

# 2016 SBA Fact Sheet

Denmark



## Key points

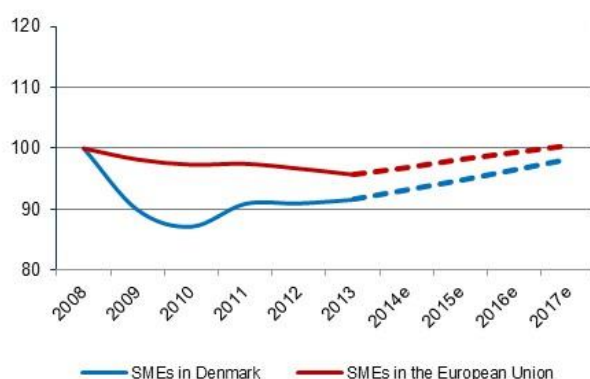
**Past & future SME performance<sup>1</sup>:** Danish SMEs have grown since 2010, in terms both of value added and employment. However, in 2015 employment was still 5 % below its pre-crisis level of 2008. The number of newly registered firms has increased significantly in recent years, by nearly 50 % from 2013 to 2014 and by an estimated 30 % from 2014 to 2015. The SME outlook for 2016-2017 is positive as well. SME value added is forecast to rise by 10 % between 2015 and 2017, and SME employment by 4 %, thus creating about 40 000 new jobs.

**Implementing the Small Business Act for Europe (SBA):** Denmark's SBA profile is very strong and the country continues to provide a sound business environment for SMEs. Since 2008, a number of policy measures benefiting SMEs have been adopted. Recent measures have focused on 'Think Small First', Access to finance and State aid & public procurement. Regarding the former, progress was mainly driven by the new Public Procurement Act, which includes more flexible rules for SMEs and makes it easier for them to participate in public tenders.

**SME policy priorities:** Although Denmark has significantly reduced the administrative burdens and costs for SMEs, some regulatory obstacles persist, notably in construction and retail trade. As regards 'second chance', the insolvency framework works well, but it is not easy to re-start a business, as it may take several years to get discharged from bankruptcy. Access to finance, still easier for Danish SMEs than for their EU counterparts, remains challenging. Efforts to improve the mobility of R&D personnel between university and the private business sector could be further strengthened. Effective implementation of the Public Procurement Act by the municipalities, notably of the elements that favour SMEs, is also a priority.

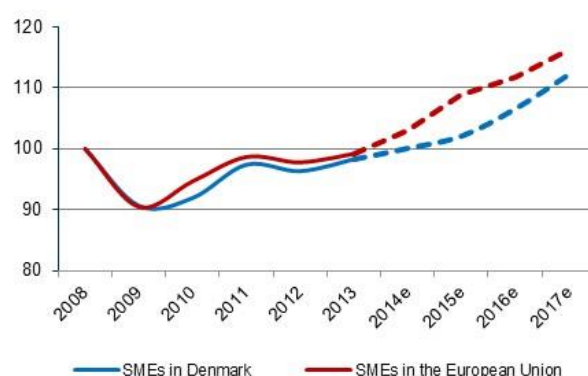
**Number of persons employed in SMEs**

(Index: 2008=100, estimates as from 2014 onwards)



**Value added of SMEs**

(Index: 2008=100, estimates as from 2014 onwards)



## About the SBA fact sheets

The Small Business Act for Europe (SBA) is the EU's flagship policy initiative to support small and medium-sized enterprises (SMEs). It comprises a set of policy measures organised around 10 principles ranging from Entrepreneurship and 'Responsive administration' to Internationalisation. To improve the governance of the SBA, the 2011 review of it called for better monitoring. Published annually, the SBA fact sheets aim to improve the understanding of recent trends and national policies affecting SMEs. Since 2011, each EU Member State has appointed a high-ranking government official as its national SME envoy. SME envoys spearhead the implementation of the SBA agenda in their countries.

