are said to be confronted by the complexity of the nature of business digitalisation and the often insufficient in-house knowledge of SMEs to engage in digitalisation projects. Therefore, such an approach could, possibly, overcome this challenge and become more accessible for Irish SMEs. As the programme is still in the implementation phase (awaiting approval of funding for applicants), the extent to which this is the case in practice is unclear.

What is the (potential) impact of the measures on SME competitiveness, innovation as well as the digital and green transition and to what extent can the measures potentially support women entrepreneurship?

Summary

Competitiveness:

- Less focus has been attributed to ensuring competitiveness for SMEs in the selected countries NRRPs compared to innovation and the green and digital transition. One noteworthy exception is the RDI Funding Packages measures by Finland.

Innovation:

- Beyond the RDI Funding measures by Finland, the Portuguese RRP includes measures to enhance innovation through tailored financing solutions and addressing market failures in finance, notably the creation of Banco Português de Fomento (BPF), which supports SMEs' growth and innovation capacity.

Green and digital transition:

- The majority of the identified measures, beyond those in the realm of regulatory simplification, target SME support in the green and digital transitions and therefore are found to potentially hold the largest impact (in terms of number of SMEs reached).

Women entrepreneurship support

- Supporting women entrepreneurship is not found to be a focus area with one exception (e.g. Greek programme to support upskill and reskill workers), therefore no large impact is expected in this area.

Overall, we find that the examined SME measures showcase diverse strategies to bolster SMEs, **predominantly targeting digital and green transitions**, while less overtly emphasising competitiveness and innovation dimensions. Fostering digitalisation and green practices is anticipated to positively impact SMEs through heightened project investment support and funding. However, tangible results of these measures and programmes are not yet

assessable due their ongoing implementation. This is also reflected in our SME survey, where most respondents did not know whether the RRP measures in their country positively impacted businesses in their country. However, ten respondents agreed that the RRP had a positive impact on businesses while eight (strongly) disagreed.

Table 10: Extent to which the SME-related measures included in the RRP of selected countries have a potential impact on SME competitiveness, innovation and the digital and green transition

Dimension	Greece	Finland	Ireland	Portugal
Competitiveness	✓	✓✓	N/A	✓
Innovation	N/A	✓✓	N/A	✓
Digital transition	✓✓	✓✓	✓✓	✓✓
Green transition	✓	✓✓	✓✓	✓

Note: Where, ✓✓ signifies a very positive impact, ✓ a positive impact, N/A an unclear impact.

The measures identified in the **Greek RRP** target in particular the digital and the green transition of SMEs, but not innovation nor competitiveness as such. However, competitiveness would also benefit from positive impacts regarding digitalisation and the green transition (e.g. through increased resource efficiency). Regarding digitalisation, we find that the **measures outlined in the Greek RRP aim to increase the take-up of digital technologies by businesses, reducing the digital gap between Greek SMEs and those of the European average.** This will be achieved through the proposed set of investments and reforms, which include creating a digital infrastructure through funding for the acquisition and implementation of digital tools and processes, increasing the digital awareness of SMEs and directly encouraging investments in modern digital technologies using tax incentives on tangible and intangible assets.

By providing funding for the acquisition and implementation of digital tools and processes, the measures aim to create a digital infrastructure that promotes the digital transformation of SMEs. Moreover, the measures are aligned with other components that aim to tackle connectivity issues, address the lack of IT and digital skills, overcome administrative obstacles, and streamline the business environment for investments.²⁴ Tangible results of this investment measure are however not yet available as it is still being implemented. Nevertheless, as previously mentioned in the relevance section, according to consulted stakeholders, the grant size each SME can apply for has been found to be too small.

The largest measure within the Greek RRP, the Loan Facility, has played a significant role in financing a range of green and digital projects. Notable investments include a EUR 12.5 million initiative by Athanasios Hatzopoulos Packaging Materials Industry in Thessaloniki, with half of the funding provided by the RRF. This project involves energy infrastructure upgrades and research and development aimed at promoting a circular economy and creating recyclable product portfolios.

Other investment includes, amongst others, the Kafkas anonymous company which is investing EUR 12.57 million in Aspropirgos, with a notable portion financed by the RRF, to expand and modernize their existing production capacity through the construction of new energy-efficient buildings and the addition of modern mechanical equipment.

Additionally, Technoform, a part of Systems Sunlight Group, is investing EUR 75.6 million in Kilkis, with almost half of the funding from the RRF, to develop a new automated plant for metal and plastic parts production for industrial batteries. Furthermore, the Systems Sunlight Group is investing EUR 175 million in Komotini to expand and modernize their existing production capacity through the construction of new energy-efficient buildings and the addition of modern mechanical equipment.

²⁴ See: <https://digitalsme.gov.gr/>.

In terms of other measures promoting the green transition in Greece, the **tax incentive reform targets green investment by SMEs**. This tax reform will only apply to expenses incurred during the fiscal years 2023, 2024, and 2025 and will cover investments by SMEs that cover the protection and management of the environment, energy efficiency, and research and development of environmental technologies.²⁵ No other investments or reforms have been identified in the Greek RRP that target both the green transition and SMEs. As the reform measure is ongoing for the coming three fiscal years, no direct impacts of the reform can be reported yet. Nevertheless, policy certainty and stability in the support towards green investments are found to be imperative to support firms plan, adapt and improve their green transition. This reform measure is therefore found to be a step in the right direction.²⁶

Finally, the SME-related measures towards reskilling and upskilling²⁷ the Greek workforce, in particular in SMEs, have **special provisions that target the inclusion of women** in the training programs. Notably in digital literacy programs. The share of women ICT specialists in total female employment remains very low at 0.5% compared with the EU average (1.4%).²⁸ To this end, the reskill and upskill programs mention that the participation of women will be taken into account, but falls short of providing direct measures or targets to ensure the inclusion of women in the programs.

SME-related measures in the **Finnish** RRP target competitiveness, innovation and the digital and green transition. In particular, supporting innovation is one of the key focus area of the Finnish RRP.

In terms of **competitiveness and innovation, the lack of funding for business development and commercialisation of innovations is addressed by the numerous RDI funding packages**, which also include special provisions to target projects relevant to the green or digital transition.²⁹ Both RDI funding measures, 'Accelerating key sectors and strengthening competence' and 'Supporting innovative growth companies', have completed their targets by awarding Finnish enterprises grants. The former has awarded at least 10 grants while the latter has awarded at least 22 grants. However, for both measures, it is not yet clear how much funding has been disbursed by the Finnish implementing bodies to SMEs. In the fourth quarter of 2025, at least 90% of the EUR 25 million allocated for the RDI funding package on accelerating key sectors should be disbursed and 90% of the EUR 18 million for the RDI funding package on supporting innovative growth companies. Overall, these RDI funding packages are part of a larger effort to promote sustainable and inclusive economic growth in Finland by supporting research-based business and innovation. They have the potential to support SME competitiveness, innovation, and the digital and green transitions in Finland. One example of such an investment is the BOREALIS POLYMERS initiative called Sustainable Plastics Industry Transformation (SPIRIT), focusing on the circular plastics research theme. This initiative aims to enhance plastic waste recycling rates and the quality of recycled plastics within the broader SPIRIT program. The SPIRIT program encompasses renewable feedstock, circular plastics, CO2 reduction, and enablers for the green transition.

Consulted stakeholders familiar with the implementation of the measures in Finland have **reported a positive overall effect of the measures implemented for SMEs**. However, they highlighted that the progress in the digital and green transition has been somewhat limited so far. To enhance the effectiveness of these measures, it is mentioned to be crucial to increase SMEs' understanding of the importance of embracing digital technologies and adopting eco-friendly practices. Additionally, there is a need to address attitudes that may hinder the

²⁵ See: <https://www.taxathand.com/article/26987/Greece/2022/Details-of-implementation-of-superdeduction-for-eligible-expenses-of-SMEs-published>.

²⁶ T. Leidecker, T. Bulman, I. Levin, & H. Blake (2023). Transitioning to a green economy in Greece. OECD Working Paper No. 1757.

²⁷ Such as the reforms: "Skill building for creative and cultural professionals", "Reskilling and Upskilling in Tourism", "A New Strategy for Lifelong Skilling: Modernising and Upgrading Greece's Upskilling and Reskilling System". Please see Annex 2 for more details on these measures.

²⁸ Greek RRP; see <https://greece20.gov.gr/en/the-complete-plan/>.

²⁹ This includes, amongst others, the following measures: "RDI funding package supporting the green transition – Accelerating key sectors and strengthening competence (Business Finland)" and "RDI funding package supporting the green transition – Supporting innovative growth companies". Annex II provides more details on both measures.

transition towards more sustainable and technologically advanced business models. It has been found that the implementation body of both RDI funding package measures, Business Finland, offers various types of funding and support programmes and successfully provides detailed information for potential applicants. However, specific awareness raising on the existence of the support programme are perceived to be limited.

In terms of competitiveness and innovation, the **Irish** SME-related measures on accelerating the decarbonisation of the enterprise sector and the programme to drive the digital transformation particularly emphasise the participation of SMEs to foster green and digital technologies. The measure on accelerating the decarbonisation of enterprises aims to fund at least 750 projects, however, the approval of funding applications is yet to be completed (target set to be completed in Q3 of 2026). The measure on digital transformation is set to reach 720 companies and is set to be completed in Q2 of 2026.

While both measures include components of competitiveness and innovation, no further SME-related measures could be found that aim to specifically support SMEs in those areas.

As illustrated in Table 10, the **Portuguese** SME-related measures cover all four dimensions. In terms of competitiveness and innovation, **the measure on creating the Banco Português de Fomento (BPF) holds substantial promise for enhancing Portuguese SME competitiveness and fostering innovation.** The BPF's dual mission of providing tailored financing solutions and supporting the Portuguese business community addresses critical challenges, ultimately bolstering SMEs in their pursuit of competitiveness and innovation. By providing tailored financing solutions, including debt, at competitive terms and appropriate timeframes, BPF aims to bolster the entrepreneurial capacity of companies and projects. This can have a direct impact on competitiveness, as it enables businesses to secure the necessary resources for growth, innovation, and job creation. In addition, BPF's emphasis on addressing market failures in access to finance for SMEs can result in a more dynamic and innovative business landscape. In a press release, the BPF announced the first closing phase of the Consolidar Program for investments in the capitalisation of SMEs, with a subscription from venture capital funds worth EUR 478 million³⁰. While the true extent to which BPF will have a positive impact on the competitiveness and innovation of Portuguese SMEs will have to be seen in the coming years with the funding of SME projects, it is considered to be a welcomed step towards offering SMEs in the country more financial support and alternative funding options.

For the digital and green transition, the Portuguese measures include two measures aimed at enhancing the digitalisation of SMEs, which encompass a range of targeted programs. Firstly, through a variety of initiatives like internationalisation via e-commerce, coaching for digital transition, and vouchers for start-ups, these measures directly facilitate the adoption of digital technologies and practices by SMEs. The support for start-up incubators and accelerators further nurtures technological development. Secondly, the investment measure encompasses projects to establish a secure digital business environment, reduce operational costs, and enhance technological skills. Combined, the two measures are set to reach a minimum of 12,500 SMEs in Portugal. However, the extent to which the measures are successful in having a tangible impact on SME digitalisation is unclear as the support programmes are still in full progress and are envisaged to complete in 2025. In terms of the green transition, Portugal aims for carbon neutrality by 2050, with the Banco Português de Fomento (BPF) leading green finance efforts it aims to support over 88,000 SMEs. The BPF's focus on sustainability aligns with the need for significant investment in decarbonization to achieve this target while fostering economic growth and entrepreneurship.

In terms of women entrepreneurship, no special provisions could be found in the SME-related Portuguese measures.

³⁰ Banco Português de Fomento (2023). Consolidar Program closes the first closing phase with a subscription from venture capital funds worth €478 million, [link](#).

Coherence

How coherent are the measures with existing national or EU policies targeted at SMEs? In particular, do they align with the 10 policy principles outlined in the Small Business Act?

Summary

- The first three SBA key principles, which aim to creating a supporting environment for entrepreneurship, receive relatively less attention through SME-related measures in the four selected countries compared to the remaining SBA key principles.
- Bankruptcies are not a significant challenge for SMEs in four selected countries, with notable decreases in the number of bankruptcies in Greece and Portugal.
- None of the selected countries have included provisions in their regulatory simplification measures to enhance SMEs' access to public procurement..
- The Greek RRP aligns with EU programs and SBA, particularly in reducing administrative burden, but falls short in supporting SME growth beyond national borders.
- The Finnish RRP significantly addresses European Commission's recommendations for internationalising Finnish SMEs and includes measures for digital and green transitions.
- Irish SME measures cover a limited number of SBA key principles, with a focus on reducing regulatory barriers and accessing potential digital and green opportunities.
- Portuguese measures align with SBA principles, particularly by focusing on cross-border e-commerce, green investments, and access to finance through Banco Português de Fomento.
- Utilisation of RRF loan facility shows strong alignment with InvestEU program in Greece, addressing the finance gap in the country.
- Finally, alignment with the EU SME strategy varies per country with a focus on SMEs driving the sustainable transition and empowering SMEs to reap the benefits of the digital transition. In contrast, the main pillars of reducing the regulatory burden, improving market access, and improving access to financing are the least covered by SME-related measures. More specifically, no country included in the analysis targets laying the groundwork for an SME IPO Fund and only Portugal covers (partly) the sub-pillar on creating a more conducive and inclusive environment for access to finance.

To assess the coherence of the selected countries' SME measures we first must identify the relevant existing EU policies that support SMEs. This includes the **Single Market Programme**, which aims to strengthen the EU's single market by removing barriers and promoting seamless trade and business activities across Member States. It supports SMEs by facilitating their access to a larger customer base, reducing red tape, and harmonising regulations. Through improved market integration and digitalisation, SMEs can expand their operations, access new opportunities, and compete on a more level playing field.³¹ When asked about the coordination of the RRP with the Single Market Programme, most survey respondents did not have any information, however seven respondents thought there was limited coordination and four indicated there was none while only five thought it was coordinated relatively well.

The **InvestEU** programme also targets SME by mobilising private and public funds to support strategic investments across various sectors, including infrastructure, innovation, and sustainable development. It directly benefits SMEs by providing access to financing, venture capital, and risk-sharing opportunities. The program helps SMEs overcome funding challenges, fosters innovation, and encourages job creation, thereby contributing to economic

³¹ See: https://eisma.ec.europa.eu/programmes/single-market-programme_en.

growth and competitiveness.³² Similar to the Single Market Programme, most survey respondents had no information about coordination of the RRP with InvestEU. The majority who responded said there was no coordination (6) followed by limited coordination (4), relatively well coordination (3) and strong coordination (2).

Finally, the **Small Business Act (SBA) for Europe** is an EU policy framework that promotes entrepreneurship and small business growth through ten key principles, fostering a supportive business environment and facilitating SME access to finance, markets, innovation, and skills.³³ Aligning SME-related measures in RRP with the SBA for Europe is crucial for several reasons. The SBA, as an EU policy framework, provides a proven foundation fostering a supportive environment for entrepreneurship. This alignment ensures the effectiveness of proposed measures, promotes economic resilience, facilitates cross-border coordination, and contributes to a standardized and interconnected European small business ecosystem. The following table provides an overview of the ten policy principles of the SBA and how these were or were not in the focus of the four RRP.

Table 11: Overview of the SBA principles and their coverage in the NRRPs of the selected countries address them

No.	SBA principle	Description	RRP Focus			
			EL	FI	IE	PT
1	Support entrepreneurship	Create an environment in which entrepreneurs and family businesses can thrive and entrepreneurship is rewarded	✓	-	✓	-
2	Give a 2nd chance (failure)	Ensure that honest entrepreneurs who have faced bankruptcy quickly get a second chance	-	-	-	-
3	“Think Small First” (reduce burdens)	Design rules according to the ‘think small first’ principle ³⁴	✓		✓	
4	Public administration responsive to SME needs (e-government)	Make public administrations responsive to the needs of SMEs	✓	-	✓	-
5	Improve access to public procurement & use of state aid	Adapt public policy tools to SMEs’ needs: facilitate SMEs’ participation in public procurement and better use State aid possibilities for SMEs	☒	☒	-	☒
6	Facilitate access to finance	Facilitate SMEs’ access to finance and develop a legal and business environment supportive of timely payments in commercial transactions	✓	✓	-	✓
7	Benefit from Single Market opportunities	Help SMEs to benefit more from the opportunities offered by the EU’s single market	✓	✓	✓	✓
8	Access to skills and innovation	Promote the upgrading of skills in SMEs and all forms of innovation	✓	✓	☒	✓
9	Eco-innovation/environment opportunities	Enable SMEs to turn environmental challenges into opportunities	✓	✓	✓	✓

³² See: https://single-market-economy.ec.europa.eu/access-finance/investeu/investeu-fund-sme-window_en.

³³ See: <https://eur-lex.europa.eu/EN/legal-content/summary/a-small-business-act-for-european-smes.html>.

³⁴ The “Think Small First” principle implies that policymakers give full consideration to SMEs at the early policy development stage.

10	Access to external markets	Encourage and support SMEs to benefit from the growth of markets.	✓	✓	✓	✓
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Note: Where, ✓ indicates SME-related measures address the SBA key principle, ☒ a missed opportunity of addressing a particular SBA principle, and – indicates no particular issue was found in the respective country and a particular SBA principle. Source: A 'Small business act' for European SMEs - [link](#)

In general, we find that the first set of **SBA key principles on ensuring a supportive entrepreneurship environment (no. 1-3) are the least covered by the SME-related measures** implemented in the selected countries. In terms of the lack of coverage on no. 2 (bankruptcies), it has not been found to be a particular challenge in the selected countries for SMEs. Indeed, bankruptcies amongst SMEs in Portugal for example, have decreased by over 45% (in absolute terms) between 2015 and 2020³⁵ and by 66% in Greece within the same period.³⁶

In particular, it is found to be a **missed opportunity not to include provisions in, for example, regulatory simplification measures that address improved access to public procurement**. All four selected countries have not done so. As stated as a main challenge for Finland in the 2022 SME performance review, it would have been an opportunity to address any barriers preventing SMEs in the country from participating in public procurement procedures. This is also the case for Greece and Portugal, whom both score relatively low in terms of SME participation in public procurement, 42% and 44% against an EU average of around 55% in 2020.³⁷ While for Ireland, no particular issues are reported in SME access to public procurement.

In **Greece**, the reform measures included in the RRP align to some extent with the above-mentioned EU programmes and the SBA. Primarily, this relates to the various reforms in the Greek RRP that target the reduction of administrative burden. However, when it comes to supporting the growth of businesses, they fall short in supporting Greek SMEs in expanding their horizon beyond the national borders.³⁸ Such an element could have reinforced the flagship SME programme towards the digital transformation of Greek SMEs, as access to the market through digitalisation is a cornerstone of the EU Single Market Programme.

The coherence between the InvestEU programme and the Greek SME-related reform measures is visible. In particular, the RRP loan facility, amounting to over EUR 12.7 billion aims to stimulate private investments in Greece. With a focus on enhancing competitiveness, and promoting private investments and exports, the loan's purpose aligns with the InvestEU program, addressing challenges related to Greece's significant investment gap, limited bank financing, and high funding costs for businesses.

In terms of the ten principles laid out in the SBA, the Greek RRP does align with a few of them. We find that Greek RRP reforms in particular address issues regarding regulatory burden (principle 1 & 3) and ease of doing business (principle 4). As already discussed in the relevance section, these also clearly link with the needs identified for Greece. Based on stakeholder feedback, we can also add that **Greece has made quite some progress when it comes to all three key principles**. Furthermore, as mentioned in the previous paragraph, the key principles of accessing external markets (No. 7 and 10) are, to an extent, covered under the RRP Loan Facility measurement which, amongst other targets, to enhance and foster exports of Greek SMEs.

However, key principles towards giving SMEs a second chance (No. 2) and improving access to public procurement (No. 5) are not covered nor mentioned in the Greek RRP. Nevertheless, these three aspects of SME support have not been found to be of a particular challenge for Greek SMEs. For example, Greek SME participation in public procurement was found to be one of the highest in the EU in 2019 at 74%.³⁹

³⁵ OECD (2022) Financing SMEs and Entrepreneurs 2022: An OECD Scoreboard: Portugal. [link](#)

³⁶ OECD (2022) Financing SMEs and Entrepreneurs 2022: An OECD Scoreboard: Greece. [link](#)

³⁷ EC Single Market Scoreboard – Access to public procurement. [link](#)

³⁸ This includes the reform measures; "Amendment of the legal framework for the attraction of strategic investment", "Actions for the simplification of the business environment and its upgrading in quality and safety", and "Ease of doing business".

³⁹ EC, Analysis of the SMEs' participation in public procurement and the measures to support it (2019)

Regarding the coordination with other **Greek** investment programmes, there is no perceived overlap with existing national programmes such as the Digital Transformation Plan 2020-2025⁴⁰ and the Growth Strategy for the Future⁴¹. Consulted stakeholders not involved in the implementation of the programmes, shared that a **considerable emphasis is being put by Greek national authorities on strictly monitoring operational programmes for SMEs**, ensuring no duplication with similar programmes by different entities is present.

All in all, the **Finnish RRP** has gone to great lengths in addressing the CSRs made by the European Commission towards promoting and supporting the internationalisation of Finnish SMEs aligning with the Single Market Programme.⁴² In terms of the EU SME Strategy, the Finnish RRP includes several measures aimed at improving the competitiveness, innovation, via the digital and green transitions of SMEs in Finland.

The **RRP's integration with existing national funding mechanisms, managed by Business Finland as an implementing body**, has ensured a coherent and coordinated approach to supporting SMEs, leading to wider participation and larger project sizes without compromising other national programmes according to consulted stakeholders familiar with their implementation process.

In terms of the ten key principles laid out in the SBA, the Finnish RRP is align with most, but not all key principles. In line with the key challenges of Finnish SMEs in accessing international markets, the Finnish RRP puts a considerable emphasis on key principles 7 and 10. However, key principles 1-4 are found not to be at the forefront of the NRRP. This could be explained due to the general well-perceived business environment for Finnish SMEs in terms of ease of business.⁴³ More specifically, Finland already has in place a E-government platform for SMEs which explains the absent coverage of its measures on SBA no. 4.⁴⁴

The **Irish** SME-related measures have been found to align with two out of the ten SBA key principles. By implementing the 'Reducing Regulatory Barriers to Entrepreneurship' measure, primarily consisting of introducing the SME test (explained in further detail in Annex A1.3), the SBA key principles no. 1 and 3 are found to be focus areas. With the SME test measure aiming to identify any hurdles that may negatively influence entrepreneurship and create an action-oriented plan to overcome these identified hurdles, the SBA no. 1 is considered to be well addressed.

The digitalisation of SME investment measures targets, to some extent, the use of digital tools to improve access to external markets and Single Market opportunities. **Its integration into the greater Irish Digital Transition Fund, implemented by Enterprise Ireland, is expected to create synergies in this regard.** One of Enterprise Ireland's core functionalities is the development of export of Irish businesses and is therefore found to be well placed to support Irish SME benefitting from opportunities in the Single Market and beyond. While it therefore successfully covers SBA principles no. 7 and 10, the effect of these measures on the Irish SME's participation in export is yet to be assessed due to the ongoing implementation of the measures. Next to the SBA principles, the Irish measure on digitalisation covers the EC CSR on expanding public investment for the digital transition⁴⁵, and the Single Market Programme by including an element of market expansion through digitalisation. This also comes forward in the 2023 Business Europe Barometer report. Here, associated Irish business associations have stated to be satisfied with RRP implementation and somewhat confident on the involvement of social partners in the implementation so far of the Irish RRP.⁴⁶ Moreover, Irish SMEs are found not to face any particular challenges in terms of access

40 See: <https://digitalstrategy.gov.gr/en/>

41 See: <https://www.mindev.gov.gr/wp-content/uploads/2018/09/Growth-Strategy.pdf>

42 See for example the investment measures: " RDI funding package supporting the green transition – Accelerating key sectors and strengthening competence (Business Finland)" and " Growth acceleration programme for small enterprises"

43 SME Performance review Finland: https://single-market-economy.ec.europa.eu/smes/sme-strategy/sme-performance-review_en

44 See: <https://www.suomi.fi/welcome-to-the-renewed-suomifi>

45 2022 European Semester CSR Ireland - [link](#)

46 Business Europe (2023), BUSINESSEUROPE Reform Barometer 2023 - The EU's global competitiveness under threat.

to public procurement and access to finance⁴⁷, and are therefore indicated in the table above not to be of particular importance. Nevertheless, missed opportunities include the absent coverage of SBA key principle no. 8, which aims to improve access to skills of SMEs and its workers. Which forms an identified challenge faced by Irish SMEs in the 2023 SPR. Moreover, Irish SMEs are found not to face any challenges in terms of access to public procurement and access to finance⁴⁸, and are therefore indicated in the table above not to be of particular importance. Nevertheless, following our research it could be considered a missed opportunity to not have aligned the SME-related measure with the key principle no. 8 of the SBA, which aims to improve access to skills of SMEs and its workers, since this has been identified as a challenge faced by Irish SMEs in the 2023 SPR.

The **Portuguese** SME measures are found to cover five of the ten SBA key principles. By including cross-border e-commerce and general enhancement of exports of SMEs, the investment measure on digital transformation and the reform measure on Mobilising Agendas cover principles no. 7 and 10. Furthermore, by the creation of the Banco Português de Fomento, and its focus on green investment projects, the reform measure covers principle no. 6 on facilitating access to finance and no. 9 on environment opportunities. Moreover, the measure is found to particularly utilise the InvestEU programme well by contributing to fill the finance gap experienced in Portugal.⁴⁹

While the Portuguese SME-measures do not cover SBA principles 1-4, they are not found be of particular importance for Portuguese SMEs. More specifically, bankruptcies amongst SMEs are found to be in decline and the Portuguese government has a already a E-Government platform in place for SME⁵⁰. Nevertheless, similar to Greece and Finland, improved access to public procurement (SBA no.5) is not addressed while it is found Portugal is lacking in this area (44% against an EU average of around 55% in 2020⁵¹).

Beyond the SBA Principles, the **SME Strategy for a sustainable and digital Europe** highlights in its three pillars and ten sub-pillars specific areas of focus for SME policy. Table 12 outlines which of these (sub-)pillars correspond to SME-specific measures in the four analysed countries. A more detailed analysis per selected country can be found in Annex A.

Table 12: Overview of the extent to which selected countries correspond to the (sub-)pillars formulated in the SME Strategy for a sustainable and digital Europe in their NRRP through SME-related measures.

Pillar	Sub-pillar	Greece	Finland	Ireland	Portugal
Capacity-building and support for the transition to sustainability and digitalisation	SMEs driving the sustainable transition	. ✓✓	✓✓	✓✓	✓✓
	Empowering SMEs to reap the benefits of the digital transition	. ✓✓	✓✓	✓✓	✓✓
	Leveraging talent and intellectual property	✓			
Reducing regulatory burden and improving market access	Lifting the barriers through partnerships and policy experimentation			✓✓	✓✓
	Enhancing fairness in B2B relations				✓
	Harnessing benefits of global markets	✓	✓✓		

⁴⁷ OECD (2022): Financing SMEs and Entrepreneurs 2022 – AN OECD Scoreboard. [link](#)

⁴⁸ OECD (2022): Financing SMEs and Entrepreneurs 2022 – AN OECD Scoreboard. [link](#)

⁴⁹ Portuguese RRP – Component 5. Capitalisation and Business Innovation. Page 106-107. [link](#)

⁵⁰ See: <https://eportugal.gov.pt/en/inicio>

⁵¹ EC Single Market Scoreboard – Access to public procurement. [link](#)

Pillar	Sub-pillar	Greece	Finland	Ireland	Portugal
Improving access to financing	Diversifying sources of funding and making more SMEs investment-ready	✓	✓✓		✓
	Laying the groundwork for an SME IPO Fund				
	Creating a more conducive and inclusive environment for access to finance				✓
	Mobilising EU, national and private financing for SMEs through InvestEU	✓✓	✓✓		✓✓

Note: Where, ✓✓ signifies that the SME-related measures address the sub-pillar well and, ✓ to some extent. Source: EC, Digital Skills & Jobs Platform - [link](#). Ecory's own iteration.

How well have the relevant stakeholders been taken into account in coordinating the SME measures?

Summary

- Greek SME organisations' involvement in coordinating and implementing the SME-related measures was limited, with more substantial engagement only during the final stage of *verification of the RRF measures*. According to consulted SME organisation in Greece, their role in formulating the RRP could have been more active.
- Finnish stakeholders reported relatively effective initial coordination of measures for SMEs with other national programs. However, over time, this coordination weakened, leading to potential impacts on SME support and outcomes.
- Irish SMEs faced challenges from the pandemic, resulting in tailored measures addressing digitalisation, energy costs, financial distress, and domestic reliance. The involvement of expert bodies like Enterprise Ireland and Údarás na Gaeltachta ensured SME needs and stakeholders are taken into account.
- Portuguese SME measures demonstrated strong coordination with various stakeholders. Alignment with European and national frameworks, such as StartUP Portugal and the establishment of Digital Innovation Hubs (DIHs) showcased Portugal's proactive approach to stakeholder involvement. Finally, Portuguese measures strategically integrated with ongoing national programs like Industry 4.0, addressing SME challenges through technology integration and digital transformation.

According to consulted **Greek** SME-organisations, the **development of measures has been coordinated with them only in a limited manner**. They were invited to contribute in the final stage of defining the SME-related measures which only allowed them to verify the proposed government plan, but their involvement was not substantial during the actual formulation of the programs, which could have given them more opportunities to provide feedback and increased buy-in and support. Generally, as a national social partner, they have an active role in policymaking, engaging in structured discussions on various issues every six years. However, their role in the formulation of the RRP was lacking, and they feel that the overall scope of the RRP could have been more SME-oriented.

Despite having the know-how and research expertise to evaluate the RRP, the **SME organisation's involvement in its implementation has also been minimal**. There is no formal mechanism for them to play a more active role. The information they receive about the RRP results is limited and lacks specificity or details related to SMEs, such as their size, classes, or sectors. This indicates a need for better coordination and coherence among different levels of governance and stakeholders involved in supporting SMEs, with a more inclusive approach to ensure concerns and input from national social partners, such as SME organisations are adequately addressed and taken into account.

According to consulted **Finnish** stakeholders, the **coordination of measures among different relevant national stakeholders has been relatively effective in Finland**, although some challenges have been observed. Initially, the coordination between measures for SMEs and other national programs implemented by relevant SME associations was good, leading to reasonable coherence and collaboration. However, **over time, the interest and commitment to maintaining this coordination have weakened**, resulting in little further development. As a consequence, there has been considerable temporal variation in the effectiveness of coordination efforts, with potential impacts on the overall support and outcomes for SMEs in the country. The emphasis on stronger cooperation between different implementation authorities in Finland was also put forward in a recent programme evaluation of the RRP measures implemented by Business Finland. Here, it was recommended to Business Finland that the connection with other national RRP actions and funding programmes should be ensured to enhance the impacts from the RRF.⁵²

Irish SMEs have faced challenges, particularly due to the pandemic's impact on sectors with high SME concentration. The response has been tailored, with measures addressing low digitalisation and rising energy costs, financial distress, and reliance on domestic customers. A respondent to the SME survey from Ireland indicated that they were consulted on the amounts and the funding levels and some of the programmes were eventually amended to take in their views. The initiatives to enhance digitalisation and reduce carbon footprints reflect a deep understanding of stakeholders' distinct concerns. Most notably, the involvement of expert bodies like Enterprise Ireland and Údarás na Gaeltachta (regional authority responsible for the economic, social and cultural development of the Gaeltacht) have been **found to promote effective collaboration**, leveraging thematic/sectoral and local expertise for better-designed strategies to support SMEs.