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## 1. SMEs — basic figures

Class size	Number of enterprises			Number of persons employed			Value added		
	Denmark		EU28	Denmark		EU28	Denmark		EU28
	Number	Share	Share	Number	Share	Share	Billion €	Share	Share
Micro	194 031	89.0 %	92.8 %	349 111	21.1 %	29.5 %	27.9	21.4 %	21.2 %
Small	19 595	9.0 %	6.0 %	382 204	23.1 %	20.2 %	26.8	20.6 %	18.0 %
Medium-sized	3 630	1.7 %	1.0 %	349 803	21.2 %	17.0 %	24.5	18.9 %	18.2 %
<b>SMEs</b>	<b>217 256</b>	<b>99.7 %</b>	<b>99.8 %</b>	<b>1 081 118</b>	<b>65.4 %</b>	<b>66.8 %</b>	<b>79.2</b>	<b>60.9 %</b>	<b>57.4 %</b>
Large	653	0.3 %	0.2 %	572 029	34.6 %	33.2 %	50.9	39.1 %	42.6 %
Total	<b>217 909</b>	<b>100.0 %</b>	<b>100.0 %</b>	<b>1 653 147</b>	<b>100.0 %</b>	<b>100.0 %</b>	<b>130.1</b>	<b>100.0 %</b>	<b>100.0 %</b>

*These are estimates for 2015 produced by DIW Econ, based on 2008-2013 figures from the Structural Business Statistics Database (Eurostat). The data cover the 'non-financial business economy', which includes industry, construction, trade, and services (NACE Rev. 2 sections B to J, L, M and N), but not enterprises in agriculture, forestry and fisheries and the largely non-market service sectors such as education and health. The advantage of using Eurostat data is that the statistics are harmonised and comparable across countries. The disadvantage is that for some countries the data may be different from those published by national authorities.*

The proportion of SMEs in the Danish 'non-financial business economy' is in line with the EU average. About 61 % of value added and approximately 65 % of employment is generated by SMEs. Micro enterprises produce the highest share of value added, while small firms account for the largest share of employment. SMEs in Denmark are notable for their high productivity, which is around 70 % higher than the EU average, when measured as value added generated per employee. 60 % of SME employment in Denmark is concentrated in *wholesale and retail trade, manufacturing and construction*, which is on a par with the EU average.

As with the 'non-financial business economy' as a whole, developments for SMEs have been positive since 2010. Value added grew by 11 %, returning to pre-crisis levels for the first

time in 2015, while employment rose by 9 % between 2010 and 2015. However, employment is still 5 % below the level of 2008.

SMEs in the *manufacturing* sector performed particularly well. Value added increased by 17 % in 2010-2015. This, however, reflects a catch-up process following the financial crisis. By 2015, SMEs in this sector had recovered their pre-crisis value added level. Several factors contributed to this positive development. The first important driver was increased productivity.<sup>2</sup> This, however, resulted in somewhat slower employment growth and explains why employment in this sector in 2015 was still 3 % below its level in 2008. Secondly, continued demand from Germany, Denmark's biggest export market, fostered SME growth. To a lesser extent, low unemployment and low interest rates in Denmark have also stimulated domestic consumption.<sup>3</sup>

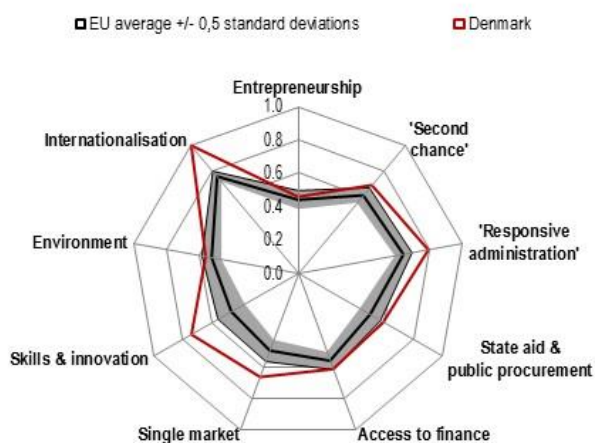
SMEs in the *information and communication* sector also performed remarkably well. Growth rates of 26 % for value added and 32 % for employment were achieved in 2010-2015. This development is particularly related to the strong performance of *computer programming and consultancy* companies. In this sector, SMEs tend to pursue different strategies compared to large enterprises. Large companies in the ICT sector in Denmark focus on costs and productivity whereas SMEs focus on growth.<sup>4</sup> SMEs also tend to charge lower prices for their services compared with large enterprises, and SME virtues like flexibility and agility further appeal to customers.<sup>5</sup>

Recent business demography mirrors the overall positive developments in Denmark. In 2015, there were a total of 4 029 bankruptcies, which is the lowest number since the financial crisis hit in 2009.<sup>6</sup> Part of the explanation for the low number of bankruptcies is the high number of 'zombie firms' — loss-making companies with little or no business activity and weak balance sheets, kept on life support by their creditors and low interest rates. A study has found more than 23 000 such companies in Denmark.<sup>7</sup> In turn, the number of newly registered firms has increased strongly since 2013, to a total of approximately 26 400 new businesses in 2014, which is almost 50 % more

than in 2013.<sup>8</sup> Furthermore, the number of registered firms exceeded the previous year's total. This positive trend in business registrations can be attributed to the favourable conditions enjoyed by entrepreneurs in Denmark. Since 2014, a new form of limited enterprise for entrepreneurs (*lværksætterselskab*) makes it possible to open a business with a minimum share capital of EUR 0.13.<sup>9</sup> There are other stipulations to this form of enterprise, such as no dividend payments until there has been an accumulation of EUR 7 000 (DKK 50 000) in capital.<sup>10</sup> Moreover, the success of Danish start-ups like Skype and Endomondo has not only created an optimistic entrepreneurial spirit, but also attracted new venture capital to promising projects.<sup>11</sup>

For SMEs, as for the 'non-financial business economy' as a whole, the outlook for 2016-2017 is positive. SME employment is expected to rise by 4 % between 2015 and 2017, creating about 40 000 new jobs. Growth of 10 % is predicted for SME value added, with high expected growth rates for medium-sized firms in particular.

## 2. SBA profile<sup>12</sup>



Denmark continues to provide a very good business environment for SMEs. It performs particularly well on Internationalisation, Skills & innovation and 'Responsive administration', although some regulatory obstacles persist, notably in construction and retail trade. As regards 'Second chance', the insolvency framework works well, but it is not easy to re-start a business, as it may take several years after going bankrupt to get a discharge. Access to finance, still easier for Danish SMEs than

for their EU counterparts, remains challenging. Efforts to improve the mobility of R&D personnel between university and the private business sector could be further strengthened.

Since 2008, progress in implementing the SBA in Denmark has been substantial. Some of the measures, such as those focusing on the reduction of administrative burdens, have had an immediate impact on SMEs. Other measures address medium- and longer-term conditions for SMEs, paving the way for even fewer burdens and better conditions for growth in the future.

In 2015 and the first quarter of 2016, Denmark implemented 12 policy measures addressing five of the 10 policy areas under the SBA. A growth package was introduced, including initiatives for SMEs. Further initiatives, such as matching entrepreneurs with business angels, establishing enhanced cooperation between Denmark and Silicon Valley, and venture capital for farmers, are envisaged to be launched.

There has been substantial progress within the principle of 'Think Small First', with five new measures introduced in this area. Progress was driven by a systematic hunt for excessive burdens, especially for micro enterprises. The Implementation Council and the campaign to minimise administrative burden seek to point out the areas that need further legislative improvements.