According to consulted stakeholders, the coordination of relevant SME measures in **Portugal** reflects a **concerted effort to take the needs of various stakeholders into account**. This is also reflected in the survey results, where a Portuguese respondent indicated that they were both consulted for the development of the measures as well as involved in its implementation⁵³. Additionally, through the alignment of investment measures with both European and national frameworks, such as StartUP Portugal (national framework for start-ups and entrepreneurship), IAPMEI, and the Portuguese Agency for SME and Innovation (IAPMEI), the coordination ensures that the needs of SMEs for sustainable growth and innovation are met on multiple levels.

Additionally, the establishment of Digital Innovation hubs (DIHs) for the measure of SME digitalisation demonstrates a **proactive approach to involving stakeholders at different levels**. These hubs, recognised at both national and European levels, indicate a commitment to fostering innovation through cooperation among partners with complementary skills. This approach integrates the needs of diverse stakeholders within a structured framework that spans regional and continental networks.

Moreover, **measures have been strategically coordinated with ongoing national programs**, showcasing the consideration of stakeholders' needs within the domestic landscape. By aligning with initiatives like the national

⁵² Business Finland and Sustainable Growth Programme – Design Evaluation: [link](#)

⁵³ The respondent indicated that they were involved in the following measures: 1. Mobilising agendas for innovation - as promoters of the consortium and beneficiaries of the project; 2. National network of testbeds - as collaborators in the promotion of a project; 3. National and European DIHs - as promoters and coordinators of an EDIH.

program for Industry 4.0, the measures aim to address specific challenges faced by SMEs, such as technology integration and digital transformation.

How coherent are the measures with the principles of the EU Single Market in providing equal access to RRP opportunities to EU companies?

Summary

- A resilient Single Market is vital to address challenges and ensure fair recovery by promoting competitive markets, integration, and cooperation. Coherent NRRPs that align with Single Market principles, in the sense that, it provides seamless and straightforward access to SME measures for firms from other MSs, provide balanced opportunities for EU businesses and contribute to a resilient recovery.
- The SME-related measures included in the four NRRPs of the selected countries do, in theory, allow for the participation of foreign businesses. However, no clear example or case of this occurring could be identified. To facilitate access, information for Finnish and Portuguese measures had been made available in English next to their national languages, however in Greece information was often only available in Greek.
- Varied emphasises and priorities on economic sectors among MSs in implementing RRP measures may create an uneven playing field for SMEs in some areas, limiting their ability to equally benefit from the single market and compete across EU countries. However, no cases were found where this has happened.

The coherence of RRP measures with the principles of the EU Single Market is crucial, especially in light of the COVID-19 crisis. The pandemic posed significant risks to the level playing field established by the single market, potentially leading to permanent disparities in living standards and increased divergence within the monetary union. **The crisis itself had the potential to disrupt this level playing field, benefiting companies in wealthier countries more than their counterparts in MS with little or no policy space.**⁵⁴ Countries in the EU that lacked adequate resources to address the economic and social demands of their economies faced the danger of entering a prolonged phase of slow growth, elevated unemployment rates, and a permanently weakened business sector.

This situation posed a significant fundamental risk for the entire EU. Furthermore, an increasing disparity within the Single Market also jeopardized the process of economic integration and convergence. Given these circumstances, fostering a resilient Single Market is crucial to tackle these issues and ensure a fair recovery. This need led to the introduction of the proposed legislative package within the RRF, aimed at initiating a sustainable recovery and providing support for cohesion and convergence with due consideration to the respective needs of each MS. In order to ensure competitive markets within the Single Market measures should be accessible to companies in other EU Member States to promote fair competition, and support integration and cooperation. Ultimately, a coherent approach in the NRRPs that aligns with Single Market principles safeguards equitable opportunities for businesses across the EU, contributing to a balanced and resilient recovery.

The RRF, being a significant component of the NextGen EU initiative, can be characterized by an unprecedented magnitude of funding. As the funds are disbursed with specific allocations, mandating at least 37% for the green transition and 21% for digitalisation, this indicates a clear intention to steer economic recovery and growth

⁵⁴ Quarterly Report on the Euro Area – An overview of the economics of the Recovery and Resilience Facility. Vol. 20, No. 3(2021) p7-8

towards sustainability and technological advancement, aligning with the EU's broader objectives, including those of the Single Market.

Furthermore, the **allocation of RRF funds is tied to a Member State's performance and RRF measures should be coherent with the CSRs identified in the European Semester**, ensuring a connection between RRF measures and economic policy coordination. This link between the RRF and the European Semester reinforces a harmonised approach within the Single Market, promoting stability and convergence. As such, the RRF is perceived in a recent academic publication in the Journal of European Public Policy as a **new indirect instrument of EU industrial policy, aiming to enhance economic development and competitiveness**, thereby ensuring alignment with the Single Market principles.⁵⁵ The industrial policy functions are designed to support technological innovation, broker pan-European innovation networks, enact economic re-regulation, and protect the single market from unfair competition.

However, potential challenges of implementing the measures in coherence with the Single Market principles do exist. In order to ensure competitive markets within the Single Market, measures should be accessible to companies in other EU Member States to promote fair competition, and support integration and cooperation. Ultimately, a coherent approach in the NRRPs that aligns with Single Market principles safeguards equitable opportunities for businesses across the EU, contributing to a balanced and resilient recovery.

In general, **the SME-related measures included in the four NRRPs of the selected countries do, in theory, allow for the participation of foreign businesses**. However, no clear example or case of this occurring could be identified. This has been echoed by consulted stakeholders in all four countries, in the sense that, **while they are open to foreign businesses to apply for the (investment) measures in their country, none of them had any experience in it occurring**. To facilitate access, information for Finnish and Portuguese measures had been made available in English next to their national languages, however in Greece, the flagship digitalisation measure only provides information in Greek making it more difficult for foreign companies to access it.

Furthermore, according to literature and consulted stakeholders, the prioritisation by some countries of certain sectors can provide more substantial support and opportunities for SMEs in those areas compared to their competitors in neighbouring Member States. Conversely, SMEs in other Member States with different national emphases may not receive equal access to RRP opportunities. **While these discrepancies can create an unlevel playing field and have negative effects on equal competition, particularly on internationalised SMEs, we did not find any particular cases where this has been an issue**

EU added value

Would the investment measures and reforms still have been implemented in the absence of the RRF?

Summary

- Stakeholders across the four Member States generally agree that investment measures and some reform measures implemented under the RRF and NRRPs in the selected countries would not have been executed without the existence of the RRF.
- The RRF's dedicated funding source motivated countries to address immediate recovery needs while driving long-term challenges like digitalisation, the green transition and innovation, as exemplified by Portugal's digital transformation measures with broader scope and impact due to the RRF.

⁵⁵ Donato Di Carlo & Luuk Schmitz (2023) Europe first? The rise of EU industrial policy promoting and protecting the single market, Journal of European Public Policy, 30:10, 2063-2096

In general, there seems to be a consensus across the consulted stakeholder **that the investment measures, and to an extent, the reform measures, implemented under the RRF and the NRRPs of the selected countries would not have been implemented if it had not existed.**

Reflecting on the EU value added during the roundtable discussion with representatives of all four countries involved in the implementation of the SME-measures, provided with a general acknowledgement on the EU's substantial contribution to the smart and sustainable growth prospect of the countries in question. This **positive contribution stems from the need to align these measures with the facility's particular requirements and objectives, notably in the realms of climate and digital targets.** The tailoring of measures to meet these criteria introduces a distinct dimension even to pre-existing measures without completely introducing novel schemes. This strategic alignment upholds the facility's objectives while also preserving the continuity of pre-existing national plans and programmes. Consequently, the **EU's added value is evident through augmented financial support, targeted characteristics, and a focus on the intended beneficiaries,** in this case: SMEs.

Therefore, we find that the **investment measures and reforms implemented under the RRF may not have been carried out to the same extent or with the same level of urgency in the absence of the facility.** The RRF provides a dedicated source of funding to support recovery and resilience efforts, particularly in the aftermath of significant challenges like the COVID-19 pandemic. The availability of these funds incentivised the analysed countries to implement measures that address immediate recovery needs while also advancing long-term structural changes, such as digitalisation, green transition, and improvements in various sectors. To give an example, a stakeholder involved in the implementation of the Portuguese RRP argued that the digital transformation measures implemented in Portugal would have not existed without the RRF, or at least, have a much narrower scope, budget, and reach.

Annex 1 Country specific analysis

A1.1 Greece

SME-related key strengths and challenges:

Key strengths

- **Start-up and scale-up environment:** has seen substantial enhancement driven by heightened entrepreneurial activity, greater access to equity funds, and increased public support, with an anticipated new legal framework poised to streamline procedures for spin-off company establishment and operation.
- **Participation in public tenders:** Greek SMEs exhibit an above-average engagement in public tenders, both in terms of participation and the share of bids, further supported by the adoption of a new public procurement law in March 2021, complemented by a 2021-2025 national strategy with potential benefits for SMEs.
- **Access to public administration** is found to be improved for Greek SMEs which is attributed to recent digitalization initiatives in the public sector, alongside the implementation of laws designed to streamline the business environment.

Key challenges:

- **Administrative burden:** a notable 85% of Greek businesses encounter complexity in administrative procedures, and a parallel 87% of companies express difficulty in navigating swiftly evolving legislation. These figures surpass the EU average by a considerable margin.
- **Digitalisation of SMEs** is still below average (according to DESI 2022) with 39% of SMEs vs 55% in the EU having at least a basic level of digital intensity and 17% vs the EU average of 34% using cloud.
- **Access to finance** remains difficult for many companies. The percentage of SMEs whose banks loan's applications were refused or rejected increased in 2020 to 12%, compared to 11.4% in 2019.

Source: EC SME performance monitor 2021, available at: https://neighbourhood-enlargement.ec.europa.eu/enlargement-policy/policy-highlights/sme-performance-review_en.

In 2021, SMEs in Greece achieved strong growth in value added of 20.5%, which came after a strong decline of 14.9% in 2020. However, employment in SMEs continued to decline in 2021. Additionally, the proximity, social economy and civil security ecosystem declined in SME employment in both 2020 and 2021. The start-up and scale-up environment has significantly improved due to the increased entrepreneurial activity, the availability of equity funds and public support schemes. This combined with a new legal framework should simplify existing procedures regarding the establishment and operation of spin-off companies.

In terms of innovation, Greece increased its innovation performance by about 25% between 2014 and 2021. Although the sales of new-to-market innovations is much higher than the EU average, the online service and purchasing as well as the turnover from e-commerce is lower than the EU average.

However, Greek SMEs also face some challenges. Despite progress made by businesses in terms of digitalisation, the overall performance remains very low compared to the EU average in many aspects (e.g., cloud services and web presence). Lastly, only a small share of SMEs have taken measures against climate change and are using environmentally friendly technologies.⁵⁶

⁵⁶ EC, SME Performance review 2022/2023 – Greece country sheet: <https://ec.europa.eu/docsroom/documents/54968>

SME measures included within the NRRP

We have identified nine measures included in the Greek RRP that are (partially) relevant to SMEs (see Annex 2). By providing liquidity and alternative sources of **financing**, as well as **incentives for digitalisation and innovation**, the Greek RRP aims to support the growth and development of SMEs through access to finance and the uptake of digital technologies.

For example, by providing funding and tax incentives for digitalisation and innovation through the 'Digital transformation of SMEs' investment measure, the plan aims to help SMEs expand their digital presence and increase their competitiveness. This will also help to reduce the digital gap between Greek SMEs and those of the European average, which is a key policy recommendation for Greece. Similar, the reform 'Super-deduction of expenses on green economy, energy and digital transition' provides SMEs with a super-deduction for tax purposes of expenses for green economy and digitisation investments.

Another aspect the Greek RRP addresses is the **administrative burden**. Reform measures such as "Actions for the simplification of the business environment and its upgrading in quality and safety" and "Ease of doing business" target national administrative procedures to simplify administrative procedures for businesses such as obtaining credit or construction permits.

Finally, while only partially relevant to SMEs and therefore not included in Annex 2, the Greek RRP also has several measures for **up- and reskilling**. These in particular address sectors such as tourism and the creative and cultural sector, which traditionally consist of many SMEs. Investment measures such as "Reskilling and upskilling in Tourism" and "Skill building for creative and cultural professionals" consists of training programmes to enhance, amongst others, the digital, green and financial literacy skills of professionals in key sectors.

Coherence of the SME measures with the (sub-)pillars in the SME Strategy for a sustainable and digital Europe

As mentioned in the Relevance section of Chapter 3, the **SME Strategy for a sustainable and digital Europe** highlights in its three pillars and ten sub-pillars specific areas of focus for SME policy. Looking at the relevance of the SME-related measures included in the Greek RRP to the (sub)pillars of the SME Strategy for a sustainable and digital Europe, we find that Greece successfully or partly addresses seven out of ten sub-pillars. An overview of the measures that are found to address all of the specified pillar so the EU SME Strategy can be found in the overview *Error! Reference source not found.*⁰. Under the second pillar, Reducing the regulatory burden and improving market access, we could not identify any SME measures targeting the enhancement and fairness of B2B relations (sub-pillar three). In particular, no measures are found to address the above-average delay of payments in Greece, which has been found to be one of the highest in the EU in 2017.⁵⁷ Under the third pillar of the SME Strategy on improving access to financing, two of the four sub-pillars are not addressed. These include the laying of groundwork for an SME IPO Fund and creating a more conducive and inclusive environment for access to finance. The latter pays particular attention to the inclusiveness of women when it comes to raising risk capital, elements which are found to be lacking in the proposed investment and reform measures for Greek SME-related measures.

Relevance of the SME measures to the individual country's challenges identified in the SME Country Fact Sheets of the SME Performance Review (SPR)

Next to the SME Strategy, the following section provide an assessment of the extent to which the SME-related measures in the selected countries' NRRP address the identified national challenges for SMEs in the 2021 and 2023 editions of the SME performance review. This assessment will provide us with a clear picture of the extent to which the NRRPs of the selected countries took into consideration the main SME challenges when drafting their NRRP, and to what extent the SME-related measures are still relevant to current challenges faced by SMEs in Greece.

⁵⁷ 2018 EU publication "A comparative analysis of legal measures vs. soft-law instruments for improving payment behaviour"

We find that three SME-measures included in the Greek RRP show considerable relevance in responding to the specific needs of SMEs and the emerging trends linked to digital transition, which has been identified as key challenge in Greece by both 2021 and 2023 editions of the SME Performance Review. For example,, the reform “Super-deduction of expenses on green economy, energy and digital transition” targets both digital and green elements by introducing tax deductions of qualifying SME expenses for green economy and digitisation investments. There are two other investment measures in the Greek RRP which supporting the digital transition of SMEs, namely the digital component of the RRP loan facility measure and the Digital transformation of SMEs measure. While the investment measure on digital transformation is successful in considering the different digitalisation needs of Greek SMEs by offering various support, such as funding for digital equipment, software, or technical assistance, it is described by consulted stakeholders to offer insufficiently large grants. The grant amounts of this particular measure are relatively low as perceived by SMEs, resulting in many SMEs not benefiting from the programme, according to consulted SME organisations.

Another key challenge identified in the 2021 SME Performance Review is the access to finance and the administrative burden for Greek SMEs. Three reform measures⁵⁸ were identified in the Greek RRP which target this challenge. All in all, these reforms aim at facilitating administrative procedures for investments, adopting and enabling standardisation across administrative business processes, and establishing a modern and reliable regulatory framework towards access to finance, thus also addressing the challenge identified in 2023 on the business environment. The latter, part of the reform measure “Ease of doing business” is particularly found to adhere well to the needs of SMEs in the country, which are found to still lack sufficient access to finance.⁵⁹ One investment measure, the RRP Loan Facility, is found to particularly address the challenge of SMEs in order to stimulate private investments and enhance competitiveness.

Table 12 provides an overview of the identified challenges in the 2021 and 2023 SME Performance Reviews. All in all, the identified SME-measures in the Greek RRP successfully address the challenges raised in 2021, and remain to be relevant in the challenges observed in 2023. Nevertheless, a consulted Greek SME organization contends that there is a prevailing emphasis on weightier projects like infrastructure endeavours, potentially overshadowing smaller-scale initiatives with direct benefits for SMEs. This trend on focussing on major investments might not adequately address the particular requirements of SMEs in their pursuit of sustainable transitions encompassing both green and digital domains. Consequently, it becomes imperative to ensure that the allocation of resources and attention is balanced, catering to the unique needs and aspirations of SMEs while fostering a sustainable and impactful transformation.

Table 13: Extent to which the SME-related measures included in the Greek RRP address identified challenges

Identified challenges	Addressed in the Greek RRP?
2021	
Digitalisation of SMEs	Yes
Administrative burden	Yes
Access to finance	Yes
2023	
Digitalisation of SMEs	Yes
Business environment	Yes

⁵⁸ These measures include: the Super–deduction of expenses on green economy, energy and digital transition, the Amendment of the legal framework for the attraction of strategic investment, and the Actions for the simplification of the business environment and its upgrading in quality and safety reform measures.

⁵⁹ EC SME Performance Review 2022 – Greece. [Link](#)

Low business dynamism	Partly
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Source: SME Performance Review - [link](#)

In-depth analysis of specific measures

In order to provide a have a better understanding of the functioning and implementation of the SME-related measures included in the Greek RRP, two measures are selected for further in-depth analysis. The two measures are selected for in-depth analysis due to their relevance for the CSRs for Greece, key challenges identified in the SME performance review of 2022 and their coverage of the main objectives of the RFF pillar Smart, sustainable and inclusive growth.

Table 14: Selected measures for in-depth analysis included in the Greek RRP targeting SMEs

Title	Size in EUR	Status	Description	Goals and targets
I. Digital Transformation of SMEs	475 million	1 out of 2 milestones fulfilled in Q1 2022	Launch of a voucher scheme for the Digital Transformation of Businesses, Industrial Data Platforms and Data Spaces, and Cash Registers and POS ecosystem upgrade.	100,000 SMEs supported with digitalisation voucher; 1,000 SMEs supported with the voucher scheme in their transition to cloud; 4 lighthouse Industrial Data Platforms and the Gaia X SME hub established, the upgrade of 500 000 cash registers and replacement of 100 000 POS systems.
R. Actions for the simplification of the business environment and its upgrading in quality and safety - ease of doing business	5 million	1 out of 2 milestones fulfilled	A set of reforms aiming to simplify procedures, ease administrative and regulatory burden on businesses while enhancing regulatory certainty and quality, which will facilitate firm entry, investment and job creation and transition.	Adopt a national strategy on quality infrastructure in Greece, and adopt necessary enabling regulation on standardization, metrology, accreditation and conformity assessment through necessary legislative acts

Investment measure: digital transformation of SMEs

Goal: To increase the uptake of digital technologies by businesses as well as reducing the digital gap between Greek SMEs and those of the European average.	Status: 1 out of 2 milestones fulfilled.
Targets: 100,000 SMEs supported with digitalisation voucher, 1,000 SMEs supported with the voucher scheme in their transition to cloud only; Upgrade of 500,000 cash registers and replacement of 100,000 POS systems.	
Milestone #1: Calls for proposals (Q1 2022)	Fulfilled
Milestone #2: Delivery of products and services (Q2 2025)	Not completed

Greece still faces challenges as it falls behind the EU average in several key areas such as innovation and digitalisation. The European Innovation Scoreboard 2023, classifies Greece as a "moderate innovator", and the 2022 DESI index ranks Greece 22nd when it comes to the integration of digital technologies by enterprises. In particular the Innovation Scoreboard highlights the need for further improvement and advancement in areas such as digitalisation efforts, financial support for businesses, firm investments, utilisation of information technologies, exports of high and medium-technology products, and the use of IT technologies to enhance

workers' skills. Greece's overall innovation performance in 2022 was 80.2% of the EU average and the country ranked 20th among the 27 Member States.⁶⁰

This measure targeting the digital transformation of Greek SMEs focused on fulfilling country-specific recommendations (CSR) (2019/2, 2020/3), which recommended "accelerating efforts to improve the country's digital performance through the deployment of digital tools and services across all economic sectors and in the public administration". This investment measure aims to adhere to this CSR by establishing digital infrastructure and facilitating the digital transformation of SMEs. This will be achieved by providing financial support for the adoption and implementation of digital tools and services, promoting digital innovation, and enhancing the digital maturity of SMEs. The investment component in this measure plays a vital role in providing the necessary capital to finance the adoption of digital technologies by SMEs. It also serves as a central mechanism to raise awareness among business executives, promoting productivity growth and the development of innovative business practices.

The measure is found to complement well with wider national and European objectives. On a national level, the measure is in line with Greece's Digital Transformation Strategy for 2020-2025, which strives to enable every Greek business to become digital.⁶¹ In this strategic plan, the Greek Ministry of Digital Governance has set out 7 key objectives. Vis-à-vis the investment measure for the digital transformation of SMEs included in the Greek RRP, the first (Safe, fast, and reliable access to the Internet for all) and fifth (Support and strengthening of digital innovation) objectives are particularly addressed. Furthermore, this objective aligns with the goal outlined in "Shaping Europe's digital future" to create a fair and competitive economy. This vision ensures that companies of all sizes and sectors can compete on an equal footing.⁶²

The investment measure includes two key milestones, one of which has been fulfilled in Q1 of 2022 and the other is set to be completed in Q2 of 2025. The first milestone involved the launch of competitive calls for proposals for funding targeting investments by SMEs towards technologies and services to foster digitalisation including, amongst others: e-payment, e-sales and e-invoicing applications, tools for digital advertising. The second milestone refers to the delivery of products and services. Instead of providing a quantitative target, the measure includes a qualitative indicator in the form of a report by the Ministry of Digital Governance attesting the full implementation of all subprojects which includes the above-stipulated targets. For audit and monitoring purposes this is questionable as the simple existence of this report could mark the milestone as complete even if the indicators have not all been met.

The visibility of the measure has been considered to be particularly successful. Online web campaigns and promotional videos⁶³ contributed to this high visibility of the measure. According to a consulted stakeholder, the popularity of the measure and the consequent flow of applications, however, also poses some challenges. While the digitalisation measure has been found to complement other national programmes well and target the specific digitalisation needs of Greek SMEs, a consulted stakeholder expressed that the available funding of the overall programme, as well as the size of the individual grants or vouchers provided, came short to providing sufficient recourses in allowing Greek SMEs to follow the 4th industrial revolution and make significant changes in their business processes.

Moreover, comparing the measure with the overarching Digital Transformation plan for 2020-2025 which is worth over EUR 6.4 billion and consists of 450 projects, it can be inferred that the overall measure does not encompass the entire needs of SMEs towards the digital transition.⁶⁴ Nevertheless, based on the target of reaching 100,000

⁶⁰ EC, European Innovation Scoreboard 2022 – Greece. [Link](#)

⁶¹ See: <https://digital-skills-jobs.europa.eu/en/actions/national-initiatives/national-strategies/greece-digital-transformation-strategy-2020-2025>.

⁶² See: https://commission.europa.eu/strategy-and-policy/priorities-2019-2024/europe-fit-digital-age/shaping-europes-digital-future_en.

⁶³ See, for instance: <https://www.youtube.com/watch?v=brErfV3lfD0>.

⁶⁴ Hellenic Republic Government (2023) Digital Transformation Bible 2020 – 2025. [Link](#)

SMEs in Greece, the measure could theoretically reach almost one in every seven SMEs in the country through the voucher system.⁶⁵

Reform measure: Actions for the simplification of the business environment and its upgrading in quality and safety

Goal: Improve the business environment for SMEs

Status: 1 out of 2 milestones fulfilled

Targets: Adopt a national strategy on quality infrastructure in Greece, and adopt necessary enabling regulation on standardisation, metrology, accreditation and conformity assessment through necessary legislative acts.

Milestone #1: Establishment of the quality policy and new regulatory framework for Quality infrastructure (Q2 2023) Delayed

Milestone #2: Improvement of business environment –licensing simplification and market surveillance (Q4 2025) Not completed

The reform measure "Actions for the simplification of the business environment and its upgrading in quality and safety" specifically focuses on improving the business environment for SMEs by simplifying administrative processes and enhancing the quality and safety standards. The objective of this reform measure is to reduce bureaucratic barriers and streamline administrative procedures, making it easier for SMEs to operate and thrive in Greece.

The reform is part of the NRRP's component on improving competitiveness and promote private investment and exports. Under this component, the Greek plan addresses various key challenges, such as the impact of the regulatory framework on the business environment in the country. Regulations are stated to be straining with a high number of procedures resulting in time-intensive processes and costs for businesses. Specific elements identified to be problematic areas include registering property, enforcing contracts and accessing credit and public administration inefficiencies.⁶⁶ Therefore, three reform and one investment measures are included in the Greek RRP to address these issues faced by enterprises. Of which, the reform on "Actions for the simplification of the business environment" specifically targets CSRs (3:2020) and (4:2020) on improving the effectiveness of the public administration in the country.

The reform includes two key milestones, one of which was fulfilled in Q2 of 2023 and the other set to be completed in Q4 of 2025. The total envisaged costs of the reform, including two related reforms and one investment⁶⁷ under this key pillar of the Greek RRP, are set at EUR 5 million and are fully covered by RRF.

While the current implementation of the reform is ongoing, a recent SME performance review by the EC stated that the access of SMEs to public administration is improving. The recent advancements in digitalisation within the public domain, coupled with the implementation of various reforms, have contributed to simplifying the framework for conducting business activities in Greece. These efforts have facilitated streamlined processes and

⁶⁵ 718,558 SMEs are reportedly active in Greece. OECD (2022) Financing SMEs and entrepreneurship 2022. [Link](#)

⁶⁶ See: https://greece20.gov.gr/wp-content/uploads/2021/07/NRRP_Greece_2_0_English.pdf.

⁶⁷ Reform 2: Incentivisation regime for productivity and extroversion of enterprises (increasing the size of enterprises) (ID: 16598), Milestones Q3/2021 and Q1/2022 [completed]; Reform 3: Ease of doing business (ID: 16591), Milestone Q2/2024; Investment 1: RRP Loan Facility (ID: 16980).

created a more efficient environment for businesses to operate.⁶⁸ This is confirmed by a consulted stakeholder in Greece who welcomed the measure as it is thought to be a complementary push towards simplifying business processes and eliminating bureaucratic hurdles. However, the extent to which this particular reform will affect this process is yet to be determined due to its implementation delay.

A1.2 Finland

SME-related key strengths and challenges:

Key strengths:

- **Digitalisation:** According to the 2022 Digital Society and Economy Index, Finland ranks first among the EU countries on the integration of digital technology by businesses. Over 80% of Finnish SMEs have at least a basic level of digital intensity, and their use of digital tools and services, such as e-commerce, has doubled over the last couple of years.
- **Innovation:** SMEs perform well above the EU average in the 2022 European Innovation Scoreboard as both product and business process innovators.
- **Green products and services:** Sustainability and the green transition are creating business opportunities. The proportion of Finnish SMEs offering green products or services (41%) was higher than the EU-27 average (31.6%) in 2021 (Flash Eurobarometer 498 of 2022).

Key challenges:

- **Administrative burden:** according to World Bank data, property registration in Finland is considerably longer than the EU average.
- A relatively **limited share of Finnish SMEs sell online cross-border** (7.7% versus the 8.7% average in the EU, according to the 2022 Digital Society and Economy Index), despite Finland being among the leaders in business digitalisation.
- **Regulatory burden:** while regulatory burden has been noted to have been reduced in the 2021 SME performance review, continuous efforts to implement the Think Small First principle are advised.

Source: EC SME performance monitor 2021, available at: https://neighbourhood-enlargement.ec.europa.eu/enlargement-policy/policy-highlights/sme-performance-review_en.

When it comes to innovation and digitalisation within enterprises, Finland is a leading country within the EU. . Roughly 88% of Finnish SMEs have at least a basic level of digital intensity and their use of digital tools and services, compared to the EU average of 60%. Finnish SMEs face however also some key challenges. This includes SME participation in online cross-border trade. While the value of the exports by SMEs has increased in 2021, exporting remains a challenge and Finnish SMEs engage in international trade below the OECD average. A limited share of Finnish SMEs sell online cross-border, even though Finland is among the leaders in business digitalisation.

SME measures included within the NRRP

The Finnish RRP includes various measures targeting SMEs with the goal of promoting their **internationalisation**, supporting the **data economy**, supporting **innovation** and the **green transition** through RDI funding as well as through a growth acceleration programme for SMEs (see Annex 2). These measures align with the European Commission's SME Strategy and the European Industrial Strategy.

The plan particularly aims to enhance the **international competitiveness** of Finland's strongest industries and cutting-edge expertise by reinforcing sector-specific export promotion programmes and ecosystems. Several

⁶⁸ https://single-market-economy.ec.europa.eu/smes/sme-strategy/sme-performance-review_en.

measures such as Virtual Finland, the growth acceleration programme and the key programmes for international growth partially or fully target internationalisation of companies, which had been identified as a weakness for Finnish SMEs.

The RRP also focuses on **sector-specific programmes** to address multiple challenges faced by SMEs. These programmes aim to enhance the competitiveness of Finnish enterprises in various areas, such as circular economy business models and the global digital service markets. The investment measure included in the RRP are particularly aimed at supporting the design, delivery, and coordination of joint ventures by export-oriented Finnish enterprises. The plan's actions are closely related to the reforms and investments outlined in the Sustainable Growth Programme for Finland, ensuring a coherent approach to promoting SME growth and employment.

Amongst others, the 'Growth accelerator programme' is part of the intervention field for SME business development and internationalisation and targets the low level of cross-border trade by Finnish SMEs. As part of the selection criteria for funding for this particular programme, significant emphasis is placed on projects that promote digitalisation.

Finally, while not directly SME specific and therefore not included in Annex 2, a reform of the Nordic labour market service model aims to overhaul the jobseeker service process to make it more individual. This model aims to bring a substantial increase in customised support offered to jobseekers thereby helping to address the skills shortage.

[Coherence of the SME measures with the \(sub-\)pillars in the SME Strategy for a sustainable and digital Europe](#)

As mentioned in the Relevance section of Chapter 3, the **SME Strategy for a sustainable and digital Europe** highlights in its three pillars and ten sub-pillars specific areas of focus for SME policy. **The Finnish RRP** does not seem to fully address all the key challenges identified in the 2021 and 2023 SPR faced by SMEs in the country. As can be seen in Table 10, the majority of the measures address other issues than the identified challenges.⁶⁹ The Finnish measures predominantly target supporting RDI and fostering the introduction of green technologies in SMEs. The latter is of course well in line with the wider EU SME strategy and therefore relevant as well. All in all, nearly EUR 295 million is allocated to support SMEs in the country with specific SME-measures (total size of Finnish RRP is EUR 1.8 billion).

[Relevance of the SME measures to the individual country's challenges identified in the SME Country Fact Sheets of the SME Performance Review \(SPR\)](#)

Next to the SME Strategy, the following section provide an assessment of the extent to which the SME-related measures in the selected countries' NRRP address the identified national challenges for SMEs in the 2021 and 2023 editions of the SME performance review. This assessment will provide us with a clear picture of the extent to which the NRRPs of the selected countries took into consideration the main SME challenges when drafting their NRRP, and to what extent the SME-related measures are still relevant to current challenges faced by SMEs in Finland.