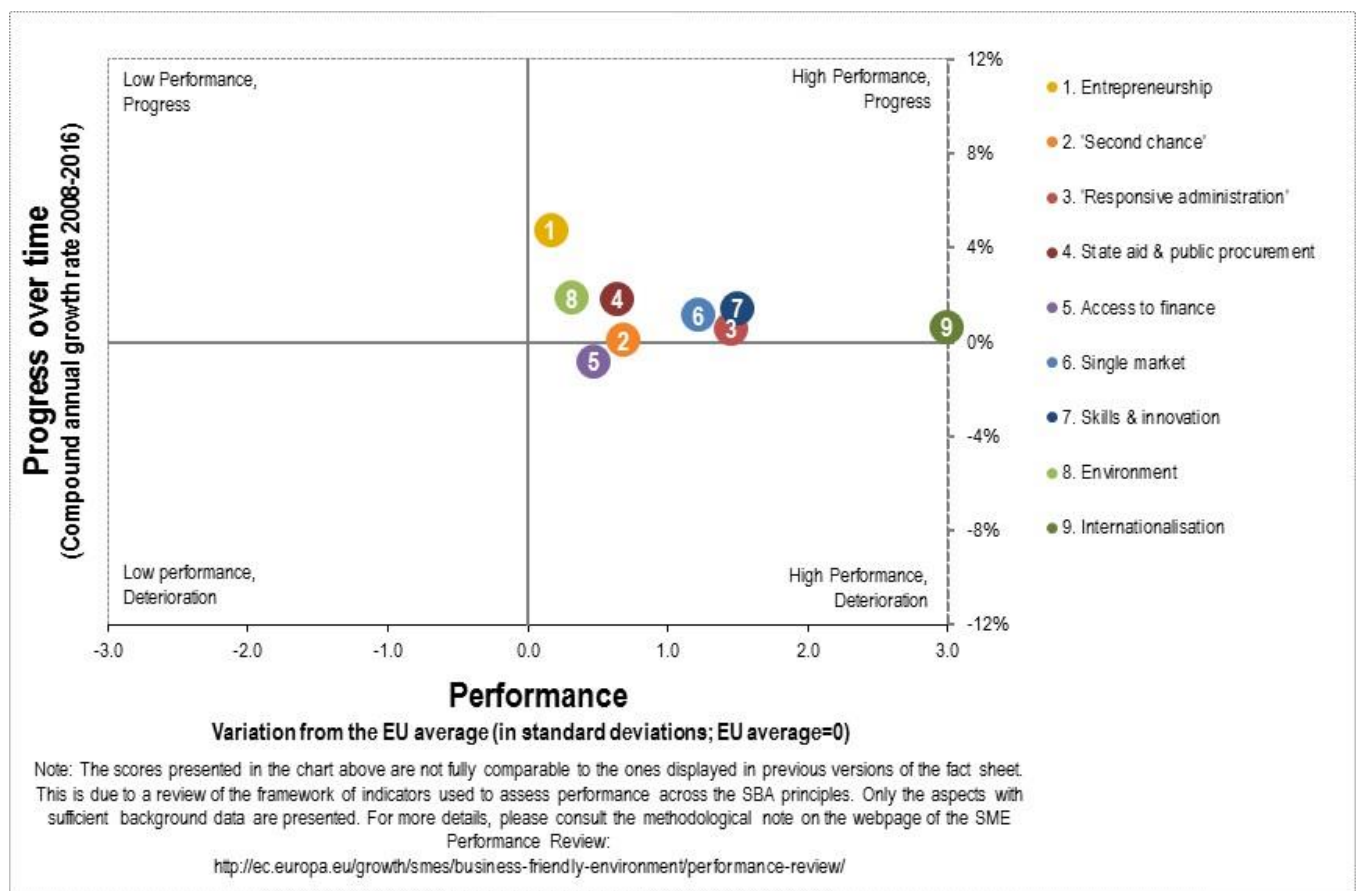
Within the principle of Access to finance, the most important measure was the establishment of Danish Growth Capital II, the

successor of the Danish Growth Capital scheme. The Growth Fund has experienced an increased demand for venture capital.

Progress within the principle of State aid & public procurement was driven by the Procurement Act, which transposed the EU Directive on Public Procurement into Danish legislation. This act

provides Danish SMEs with more flexible procurement rules and easier access to public tenders and it needs to be effectively implemented, in particular by municipalities genuinely taking into the account the elements that favour SMEs. Further improvement in the public procurement process for SMEs is needed as regards collective bidding.

### SBA performance of Denmark: state of play and development from 2008 to 2016<sup>13</sup>



## 3. SBA principles<sup>14</sup>

### 3.0 'Think Small First'

The 'Think Small First' principle is intended as a guiding principle for all policy- and law-making activities. It requires policy-makers to take SME interests into account at the early stages of the policy-making process. The principle also calls for newly designed legislation, administrative rules and procedures to be made simple and easy to apply.

Denmark has successfully reduced administrative burdens on SMEs in recent years. Since 2012, the Business Forum for Better Regulation (*Virksomhedsforum*) initiative made considerable progress in identifying areas where simplification is required. The initiative works according to the 'comply or explain' principle, which means that a suggestion for simplification has to be followed unless a relevant explanation prevails.

The Business Forum's Campaign to minimise administrative hassle (*Væk-med-bøvlet*) is aimed at encouraging enterprises to report, through a website, any unnecessary and thus burdensome tasks related to dealing with public administration. The administration is obliged to follow up on the proposals in a transparent way, notably due to the existence of a monitoring process on the website, which keeps track of developments under each proposal.