In 2021, administrative and regulatory burdens were identified to be key challenges faced by SMEs in the country. The former, amongst others, includes the above EU average time it takes in Finland to register property and the number of procedures it takes to obtain a construction permit. While no specific SME-measures on these two identified challenges could be identified in the Finnish RRP, the World Bank data on which these indicators are based and used in the 2021 SME performance Review stem from 2019.⁷⁰ Since then, these indicators have not been updated to more recent data, thus impeding the assessment of their prevalence and subsequent relevance in 2023.

⁶⁹ More specifically, these include the measures: "Accelerating the data economy and digitalisation- Virtual Finland", "RDI funding package supporting the green transition - Accelerating key sectors and strengthening competence (Business Finland)", "RDI funding package supporting the green transition - Supporting innovative growth companies", and "Supporting sustainable and digital growth in the tourism sector".

⁷⁰ World Bank, Doing Business project data - Finland. [link](#)

The 2023 edition of the SME Performance Review identified that almost 75% of companies in Finland experience a shortage of skilled labour and 68% of companies indicated that this has limited their growth.⁷¹ In order to tackle this problem, the Finnish RRP includes, amongst other measures, the “Nordic Model of Employment Services” which aims to overhaul the jobseeker service process to make it more aligned with individual needs. However, while this measure is expected to have trickle-down effects across the Finnish economy⁷², no specific measure could be identified on how the measure could benefit SMEs in particular. Other measures included in the Finnish RRP target international simplification, which aims to streamline international recruitment processes by leveraging extensive digital solutions, and youth employment schemes to support the integration of the Finnish youth into the labour market.

Furthermore, a relatively low share of SMEs sell online across borders (7.7% VS. the 8.7% EU average⁷³). In order to overcome this challenge, two investment measures are being implemented to provide technical assistance towards accessing export markets and boost the internationalisation capabilities of SMEs.⁷⁴

Another key identified challenge is the low SME participation in public procurement, which is below the EU average. Finnish SMEs were behind 56% of all public procurement bids in 2021, compared to an EU average of 73%, suggesting that there are barriers preventing smaller firms in the country from effectively engaging in public procurement bidding. However, no reform measure could be identified in the Finnish RRP which addresses this challenge faced by SMEs.

Table 15: Extent to which the SME-related measures included in the Finnish RRP address identified challenges

Identified challenge	Addressed in the Finnish RRP?
2021	
Internationalisation of SMEs: cross border sales	Yes
Administrative hurdles (property registration & permits)	No
Regulatory burden (think small principle)	No
2023	
Shortage of skilled labour	Yes
Internationalisation of SMEs: cross border sales	Yes
Low SME participation in public procurement	No

Source: SME Performance Review - [link](#)

[In-depth analysis of specific measures](#)

Two investments were selected from the Finnish RRP for our in-depth analysis, one of which directly addresses the internationalisation challenge faced by Finnish SMEs, while the other focuses strengthening the innovation potential of companies in the green transition through RDI funding and thereby their international competitiveness.

⁷¹ Finnish Commerce Federation: [A comprehensive report from the service sectors: Half of all companies have difficulties with recruitment, the share of foreign labour is growing in a third of all companies](#)

⁷² For more information on measures supporting development and access to skills, see page 159 of the Finnish RRP: [Sustainable Growth Programme for Finland. Recovery and Resilience Plan.](#)

⁷³ Finnish SME country performance fiche:

⁷⁴ This includes the investments measures: “Growth acceleration programme for small enterprises” and “Growth acceleration programme for small enterprises”. More details for both measures can be found in Annex II.

Table 16: Selected measures for in-depth analysis included in the Finnish RRP targeting SMEs

Title	Size in EUR	Status	Description	Goals and targets
RDI funding package supporting the green transition	192 million	4 out of 4 milestones were completed in Q2 of 2022; 4 targets for 2023 and 4 for 2025 are outstanding	The RDI (Research, Development, and Innovation) funding package supporting the green transition aims to promote sustainable and environmentally friendly practices in various sectors of the economy.	At least 5 grants to leading companies; at least 25 grants for research projects; at least 10 grants for RDI projects; at least 25 grants for support to innovative growth companies
Growth acceleration programme for small enterprises	10 million	1 out of 3 milestones and targets completed in Q2 of 2022	The purpose of the growth accelerator programme for small enterprises is to boost the internationalisation capabilities of small businesses at the national level in order to address changes in the operating environment caused by the coronavirus crisis.	Support at least 240 projects

Investment measure: RDI funding package supporting the green transition

Goal: The measure aims to promote sustainable and environmentally friendly practices in various sectors of the economy

Status: 1 out of 1 milestones completed (launch of call for proposals); 2 targets outstanding

Targets: T1 (Q4 2023) - Award by Business Finland of grants for 10 RDI projects aiming at increasing competences in key sectors; T2 (Q4 2025) – 90% share of completed RDI projects in key sectors awarded by Business Finland.

Milestone #1: Publication by Business Finland of a call for applications for RDI projects aiming at increasing competencies in key sectors (Q2 2022)

Completed (not assessed)

The RDI (Research, Development, and Innovation) funding package includes financial support and incentives for RDI projects that contribute to the green transition. The funding package is administered by Business Finland (EUR 147 mln.) and the Academy of Finland (EUR 45 mln.), however the part administered by the Academy of Finland is not relevant for SMEs. In fact, the overall RDI funding package consists of four main investment measures:

- ▶ Of which, EUR 100 million is allocated for the "leading company funding" scheme, which was initiated in 2020.
- ▶ In addition to the leading companies' projects, an extra EUR 27 million of RRP funds will be allocated to companies and research organisations contributing to the ecosystems of these leading companies.
- ▶ The remaining EUR 20 million of Business Finland's funding will be directed towards RDI projects in SMEs that seek growth through exports. This strategic distribution of funds aims to support both established industry leaders and emerging SMEs, fostering innovation, sustainability, and international competitiveness within Finland's business landscape.
- ▶ Lastly, the Academy of Finland is directing its funding for green transition projects that simultaneously advance climate and digital transformation.

The following sections will focus on the RDI measure which aims to support SMEs that seek growth through exports which Business Finland administers.

The contribution of SMEs to Finland's export sector is currently limited, engaging in international trade below the OECD average⁷⁵. Therefore, the Finnish RRP argues that enhancing this contribution through RDI funding would have a positive impact on the sustainability of the national economy. For SMEs to effectively participate in the green and digital transition, it is essential for them to develop new capabilities. This thus can be achieved through engaging in RDI activities. By investing in RDI, the programme argues that SMEs can acquire the necessary skills and knowledge to adapt to changing market demands, embrace sustainable practices, and capitalise on digital technologies. In addition, Finland organised a Growth Forum focused on research, development and innovation in 2020, which identified RDI funding for companies and investment in RDI as a key area of intervention.⁷⁶

A key element for the successful implementation of the investment measure is the support of Business Finland, the country's government agency for trade and investment promotion, innovation funding, travel promotion and talent attraction. The organisation is responsible for the assessment of the funding applications and for defining the funding instruments. The funding options available from Business Finland include grants and loans.

Grants can be provided for critical research activities that generate new information in the relevant sector and lay the foundation for later development, without necessarily resulting in a finished product or service. On the other hand, loans are intended for development and piloting projects. The loan period typically lasts for seven or ten years, with a grace period of three or five years, allowing the company to pay off the loan in instalments. In case a project fails or its results cannot be utilised in business operations, part of the loan may remain uncollected. Overall, the mixed-use of grants and loans allows SMEs to choose the funding option that best aligns with their specific needs and financial situation

Moreover, by providing a mix of loans and grants, Business Finland can cater to a wider range of SMEs. Some businesses may not qualify for traditional loans due to credit history or collateral limitations, but they could still benefit from grant-based support to boost their competitiveness. This aspect is well integrated into the measure, as the granting of funding requires that the project would not be feasible without funding from Business Finland or that it would progress significantly slower or on a smaller scale without it, ensuring its added value in supporting Finnish SMEs who face difficulty in accessing finance options. According to consulted stakeholders, over 60% of all companies that were awarded funding via Business Finland for this measure were SMEs, indicating the importance of providing financial support to SMEs in realising RDI for internationalising their activities.

The RDI funding measures included in the Finnish RRP are found to complement well the National Roadmap for Research, Development and Innovation. This roadmap was adopted in 2020 by the Finnish Government to develop the RDI operating environment.⁷⁷ This complementarity rests primarily on two aspects. First, while the National Roadmap provides a long-term vision and direction for Finland's RDI efforts, the RRP focuses on short to medium-term initiatives to address the challenges posed by the post-pandemic recovery. The alignment between the two ensures that the country's short-term recovery measures are in line with its long-term innovation objectives. Secondly, the Finnish RRP successfully leverages EU funding from the RFF to implement RDI-targeted measures to accelerate innovation and development in priority areas outlined in the roadmap, such as green technologies, digitalisation and the internalisation of Finnish businesses (with a particular focus on SMEs).

Investment measure: Growth accelerator programme for small enterprises

⁷⁵ See: https://single-market-economy.ec.europa.eu/smes/sme-strategy/sme-performance-review_en.

⁷⁶ See: <https://valtioneuvosto.fi/en/-/1410877/investments-in-rdi-activities-green-transition-and-digitalisation-in-the-focus-of-finland-s-sustainable-growth-programme>.

⁷⁷ See: <https://okm.fi/en/rdi-roadmap>.

Goal: The growth accelerator programme for small enterprises aims to enhance the internationalisation of SMEs on a national scale and aims to improve the country's SME position in international trade.

Status: 1 out of 2 milestones completed, 1 target outstanding

Target: Completion of 240 supported projects for companies' internationalisation capabilities.

Milestone #1: Publication of the first call for applications (Q2 2022)

Completed (not assessed)

Milestone #2: Notification of the award of all grants (Q4 2024)

Not completed

The growth accelerator programme for small enterprises aims to enhance the internationalisation capabilities of SMEs on a national scale and aims to improve the country's SME position in international trade. Its primary objective is to enable SMEs to adapt to the evolving business landscape resulting from the impact of the COVID-19 pandemic and to seize emerging business opportunities. At the core of the programme's objectives lies the drive to invest in small enterprises' potential for growth and internationalisation. These additional investments play a pivotal role in amplifying the programme's effectiveness and its positive impact on the nation's economic ecosystem.

The government's commitment to bolstering this initiative is evident through its inclusion in the wider exports and international growth programme outlined in the Government Programme of 2021, showcasing its significance and aligning it with the nation's broader economic agenda. It aligns with the government's commitment to supporting SMEs in expanding their presence in international markets and facilitating their growth on a global scale. Such existing programmes include the Finnish Export Credit Agency (ECA), which aims to provide SMEs with improved access to financing and fill financial gaps for SMEs looking to engage in international trade.⁷⁸ To this end, the recently completed milestone consisted of a first call for applications to support SMEs internationalisation capabilities. The aim is to have supported at least 240 SMEs by Q2 of 2026.

One of the cornerstones of the programme's implementation is the involvement of the Centres for Economic Development, Transport, and the Environment⁷⁹. They play a pivotal role in facilitating funding for projects aimed at improving SMEs' internationalisation potential. The funds are awarded through business development aid, which enables the execution of critical projects that align with the programme's objectives. The funding process is structured through national application rounds, with criteria for selecting projects in overarching principles of digitalisation, green transition, and research and development activities.

Another key aspect of the Growth Accelerator Programme is its focus on leveraging digital technologies and practices in the business operations of small enterprises. As the world becomes increasingly interconnected and reliant on technology, the programme aims to equip SMEs with the necessary tools and knowledge to thrive in the digital age. By promoting digitalisation, the programme envisions that SMEs will be better equipped to navigate international markets, reach wider audiences, and optimise their operational efficiency, thereby enhancing their competitiveness and growth potential.

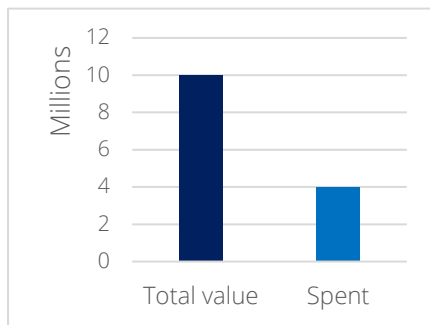
The investment measure is estimated to cost EUR 10 million and knows 1 target and 2 milestones, of which one has been completed in Q2 of 2022. One key success factor for the implementation of the measure stated in the Finnish RRP is that this measure will allow for additional investments in the existing national accelerator

⁷⁸ For more information on FINNVERA, the Finnish Export Credit Agency, see: <https://www.finnvera.fi/eng/export-and-internationalisation/finnvera-as-an-export-finance-provider>

⁷⁹ Finland's 15 Centres for Economic Development, Transport and the Environment (ELY Centres) are responsible for the regional implementation and development tasks of the central government. See here: <https://www.ely-keskus.fi/web/ely-en>.

programme run by the Centres for Economic Development, Transport and the Environment, allowing its activities to be reinforced.⁸⁰

Figure 8: Growth accelerator for SME



The programme has successfully backed 120 projects with an average grant of approximately EUR 37,000 per project. A noteworthy aspect of the programme's success is the substantial contribution of private funding, covering approximately half of the project costs, according to consulted stakeholders. Moreover, to optimise efficiency and reduce administrative burden, the programme strategically employed a ready-made form of support and embraced an electronic process. According to consulted stakeholders involved in the implementation, these measures streamlined the application and approval processes,

facilitating quicker and more effective project execution. By embracing technology and reducing bureaucratic complexities, the programme managed to channel resources more efficiently, ensuring that funds are directed towards driving tangible outcomes and results.

⁸⁰For more information, see:
https://julkaisut.valtioneuvosto.fi/bitstream/handle/10024/163363/VN_2021_69.pdf?sequence=1&isAllowed=y.

A1.3 Ireland

SME-related key strengths and challenges:

Key strengths

- **Regulatory environment:** According to rankings provided by IMD and the World Bank, Ireland holds a position in the top 20% concerning its business regulatory environment. The government is actively pursuing additional measures to enhance this environment.
- **The Scientific infrastructure** in Ireland is highly advantageous for its SMEs, providing a conducive environment for innovation. According to the IMD World Competitiveness Ranking 2021, Ireland ranks among the top 25% out of the 64 countries surveyed.
- **Skilled workforce:** To enhance the availability of skills in the country, the government has taken significant measures, which include the establishment of a ministerial-level SME and Entrepreneurship Implementation Group. This group works towards providing support and guidance to SMEs.

Key challenges:

- **Low levels of productivity:** The productivity of Irish SMEs has experienced a decline over the past decade and lags behind the EU average in various domestic sectors, including construction, retail, and accommodation and food services.
- **Low levels of internationalisation:** Internationalisation levels of SMEs are considerably lower than the EU average. Only about 6% of Irish SMEs are directly trading across borders.
- **Late payments and access to financial support:** Irish SMEs faced in 2021 significant challenges related to cash flow irregularities, stemming from issues such as delayed payments and obstacles in securing financial assistance.

Source: EC SME performance monitor 2021, available at: https://neighbourhood-enlargement.ec.europa.eu/enlargement-policy/policy-highlights/sme-performance-review_en.

SMEs play an important role in the Irish economy. Over 1.1 million people employed in Ireland work in SMEs. As outlined above, the strengths of Irish SMEs lie in the country's conducive regulatory environment for business. Additionally, Irish SMEs benefit from a good scientific infrastructure and high number of R&D personnel as well as access to a skilled workforce, capable of nurturing innovation. Government support is ensured through the ministerial-level SME and Entrepreneurship Implementation Group, complemented by an SME Portal to take forward its recommendations and streamline access to assistance. Similarly, the Irish government launched a website allowing SMEs to get an estimate of their carbon footprint and a personalised action plan to reduce it.

Irish SMEs encounter a range of challenges affecting their overall performance. Productivity levels have dwindled over the last decade, particularly in key domestic sectors like construction, retail, and accommodation and food services, placing them below the EU average. Additionally, the internationalization efforts of Irish SMEs fall significantly short, with only about 6% actively engaging in cross-border trade, lagging behind the broader EU landscape.

Furthermore, the landscape of late payments and limited access to financial support presents a substantial hurdle for Irish SMEs. In 2021, these cash flow irregularities posed considerable challenges, with delayed payments and obstacles in securing financial assistance impacting the financial health of these businesses. On regulatory environment, the business environment is found to be unsatisfactory in the enforcement of contracts with a particular issue being that of late payments between businesses. Additionally, the enterprise birth rate has generally been significantly lower compared to other European countries.

According to the European Investment Fund's index on SME access to finance Ireland also underperforms, especially when it comes to obtaining bank loans. Less than 6% of firms utilise lending initiatives, and a recent survey revealed that nearly two-thirds of Irish SMEs face difficulties in accessing credit. Although there has been a slight increase in new lending to SMEs in 2021 compared to 2020, it still remains 25% lower than the levels observed in 2019. To address this issue, the government has implemented several risk-sharing state guarantee schemes. These schemes, collectively endowed with approximately 3 billion EUR, have provided support to nearly 9,000 companies as of mid-2021. Their aim is to alleviate the challenges faced by SMEs in accessing financial resources.

[SME measures included within the NRRP](#)

The Irish RRP includes three measures that are relevant for SMEs in the country (see Annex 2). The measure "Accelerate Decarbonisation of the Enterprise Sector" is based on two pre-existing funds and is highly relevant for SMEs as it aims to support the decarbonisation of enterprises, both foreign and domestic-owned. This measure is designed to incentivise the installation of Energy Metering and Monitoring Control Systems and increase the uptake of carbon-neutral low/medium temperature heating in the manufacturing industry. Through this measure, SMEs can reduce their carbon footprint and contribute to Ireland's overall decarbonisation efforts.

The reform measure targeting the reduction of regulatory barriers to entrepreneurship aims to remove any unnecessary regulatory obstacles for SMEs when it comes to starting, establishing, and growing their business. One of the key measures involves the implementation of the "SME Test," which consists of four steps for policymakers to consider: 1) SME stakeholder consultation; 2) identification of affected businesses; 3) measurement of the impact on SMEs; and 4) assessment of alternative mechanisms and mitigating measures. The SME test is designed to help policymakers identify and remove any regulatory barriers that may be hindering SMEs from starting, establishing, or growing their business.

In addition to the SME test and the decarbonisation of enterprises, the Irish RRP includes a measure to support SMEs through investments in digitalisation and innovation, which can help SMEs adapt to changing market conditions and improve their competitiveness.

[Coherence of the SME measures with the \(sub-\)pillars in the SME Strategy for a sustainable and digital Europe](#)

As mentioned in the Relevance section of Chapter 3, the **SME Strategy for a sustainable and digital Europe** highlights in its three pillars and ten sub-pillars specific areas of focus for SME policy. For Ireland, as illustrated in Annex 2, there are only three SME-related measures identified in the Irish RRP. These translate naturally into a low coverage of the SME Strategy sub-pillars as each measure has a particular scope, as illustrated in Table 10. The investment measure "Programme to drive the digital transformation of enterprise in Ireland" helps SMEs adapt to changing market conditions and improve their competitiveness, while the investment measure to "Accelerate Decarbonisation of the Enterprise Sector" aims to build capacities for the green transition, covering two of the three sub-pillars on capacity building and support for the green and digital transition. A noteworthy difference between the other selected countries in addressing these (sub)pillars, is the successful completion of the reform measure on performing an SME test across different Irish Governmental Bodies which constitutes to a good coverage of the sub-pillar on lifting the barriers through partnership and policy experimentation.

[Relevance of the SME measures to the individual country's challenges identified in the SME Country Fact Sheets of the SME Performance Review \(SPR\)](#)

Next to the SME Strategy, the following section provides an assessment of the extent to which the SME-related measures in the selected countries' NRRP address the identified national challenges for SMEs in the 2021 and 2023 editions of the SME performance review. This assessment will provide us with a clear picture of the extent to which the NRRPs of the selected countries took into consideration the main SME challenges when drafting their NRRP, and to what extent the SME-related measures are still relevant to current challenges faced by SMEs in Ireland.

In terms of the key challenges identified in the SME performance review in 2021 and 2023, the Irish RRP falls short in addressing most of these challenges faced by SMEs in the country. SMEs in Ireland were found in 2021 to face

difficulties with low levels of internalisation and productivity, and late payments. The latter is still found to be a considerable challenge in 2023 and is considered to be a potential area of improvement which could be addressed in the future via the Irish measure on introducing the SME test (discussed in more detail in Annex A1.3), but no indication can be found on any business-to-business regulation in this regard. In terms of the 2021 challenge regarding low levels of internalisation, the digitalisation investment measure partly targets improving access to foreign markets via digitalisation schemes. Furthermore, the measure also targets the digital skills of SME employees, thus partly addressing the challenge of finding skilled workers, as identified in the 2023 SME Performance Review.

Table 17: Extent to which the SME-related measures included in the Irish RRP address identified challenges

Identified challenge	Addressed in the Irish RRP?
2021	
SME internationalisation	Partly
SME productivity	Partly
Late payments and access to financial support	No
2023	
Skills shortage	Partly
Access to finance	No
Late payments between businesses	No

Source: SME Performance Review - [link](#)

In-depth analysis of specific measures

One investment and one reform were selected from the Irish RRP for our in-depth analysis, one of addresses the digitalisation transition, deemed imperative in the EU SME Strategy, while the other focuses on improving the regulatory framework by introducing the SME Test as foreseen in the EU Small Business Act.

Table 18: Selected measures for in-depth analysis included in the Irish RRP targeting SMEs

Title	Size in EUR	Status	Description	Goals and targets
Programme to drive the digital transformation of enterprise in Ireland	85 million	1 out of 2 milestones and targets completed in Q2 2022	Digital Transition Fund will drive transformative digitalisation of enterprise in Ireland, particularly amongst SMEs. The programme will help companies at all stages of their digitalisation journey.	At least 720 companies shall have received funding through the implementation of the measure
Reducing Regulatory Barriers To Entrepreneurship	N/A	1 out of 1 target completed	The reform consists of the design, implementation, and verification of the application of the SME test.	Uptake of the SME Test across Government, including the establishment of a network and reporting framework

Investment measure: Programme to drive the digital transformation of enterprise in Ireland

Goal: The programme aim is to drive digitalisation in all sectors and enterprises, fostering a supportive ecosystem.

Status: 1 out of 2 milestones completed and 1 target outstanding

Targets: T1 (Q2 2026) At least 720 companies shall have received funding through the implementation of the Digitalisation Programmes to maximise the potential of digitalisation and generate lasting, positive impacts on the economy and society.

Milestone #1: Launch of calls for proposals (Q2 2022)

Completed (not assessed)

Milestone #2: European Digital Innovation Hubs established (Q3 2022)

Not completed

The purpose of this programme is to drive digitalisation in all sectors and to foster a supportive ecosystem for enterprises. The investment follows Ireland's SME and Entrepreneurship Growth Plan, the EU Commission's SME Strategy for a Sustainable and Digital Europe, and Ireland's Remote Working Strategy. In particular, the programme aims to provide assistance to companies at various stages of their digital journey. It supports businesses in their transition from establishing an online presence to the digitalisation of their products and operations. Furthermore, it aims to enable companies to leverage digital technologies to explore new markets and develop innovative business models.⁸¹ By supporting the digital transformation of companies, the programme aims to promote the widespread adoption and integration of digital technologies, including innovation and clustering, through European Digital Innovation Hubs (EDIHs).

By equipping SMEs with digital technologies, the programme aims to improve productivity, competitiveness, and innovation.⁸² This approach could support SMEs in the country to be more productive and engage more in international trade, two key challenges identified inhibiting the growth potential of SMEs in Ireland.⁸³

The comprehensive nature of the programme is evident in its multifaceted approach. It focuses on providing tailored support to businesses at various stages of their digital journey. From helping companies establish an online presence to facilitating the deployment of cutting-edge technologies like AI, cloud computing, and big data, the programme covers a wide spectrum of digitalisation needs. This approach acknowledges the diverse requirements and challenges faced by enterprises and ensures that support is accessible to all.

The engagement of Enterprise Ireland and Údarás na Gaeltachta⁸⁴ in administering the grant support ensures that companies receive guidance from experienced professionals with a deep understanding of business needs and challenges. This collaboration will undoubtedly facilitate the efficient and effective utilisation of the allocated funds. The launch of calls for proposals has been completed in the second quarter of 2022 and targets to support at least 720 companies via direct funding for digitalisation projects.

The fund provides various grant offers, ranging from consultancy services to implementing digital strategies to support for research and development of digitised products and processes. Companies can receive funding of up to €5,000 for consultancy services and up to €150,000 for projects focused on digital innovation. The grants aim to improve digital capabilities, enhance productivity, and foster innovation, with different support levels based on the size and nature of the projects.

⁸¹ See: <https://www.enterprise-ireland.com/en/funding-supports/Digital-Transition-Fund/>.

⁸² See: <https://www.gov.ie/en/publication/2164c-the-national-recovery-and-resilience-plan/>.

⁸³ See: <https://ec.europa.eu/docsroom/documents/5069>.

⁸⁴ Údarás na Gaeltachta is the regional authority responsible for the economic, social and cultural development of the Gaeltacht, i.e. the regions that predominantly speak Irish.

Reform measure: barriers to entrepreneurship

Goal: To identify and revise national regulation to eliminate barriers to entrepreneurship by introducing the SME Test.

Status: 2 out of 2 milestones completed, target completed but not assessed.

Targets: T1 (Q1 2023) - At least 5 additional Government Departments have applied the SME Test at least once in 2022 as compared to no Government Department having applied the SME Test at least once in 2020. This shall be evidenced by the data on the application of the SME Test published on a dedicated centralised website.

Milestone #1: Publication of a programme for the implementation of the SME Test and communication to all Government departments (Q1 2022) Completed

Milestone #2: Implementation of all identified actions to ensure a consistent uptake of the SME Test across Government (Q2 2022) Completed

As part of the Small Business Act mandated by the European Commission, each Member State is required to develop and implement its own SME Test. The SME Test is a tool to assess the impact of new regulations and legislation on SMEs. It was introduced in 2009 as part of the European Commission's Better Regulation guidelines. The purpose of the SME Test is to ensure that new regulations and legislation are designed in a way that minimises the burden on SMEs, while still achieving their intended goals. This reform measure will therefore focus on the implementation of the "SME test" to effectively address and remove such obstacles.

The reform initiative entails the development, execution, and evaluation of the SME test application. The SME test will involve four key steps for policymakers to consider:

1. Identification of the policy objective: The first step is to identify the policy objective of the proposed regulation or legislation. This involves determining what problem the regulation or legislation is intended to solve, and what outcomes it is expected to achieve.
2. Identification of affected businesses: The second step is to identify the businesses that will be affected by the regulation or legislation. This involves taking into account the size of the business, the sector it operates in, and the nature of the regulation or legislation.
3. Assessment of impact: The third step is to assess the impact of the regulation or legislation on SMEs. This involves considering the costs and benefits of the regulation or legislation, and identifying any potential barriers to compliance.
4. Mitigation of impact: The final step is to identify ways to mitigate the impact of the regulation or legislation on SMEs. This may involve simplifying the regulation or legislation, providing guidance and support to SMEs, or exempting certain types of businesses from the regulation or legislation.

As the test allows policymakers to gain insights into the regulatory environment's impact on SMEs, the reform is well-placed to address one of the key challenges identified by the EC SME performance review. Here, it was identified that SMEs in Ireland are vulnerable to contracts that are not enforced and late payments, a challenge that could be addressed through changes in the regulatory environment.⁸⁵ As 92% of Irish companies are SMEs employing less than 10 people, and a further 6.8% of businesses employ between 10 and 49 people, one-size-fits-all regulatory compliance requirements can place these firms at a disadvantage.⁸⁶ Therefore, this challenge is

⁸⁵ See: <https://ec.europa.eu/docsroom/documents/5069>.

⁸⁶ See: <https://enterprise.gov.ie/en/what-we-do/the-business-environment/better-regulation/sme-test/>.

suggested to require judicial redress to improve Ireland's business environment and ensure the growth and success of SMEs.

The reform and the SME test were completely introduced in the first quarter of 2022. Eight Irish departments in the Irish government successfully implemented the SME test in 2022.⁸⁷ This goes beyond the initial target set in the Irish RRP, which stated that at least five additional Government Departments should have applied the SME Test at least once.

A1.4 Portugal

SME-related key strengths and challenges:

Key strengths

- **Entrepreneurship:** Portugal stands out as one of the EU's most impressive performers in entrepreneurship, owing to the encouraging mindset of its population toward this endeavour. The country boasts a thriving entrepreneurial ecosystem, bolstered by a range of public initiatives, such as integrating entrepreneurship into the education curriculum and garnering substantial media coverage dedicated to promoting this field.
- **Green economy:** According to the 2021 Flash Eurobarometer 498 survey, there has been significant progress compared to the similar survey conducted in 2017 regarding the percentage of SMEs that currently offer or plan to provide green products or services within the next two years. This figure has risen from 39% to 48%, surpassing the corresponding EU average of 43%.

Key challenges:

- **Business environment:** Despite efforts to promote competition, certain structural barriers continue to hinder progress, particularly restrictions imposed by highly regulated professions and onerous licensing requirements.
- **SME digitalisation:** According to the Digital Economy and Society Index 2021, the level of basic digital skills among the population in Portugal remains at 52%, which is below the EU average of 56%. Additionally, the proportion of Portuguese SMEs with at least basic digital intensity is 51%, also falling short of the EU average of 60%.
- **Access to finance** remains difficult for many companies, particularly in terms of equity.

Source: EC SME performance monitor 2021, available at: https://neighbourhood-enlargement.ec.europa.eu/enlargement-policy/policy-highlights/sme-performance-review_en.

In terms of strengths, Portugal is one of the EU's strongest performers in terms of entrepreneurship benefitting from the positive attitude of its population towards this activity. A sign of this entrepreneurial ecosystem is the annual Web summit, taking place in Lisbon since 2016 (previously it took place in Ireland). This is one of the biggest start-up, entrepreneurship and technology events in the world, contributing to Portugal's visibility. Regarding the green transition, there have been serious improvement since 2017 in terms of the share of SMEs that already offer or intend to offer green products or services in the next two years. This has increases from 39% to 48%, being above the corresponding EU average of 43%. However, regarding innovation, Portugal is considered a moderate innovator with low scores on firm investments and on the share of SMEs introducing innovation. Despite improvements, public and business expenditures on R&D remains below the EU average.

As other countries, Portugal faces some key challenges. These challenges include the structural barriers that limit competition, in particular the restrictions due to the highly regulated professions and burdensome licensing

⁸⁷ See: <https://enterprise.gov.ie/en/publications/publication-files/departments-that-applied-the-sme-test-in-2022.pdf>

requirements. Additionally, the level of basic digital skills of the population remains with 52% below the EU average. The share of Portuguese SMEs with at least a basic digital intensity stands at 51%, also below the EU average. However, efforts continue to improve digital skills among SMEs and more than 20% of the RRP is allocated to the digital objectives. Lastly, the 2021 SME Performance review identifies access to finance to remain an issue for Portuguese SMEs, mainly in terms of equity and it aggravated the persistent challenge of late payments between businesses. Addressing SMEs' financial accessibility has been a central focus for the government. Efforts have been directed towards providing credit lines, such as through government initiatives like "SME Invest/Growth" and Capitalizar, dating back to 2008, to facilitate SMEs' access to credit. By 2020, approximately 245,247 projects were deemed eligible for these credit lines, resulting in a provision of EUR 21.6 billion to 106,238 SMEs, positively impacting about 1.3 million jobs.⁸⁸

In addition to credit, the government has taken steps to enhance the equity side, with the introduction of various venture capital funds and co-investment vehicles for business angels. As part of the SME-measures included in the Portuguese RRP, the creation of the Banco Português de Fomento (BPF) aims to fill the finance gap experienced by SMEs in the country in most notably green areas with an investment volume of over EUR 9 billion.