The newly established Implementation Council will further strengthen the process of reducing administrative burdens. The aim of this Council is to prevent 'over-implementation' or 'gold-plating' (i.e. to prevent unnecessary, potentially burdensome issues being introduced) when EU legislation is transposed into Danish legislation. The Council is also to point

out areas in existing Danish legislation in which EU legislation has been 'over-implemented'.

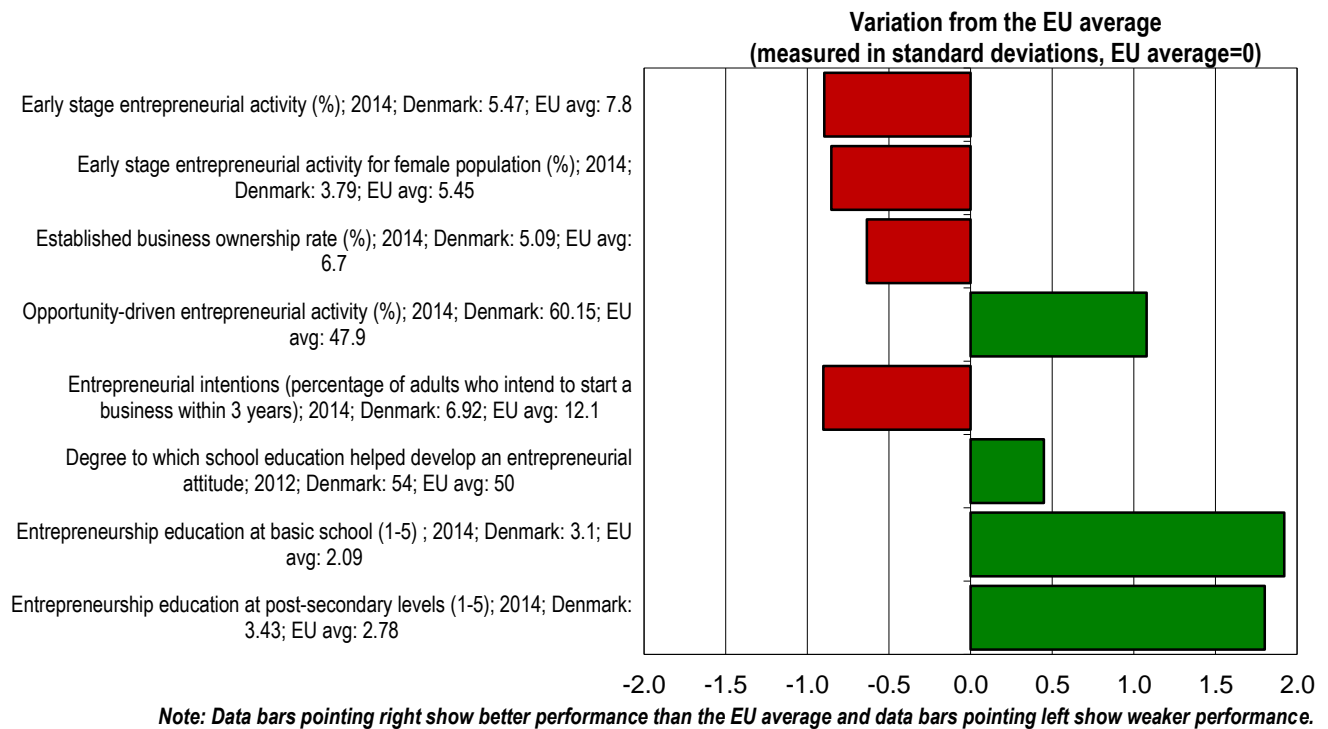
The 'SME test' is applied to all new legislation in Denmark. It is carried out by the respective ministry in charge of the legislation, but a specific impact assessment board does not exist. Common commencement dates for all new and amended legislation have been announced by the newly appointed government, who stated that 70 % of new legislation concerning businesses would enter into force either on 1 January or 1 July, having in mind that certain legislation would need to commence outside of this timing, in the light of EU legislation and cases of special urgency. Presenting annual plans of upcoming legislation is not envisaged.