SME measures included within the NRRP

We have identified four measures relevant to SMEs in Portugal. These include three investment measures and one reform. The investments focus mainly on the digital transition of enterprises and on supporting innovation. These include the Digital Transformation of Enterprises measure, for which EUR 450 million is allocated and aims to support over 8500 SMEs to support their digitalisation investments. The investment measure, Catalyst for the Digital Transition of Enterprises, for which EUR 100 million is allocated, targets the digital skills of SME employees in areas such as digital invoicing. Next to digitalisation measures, the investment Mobilising Agendas focusses on fostering business innovation through the establishment and support of alliances of firms. The identified SME reform encompasses the creation of the Banco Português de Fomento (BPF) which aims to provide tailored financing solutions and address finance accessibility to foster economic development, enhance entrepreneurship, investment, and job creation.

Coherence of the SME measures with the (sub-)pillars in the SME Strategy for a sustainable and digital Europe

As mentioned in the Relevance section of Chapter 3, the **SME Strategy for a sustainable and digital Europe** highlights in its three pillars and ten sub-pillars specific areas of focus for SME policy. The SME-related measures included in the **Portuguese RRP** are found to be well in line with the EU SME strategy. The measures address to a great extent the lack of digitalisation of SMEs in the country through two investment measures⁸⁹ by offering funding for digitalisation projects, as can be seen in Table 10. One survey respondent positively noted the digitalisation measures offer elements not found in other programmes, successfully addressing the current active needs of SMEs in Portugal.

In terms of the green transition, the establishment of the Banco Português de Fomento (BPF) through the merger of financial entities geared toward capitalisation and investment support enables SMEs to invest in green projects. With a focus on tailored financing solutions, BPF's mission supports innovation, entrepreneurship, and investment, offering accessibility to financing for Portuguese SMEs. Furthermore, its role as a "Green Bank" empowers SMEs to secure funding for initiatives related to carbon neutrality and the circular economy, facilitating sustainable and environmentally conscious investments.

Relevance of the SME measures to the individual country's challenges identified in the SME Country Fact Sheets of the SME Performance Review (SPR)

Next to the SME Strategy, the following section provide an assessment of the extent to which the SME-related measures in the selected countries' NRRP address the identified national challenges for SMEs in the 2021 and 2023 editions of the SME performance review. This assessment will provide us with a clear picture of the extent

⁸⁸ OECD (2022) Financing SMEs and Entrepreneurs 2022 – An OECD Scoreboard: [link](#)

⁸⁹ Including the measures " Digital Transition of Enterprises" and " Catalyst for the Digital Transition of Enterprises"

to which the NRRPs of the selected countries took into consideration the main SME challenges when drafting their NRRP, and to what extent the SME-related measures are still relevant to current challenges faced by SMEs in Portugal.

In terms of the identified challenges in the SME performance review of 2021, the Portuguese RRP addresses all of the main challenges. Its emphasis on supporting SMEs in the digital transition is well-placed to improve their digital literacy, digital intensity, and online cross-border commerce. This is achieved through programs including internationalisation via e-commerce, coaching for digital transition, vouchers for green and digital product development, and support for technological advancement in start-up incubators and accelerators. Amongst others, with the reform measure on Mobilising Agenda the Portuguese RRP is successful in addressing challenges faced by SMEs in terms of reducing competition and structural barrier constraints. Lastly, the investment and accompanying reform measure on the creation of the Banco Português de Fomento is well placed to address the challenge faced by Portuguese SMEs in terms of accessing finance.

Similarly, the SME-measures in the Portuguese RRP is found to be well positioned to address the innovation and digitisation challenge, as put forward by the SME Performance Review in 2023. The former, is particularly addressed by the measure “Mobilising Agendas” which aims to foster business innovation through the creation and support of strategic business alliances. The latter, is addressed with the Portuguese measure on digital transformation of SMEs. However, no measures are identified that specifically targeting the 2023 challenge on B2B late payments. Moreover, consulted Portuguese stakeholders familiar with the implementation of the SME-relevant investment measures have noted problems in their design and experienced implementation delays. These challenges raise concerns about the feasibility of fully implementing these measures by 2026. To ensure successful implementation and realise the objectives of the digital transition, it is argued by consulted stakeholders to improve coordination among stakeholders.

Table 19: Extent to which the SME-related measures included in the Portuguese RRP address identified challenges

Identified challenge	Addressed in the Portuguese RRP?
2021	
SME Digitalisation	Yes
Business environment	Yes
Access to finance	Yes
2023	
Late payments	No
SME Digitalisation	Yes
SME Innovation	Yes

Source: SME Performance Review - [link](#)

In-depth analysis of specific measures

Considering Portugal’s challenge in regard to digitalisation and innovation, we decided to focus on two investment measures targeting both aspects. One aims to set up strategic partnerships around agendas or alliances for business innovation and the other provides a supportive ecosystem for the digitalisation of enterprises.

Table 20: Selected measures for in-depth analysis included in the Portuguese RRP targeting SMEs

Title	Size in EUR	Status	Description	Goals and targets
I. Mobilising Agendas/Alliances for Business Innovation	558 million	On track, one target out of two completed	It is intended to accelerate the structural transformation of the Portuguese economy, improving its specialisation profile, through the formation of solid and structural consortia that guarantee the development, diversification and specialisation of value chains, pursuing objective goals in terms of exports, skilled employment, investment in R&D.	Setting up of 6 innovation pacts or mobilising projects with consortia that in turn will support at least 60 projects.
I. Digital Transition of Enterprises	450 million	One target completed, one target delayed, five targets not completed.	This investment will contribute to the transformation of the business models of SMEs and their digitalisation, aiming at greater competitiveness and resilience through regional or sectorial digital commerce accelerators as well as a system of financial incentives to digitise business models of SMEs.	30,000 SMEs to be supported by setting up 25 local, regional or sectorial digital commerce accelerators

Investment measure: Mobilising Agendas/Alliances for Business Innovation

Goal: Promote the development, diversification and specialisation of Portuguese sectors through innovation pacts or mobilising projects.

Status: On track, one target out of two completed.

Targets: T1 (Q4 2022) - Conclusion of Contracts to develop new goods and services in relevant strategic areas (Innovation Agendas); T1 (Q4 2025) - Completion of the implementation of the 6 contracts (innovation pacts or mobilising projects). The contracts shall support a total of at least 60 projects.

No milestones

The investment measure under the fifth component of the Portuguese RRP, is part of five other reforms and seven other investment measures. Together, these measures aim at combatting a deindustrialisation movement felt in Portugal and enhancing a strong and knowledge-based industry for the economic recovery of the country after the pandemic. In particular this investment measures aims at providing funding and support to projects which promote the development, diversification and specialisation of national value chains, pursuing objective goals in terms of exports, skilled employment, and investment in R&D.

The programme is in line with two CSRs for Portugal including the recommendation of improving access to finance, in particular for SMEs, and fostering investments for recovery and improving the skills level of the population, making adult learning more relevant to the labour market needs and increasing the number of graduates, in particular in STEM areas. Two key agendas in the investment measure address these two CSRs, notably the agenda on contributing to changing the specialisation profile of the Portuguese economy and the agenda on increasing investments in R&D. The formers aims to encourage higher value-added and knowledge-intensive activities by making human resource training projects eligible for support while the latter has the objective to increase R&D investments to 3% of the Portuguese GDP by 2030 by funding projects in the RDI realm. Moreover, the EC SME performance review also indicated that access to finance to remain a significant challenge for Portuguese SMEs, mainly in terms of equity.⁹⁰ The measure includes special provisions stipulating that at least

⁹⁰ SME Performance Review 2021/2022 - Portugal country sheet: [link](#)

50% of all supported firms through the programme need to be SMEs, and 15% need to be non-SMEs in cooperation with SMEs.

The measure is set to cost EUR 558 million and knows two targets, one of which has been completed, and the other which is set to be completed in Q4 of 2025.

Investment measure: Digital Transition of Enterprises

Goal: To contribute to the transformation of the business models of Portuguese SMEs and their digitalisation, aiming at greater competitiveness and resilience. It includes the National Network of Test Beds, Digital Commerce (Coaching 4.0) and Entrepreneurship.

Status: One target completed, one targets delayed, five targets not completed.

Targets: T1 (Q3 2022) – 30 Test Beds selected for the National Test Beds Network; T2 (Q3 2023) – 540 National Test Beds Network pilot products developed; T3 (Q3 2023) – 12000 SMEs supported by digital commerce accelerators; T4 (Q3 2025) – 50 Digital Commerce Neighbourhoods; T5 (Q3 2025) - 3600 National Test Beds Network pilot products developed; T6 (Q3 2025) – 8900 SMEs and start-up incubators directly supported by digitalisation programmes; T7 (Q3 2025) – 30000 SMEs supported by digital commerce accelerators; T8 (Q3 2025) – 5000 Start-ups mapped on the platform of Startup Portugal.

No milestones

The investment aims at contributing to the transformation of the business models of Portuguese SMEs and their digitalisation, aiming at greater competitiveness and resilience. It integrates the promotion of business digitalisation by accelerating and automating AI-based decision-making and enforcement, redesigning value chains and supply, amongst others.

The reform includes four programmes to be implemented which have individual objectives and cover different areas of the digital transition in the country. They include the National test beds network, Digital Trade, Support to Business Models for the Digital Transition (Coaching 4.0), and Entrepreneurship.

Among other objectives, it is planned to support more than 50.000 SMEs, set up 50 digital trading districts, 10 digital accelerators, support the creation of 30 Test-Beds and reach 4,000 companies with theoretical training and consultancy focused on Industry 4.0 and issue vouchers for 3,000 start-ups.

This reform measure is well-placed to address the CSR suggesting the country should pay particular focus on Supporting the use of digital technologies and promoting digital skills. Moreover, The Digital Economy and Society Index 2021 shows that the level of basic digital skills of the population remains at 52%, thus below the EU average of 56%. Also, the share of Portuguese SMEs with at least basic digital intensity stands at 51%, below the EU average of 60%.⁹¹ This measure could therefore be well-suited to improve the digital skills of its economy.

The complementarity to other national programmes aiming to tackle such issues should also be mentioned. The Portuguese government recently revised its national digital skills initiative (INCoDe.2030) and launched in July 2021 the “Eu Sou Digital” (I’m Digital) programme to train over 1 million adults in basic digital skills by 2023. One target has been completed. This involves the setting up of a number of test beds for the installation of necessary equipment, facilitating the development and testing of pilot products within the national Test Bed network. The Testbed concept aims to provide infrastructure and equipment through entities that have the ability to provide these services to SMEs and startups. These test beds align with the industrial sectors and respective subsectors anticipated for Digital Innovation Hubs (DIH) to encourage

⁹¹ See: <https://www.incode2030.gov.pt/en/>.

Annex 2 Overview of SME-related measures

Greece

Name of the measure	RRF funding (EUR, bn)	Component	Description	Quantitative targets (number of SMEs/workers reached)	Milestones and target (by Q2 2023)
I. Digital Transformation of SMEs	EUR 475 million, of which EUR 375 million (79%) are covered by RRF	2.3 Digitalisation of businesses	<p>The objective is to achieve three main goals:</p> <p>(a) Establish digital infrastructure by providing funding for the acquisition and implementation of digital tools and services. Additionally, it aims to enhance the digital literacy of business executives.</p> <p>(b) Facilitate investments in contemporary digital technologies by offering tax incentives for both tangible and intangible assets.</p> <p>(c) Improve the cash register and Point of Sale (POS) ecosystem to transform the business landscape, foster transparency, and foster fair competition.</p>	Tax incentives and funding opportunities to more than 100,000 SMEs for using advanced digital services and digital infrastructures.	<p>M: Digital transformation of SMEs - calls for proposals. Investments shall be targeted towards technologies and services to foster the digitalisation of SMEs, namely e-payment, e-sales and e-invoicing applications, tools for digital advertising, systems for teleworking, business analytics, and digital upskilling, amongst others. Fulfilled.</p> <p>T: Digital transformation of SMEs - Selection of beneficiaries and delivery of equipment and services to SMEs under the competitive calls for proposal. Not completed.</p>
I. Economic Transformation on the Agricultural Sector	n/a – part of larger component valued at EUR 7.233 million (51%) are covered by RFF	4.6 Modernise and improve resilience of key economic sectors	actions related to energy upgrade of production units, buildings and mechanical equipment with low energy consumption support for environmentally friendly production processes and resource efficiency in SMEs, renewable energy (solar), climate change adaptation and prevention measures and management of climate	Unspecified	<p>M: Launch of the competitive calls for proposals with terms of reference including eligibility criteria that ensure that the selected projects comply with the 'Do no significant harm. Fulfilled</p> <p>M: Financial Closure of all components: Innovation and green transition on processing agricultural products, modernisation of primary sector, green</p>

					rural tourism, cultivation restructuring. Not completed
I. Acceleration of smart manufacturing	n/a – part of larger component valued at EUR 7.233 million (51%) are covered by RFF	4.6 Modernise and improve resilience of key economic sectors	Acceleration of smart manufacturing includes financial support for SME's in the industrial sector. The funding is to be used for relevant investments in modern processing systems and artificial intelligence. The aim is to improve the productivity and competitiveness of the manufacturing sector.	Unspecified	<p>M: Launch of calls for manufacturing. Completed</p> <p>M: Completion of construction of all investment projects selected under the competitive calls for proposals. Not completed</p>
I. RRP Loan Facility – Digitalising SMEs	n/a – part of two other reforms and one investment. Total costs EUR 5 million (100%) covered by RFF	4.7 Improve competitiveness and promote private investments and exports	The RRP loan application amounts to €12.727,54 million. It aims to stimulate private investments in Greece through the "RRP Loan Facility" within component 4.7, focused on enhancing competitiveness and fostering private investments and exports. Greece displays a significant investment gap compared to the EU average and its pre-2010 investment-to-GDP ratio, emphasising the need for such measures.	The loan facility has a 38.5% climate and 20.8% digital target	<p>M: Signature of the mandate agreement between the Ministry of Finance and the Hellenic Development Bank for Investments. Fulfilled</p> <p>M: Signature of the InvestEU Contribution Agreement between the Ministry of Finance and the European Commission. Fulfilled</p> <p>M: Launch of call for the selection of commercial banks. Fulfilled</p> <p>M: Signature of the operational agreements between the Ministry of Finance, and at least one International Financial Institution. Fulfilled</p> <p>T: EUR 586.4 million (including management fees) of RRF loan facility funds related to International Financial</p>

					<p>Institutions and commercial banks have been signed with the final beneficiaries T: EUR 3518.4 million (including management fees) of RRF loan facility funds signed with the final beneficiaries. Fulfilled</p> <p>T: EUR 5864 million (including management fees) of RRF loan facility funds signed with the final beneficiaries. On track</p> <p>T: EUR 9382.4 million (including management fees) of RRF loan facility funds signed with the final beneficiaries. Not completed</p> <p>T: EUR 11728 million (including management fees) of RRF loan facility funds signed with the final beneficiaries. Not completed</p> <p>T: InvestEU Investment Committee approves investment operations amounting to 100% of the overall amount of financing targeted (or investment mobilised) in compliance with the 38.5% climate target and 20.8% digital target. Not completed</p> <p>T: Investment of 100% of the equity support, in accordance with the mandate agreement defined in the milestone, which shall include the selection criteria for compliance with the Do No Significant Harm Technical Guidance (2021/C58/01) of supported companies, requiring the use of sustainability proofing, an exclusion list,</p>
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					and mandatory legal compliance checks with the relevant EU and national environmental legislation by an independent auditor. Not completed
R. Super-deduction of expenses on green economy, energy and digital transition	N/A	4.1 Making taxes more growth-friendly and improving tax administration and tax collection	Entry into force of primary legislation and secondary legislation for the introduction of super-deduction for tax purposes of qualifying SME expenses for green economy and digitisation investments	Unspecified	M: Entry into force of primary and secondary legislation for Super-deduction for SME green and digital investments. Fulfilled
R. Amendment of the legal framework for the attraction of strategic investment	n/a – part of larger component valued at EUR 7.233 million (51%) are covered by RFF	4.6 Modernise and improve the resilience of key economic sectors	The entry into force of legislative amendments aims to reform the framework for attracting strategic investments in Greece by creating a uniform and cohesive structure and introducing a new category called 'Emblematic Investment of Great Significance.' The reform also includes provisions to expedite administrative procedures for the approval and licensing of Strategic Investments, facilitating a fast-track procedure.	Unspecified	M: Entry into force of legislative amendments. Fulfilled M: Selection of 'Emblematic Investments of Great Significance' eligible for financing. Not completed M: Provide results of audits of construction works, certification from beneficiaries on investment completion and proof of payment to attest to the implementation of selected investment projects. Not completed
R. Actions for the simplification of the business environment and its upgrading in quality and safety	Reform part of two other reforms and one investment. Total costs EUR 5 million (100%)	4.7. Improve competitiveness and promote private investments and exports	Adopt a national strategy on quality infrastructure in Greece), and adopt necessary enabling regulation on standardisation, metrology, accreditation and conformity assessment through necessary legislative acts.	Unspecified	M: a) Develop a modern regulatory, organisational and operational framework for Quality Infrastructure in Greece. The scope of (b) shall cover the establishment of new industrial units and the modernisation of existing ones operating in Attica. Completed

	covered by RFF				M: Publication of legislation in an Official Journal. Not completed
R. Ease of doing business	Reform part of two other reforms and one investment. Total costs EUR 5 million (100%) covered by RFF	4.7. Improve competitiveness and promote private investments and exports	The reform will include the following subprojects and actions: 1. Getting credit - Establish a modern and reliable regulatory framework on securities in movable assets 2. Getting Construction Permit - Achieve operational interoperability between e-adeies system for construction permits with other public systems 3. Getting Electricity - Simplify/reduce the requirements for application to HEDNO and unify the system for declaring square meters to Municipalities 4. Registering property - Create e-platform enabling purchasers to complete all requirements for transferring property online	Unspecified	M: Complete the reform to reduce complexity of procedures, time and cost in four sub-areas: getting credit, obtaining an electricity connection, registering property, and getting a construction permit. Not completed
R. Establishment of a digital business ecosystem and introduction of tax incentives for the facilitation of the SMEs digital transformation		2.3: Digitalisation of businesses	Part of the investment measure on digitalisation of SMEs	Unspecified	M: Digital transformation of SMEs Legislative reform to incentivise uptake of technologies. Not completed

Finland

Name of the measure	RRF funding (EUR)	Component	Description	Quantitative targets (number of SMEs/workers reached)	Milestones and target (by 2023)
I. Accelerating the data economy and digitalisation- Virtual Finland	EUR 9 million	Accelerating the Data Economy and Digitalisation	Digitalisation of Finland's internationalisation services and streamlining processes for incoming foreign labour and enterprises	The final project report verifies that the production version of the joint platform has been completed and supports at least two service processes that have been fully integrated into the platform	M: The production version of the joint platform has been completed and is available to all customers in Finland and internationally. The digital platform shall become an international market and meeting place for Finnish and foreign companies, growth companies, immigrating experts and investors, and relevant needed digital services for them shall be integrated into it. Not completed.
I. RDI funding package supporting the green transition – Accelerating key sectors and strengthening competence (Business Finland)	Part of larger RDI Funding Package with four investment measures. Total funding 192 million.	RDI, Research Infrastructure and Piloting	R&I projects in SMEs seeking growth through exports.	At least 10 grants for RDI projects and 90% of the projects completed	M: Publication by Business Finland of a call for applications for RDI projects aiming at increasing competences in key sectors. Completed T: Award by Business Finland of grants for RDI projects aiming at increasing competences in key sectors. Completed T: Share of completed RDI projects in key sectors awarded by Business Finland. Not completed
I. RDI funding package supporting the green transition – Supporting innovative growth companies	Part of larger RDI Funding Package with four investment measures. Total funding 192 million.	RDI, Research Infrastructure and Piloting	Investment measure aligned with Research and Innovation for a low-carbon economy and climate resilience, fully supports the green transition, with selection criteria centered on greenhouse gas reduction in operations or products/services to combat climate change. Chosen enterprises will demonstrate their commitment to	25 growth enterprises	M: Business Finland shall launch a call for applications for RDI funding allocated to supporting innovative growth companies. Completed. T: Notification by Business Finland of the award of at least 22 grants. Completed

Name of the measure	RRF funding (EUR)	Component	Description	Quantitative targets (number of SMEs/workers reached)	Milestones and target (by 2023)
			emissions reduction. Additional funding, aimed at promoting green transition, will be provided through Business Finland's growth enterprise funding		T: At least 90% of the projects supported under the call for applications shall be completed. Not completed.
I. Growth acceleration programme for small enterprises	Part of larger component. EUR 94 million	Industrial Policy	The purpose of the growth accelerator programme for small enterprises is to boost the internationalisation capabilities of small businesses at the national level in order to address changes in the operating environment caused by the coronavirus crisis and to improve the capability of enterprises to embrace emerging business opportunities.	At least 550 entities (including organisations and natural persons) shall receive support under the calls for application	M: Publication of the first three calls for applications under key programmes for international growth. Completed T: Number of entities having received support under the calls for applications. Not completed. M: Award of grants for all projects under key programmes for international growth. Not completed.
I. Supporting sustainable and digital growth in the tourism sector	Part of a larger component. EUR 94 million	Industrial Policy	The investment consists of development and pilot funding for enterprises and of grants awarded to enterprises, organisations and other operators in the cultural and creative industries (grant application procedure).	Unspecified	M: Publication of the first call for applications for RDI projects for the tourism sector. Completed

Ireland

Name of the measure	RRF funding (EUR, mln)	Component	Description	Quantitative targets (number of SMEs/workers reached)	Milestones and target (by 2023)
I. Accelerate Decarbonisation of the Enterprise Sector	EUR 55	1. Advancing the Green Transition	The fund aims to promote decarbonisation in both foreign and indigenous enterprises by encouraging the adoption of Energy Metering and Monitoring Control Systems and carbon-neutral low/medium temperature heating in the manufacturing industry. It achieves this by financing project calls through two pre-existing funds.	At least 750 projects	<p>M: Completion of awareness campaign on the fund. Not completed.</p> <p>M: Launch of calls for proposals. Completed.</p> <p>T: Approval of applications for funding support. Not completed.</p> <p>T: Projects completed. Not completed.</p> <p>T: Quantity of CO2 abated by the installation of low carbon technologies. Not completed.</p>
I. Programme to drive the digital transformation of enterprise in Ireland	EUR 85	2. Accelerating and Expanding Digital Reforms and Transformation	The primary goal of this programme is to foster digitalisation in all enterprises and sectors, creating a supportive ecosystem. The allocated investment will be utilised to address the priorities outlined in Ireland's SME and Entrepreneurship Growth Plan, the EU Commission's SME Strategy for a Sustainable and Digital Europe, and Ireland's Remote Working Strategy.	At least 720 companies shall have received funding through the implementation of the Digitalisation Programmes.	<p>M: European Digital Innovation Hubs established. Completed</p> <p>M: Launch of calls for proposals. Completed.</p> <p>T: Digital transformation funding approvals. Not completed.</p>
R. Reducing Regulatory Barriers To Entrepreneurship	N/A	3. Social and Economic Recovery and Job Creation	In compliance with the European Commission's Small Business Act, each Member State is obligated to establish and execute its own SME Test. The main objective of the SME Test is to eliminate any superfluous regulatory barriers that hinder SMEs from commencing, establishing, and expanding their businesses.	Unspecified	<p>M: Implementation of all identified actions to ensure a consistent uptake of the SME Test across the Government. Completed.</p> <p>M: Publication of a programme for the implementation of the SME Test and communication to all Government departments. Completed.</p>

Name of the measure	RRF funding (EUR, mln)	Component	Description	Quantitative targets (number of SMEs/workers reached)	Milestones and target (by 2023)
					T: Government Departments (at least 5) have applied the SME test. Completed.

Portugal

Name of the measure	RRF funding (EUR)	Component	Description	Quantitative targets (number of SMEs/workers reached)	Milestones and target (by 2023)
I. Digital Transition of Enterprises	450 million	16. Enterprises 4.0	Programme to support the digitalisation of Portuguese enterprises via one of the following programmes: (1) Internationalisation via E-commerce; (2) Coaching 4.0 actions supporting business models for the digital transition; (3) Vouchers for Start-ups for the development of new green and digital products; (4) Vouchers for start-up incubators and accelerators for their technological development.	8500 SMEs	<p>T: Digital Commerce Neighbourhoods. Not completed</p> <p>T: National Test Beds Network pilot products developed. Not completed</p> <p>T: SMEs and start-up incubators directly supported by digitalisation programmes. Not completed. Not completed</p> <p>T: SMEs supported by digital commerce accelerators. Delayed</p> <p>T. SMEs supported by digital commerce accelerators. Not completed</p> <p>T. Start-ups mapped on the platform of Startup Portugal. Not completed</p> <p>T: Test Beds selected for the National Test Beds Network. Completed</p>

Name of the measure	RRF funding (EUR)	Component	Description	Quantitative targets (number of SMEs/workers reached)	Milestones and target (by 2023)
I. Catalyst for the Digital Transition of Enterprises	100 million	16. Enterprises 4.0	This investment measure encompasses public technological projects to promote paperless invoicing, establish a secure digital business environment, and reduce contextual costs. It also supports knowledge transfer structures for technological development and skill enhancement. The investment is structured into three programs: Digital Innovation Hubs to facilitate digital transitions, Dematerialisation of Invoicing for electronic signatures and digital invoicing, and Cybersecurity Certification Seals to strengthen cybersecurity, privacy, usability, and sustainability certifications.	4000 companies set to receive consultancy services	<p>M: Five new platforms shall be set up for: 1) sending digital invoices; and 2) cybersecurity certification, 3) privacy certification, 4) usability certification and 5) sustainability certification. Not Completed</p> <p>T: Number of companies that received consultancy services from the Digital Innovation Hubs network. Not completed</p> <p>T: Number of DIH consortiums selected by the approval of tenders. Fulfilled.</p>
I. Mobilising Agendas/Alliances for Business Innovation	558 million	5. Capitalisation and business innovation	The initiative focuses on fostering business innovation through the establishment and support of strategic Agendas/Alliances, primarily targeting reindustrialization efforts. These initiatives aim to reshape the Portuguese economy, enhancing its specialization by forming robust consortia that drive the development and diversification of national value chains. The goals include boosting exports, creating skilled employment, and fostering investment in research and development (R&D).	Unspecified	<p>T: Completion of the implementation of the 6 contracts (innovation pacts or mobilising projects). Not completed.</p> <p>T: Conclusion of Contracts to develop new goods and services in relevant strategic areas (Innovation Agendas). Completed.</p>

Name of the measure	RRF funding (EUR)	Component	Description	Quantitative targets (number of SMEs/workers reached)	Milestones and target (by 2023)
R. Creation and development of Banco Português de Fomento	N/A ⁹²	5. Capitalisation and business innovation	Banco Português de Fomento (BPF) was established by merging financial entities that support the national economy's capitalization and institutional support reforms for investments. BPF's primary mission is to provide tailored financing solutions to foster economic development, enhance entrepreneurship, investment, and job creation. It also aims to address finance accessibility issues for Portuguese businesses, particularly SMEs, while also fulfilling its role as a "Green Bank" by facilitating funding for carbon neutrality and circular economy projects.	Unspecified	M: Publication by the Government of the Portuguese Republic and entry into force of Decree-Law No 63/2020, which regulates the activity and operation of BPF and approves its statutes. Completed

⁹² Within the investment measure "Capitalisation of companies and financial resilience, also included under component 5, the BPF Portugal will use the RFF loans of EUR 1.550 million for, amongst others the capital increase of Banco Português de Fomento.

Annex 3 List of stakeholder consultations

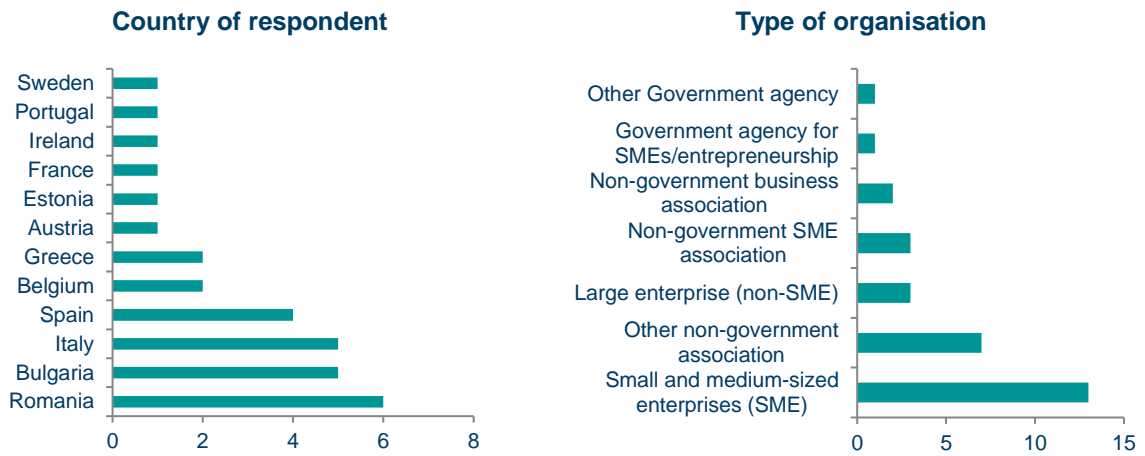
Table 3.1 Consulted stakeholders per country

Country	Department/role	Interview/written input
Finland	Ministry of Economy, Director RRF	Written input
Finland	SME business association involved in the implementation	Written input
Greece	SME business association not involved in the implementation	Interview
Greece	Greek Recovery and Resilience Agency,	Written input
Portugal	Structure of the Mission to Recover Portugal Recovery and Resilience Plan,	(multiple) interviews
Portugal	SME business association involved in the implementation	Interview
Ireland	SME business association involved in the implementation	Written input

Table 3.2 Participants of roundtable discussion

Country	Department/role
Finland	Ministry of Economy, Director RRF
Greece	Ministry of Development, responsible for simplifying regulations for SMEs in Greece
Greece	Deputy Director of the Directorate for Entrepreneurship and SMEs in the Ministry for Development
Portugal	Coordinator of SME Digitalisation, Structure of the Mission to Recover Portugal Recovery and Resilience Plan
Portugal	Presidente da Comissão Nacional de Acompanhamento do PRR
Portugal	Head of Department for the implementation of RRP measures, IAPMEI
Portugal	Coordinator for the implementation of RRP measures, IAPMEI
Ireland	Executive Officer, Department of Business, Enterprise and Innovation in the Access to Finance and State Aid unit
EC	Members of SME Performance Review department
EC	DG ECFIN Policy Offers involved in the mid-term evaluation of the RRF

Figure 3.1 Respondents to the SME survey (n = 30)



Please note: This survey was disseminated among the Enterprise Europe Network and Cluster Organisations part of the European Cluster Collaboration Platform. Due to the small sample size, any findings from this survey should be assessed in the context of complementary evidence.

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