A recent change of the Financial Statements Act (*Ændring af Årsregnskabsloven*) relieves micro enterprises from certain reporting obligations.

The Danish government envisages significantly reducing overall administrative burdens for businesses, by up to about EUR 400 million, over the 2015-2020 period.

Due to the substantial progress that Denmark has already made, the need in the area of 'think small first' is not for significant further measures, but rather to focus on ensuring that the existing measures actually correspond to the effective implementation of the 'Think Small First' principle.

### 3.1 Entrepreneurship



Denmark's performance on Entrepreneurship is broadly in line with the EU average. Entrepreneurship education is particularly good, with the second best score in the EU for the basic school level and the best score in the EU for the post-secondary levels. In contrast, not many people in Denmark (about 7 % as compared to the EU average of about 12 %) are about to start a business. Danish entrepreneurial activity is largely driven by opportunity (as opposed to not finding other options for work) and it seems that in the current period entrepreneurship is less attractive in Denmark than in many other Member States.

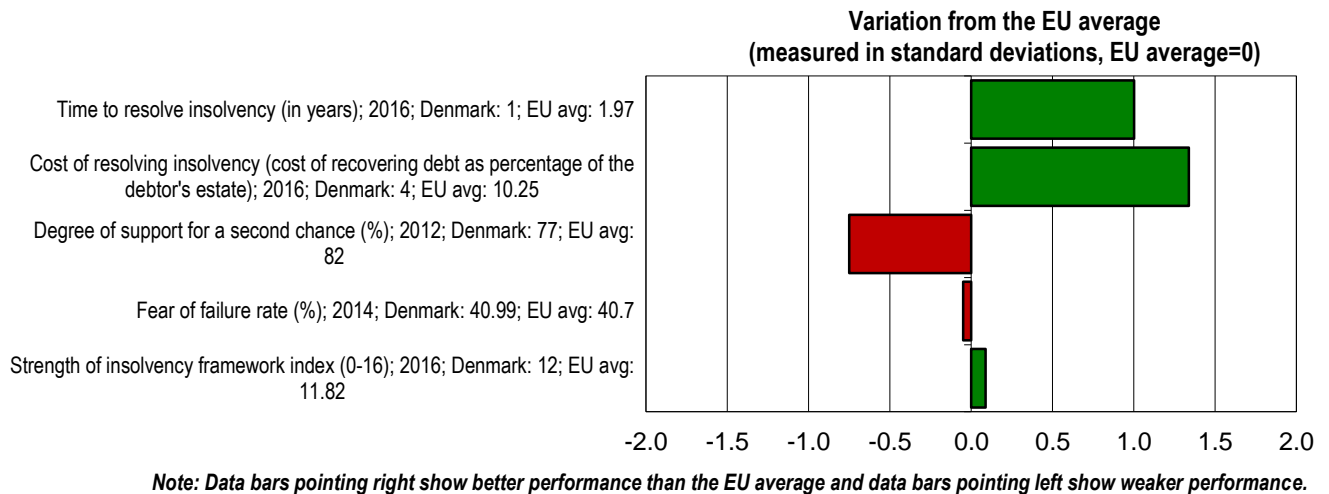
Since 2008, there has been substantial progress made in this area. It has become significantly easier to set up and administer a business in Denmark, thanks to the introduction of several initiatives which encourage entrepreneurship. The government launched a comprehensive educational strategy which supported the development of entrepreneurship programs at all levels of the educational system, and provided guidance to allow graduates to carry out their ideas and gain experience in entrepreneurship. The creation of regional 'growth houses' has considerably contributed to establishing a supportive entrepreneurial environment, with good information services provided to entrepreneurs and family businesses. A start-up visa scheme for non-EU entrepreneurs who want to grow high-impact start-ups in Denmark has been in force since 2015.

Non-governmental organisations (NGOs) act as vital providers of coaching and capital to SMEs in Denmark. In September 2015, the Danish Business Authority announced that several NGOs would benefit from a newly established scheme to promote the ecosystems supporting entrepreneurs. Private sector beneficiaries include, among others, Start-up Borgen (an annual start-up competition held at the national parliament building over the course of a weekend), the Danish Start-up Council (whose purpose is to attract foreign venture investments into Danish start-ups) and TechBBQ (an annual gathering of the start-up community attracting more than 1 000 entrepreneurs). Also, easier and less costly transfer of family businesses is envisaged.

General conditions for entrepreneurship as well as for established businesses have already improved significantly, and their further improvement remains a government priority.



### 3.2 'Second chance'



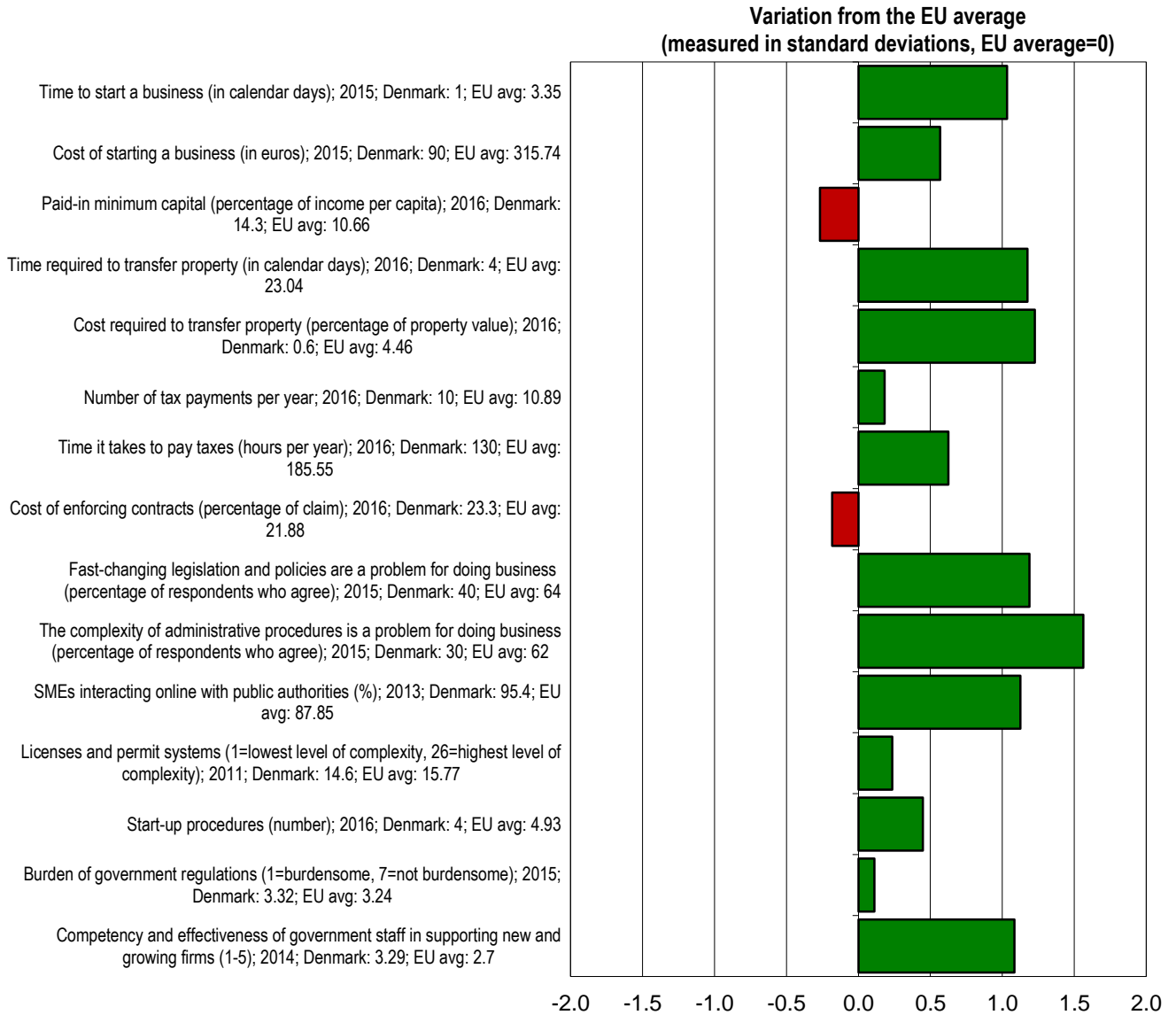
'Second chance' means ensuring that honest entrepreneurs who have gone bankrupt get a second chance quickly. Denmark performs above the EU average in this area. The time needed to resolve insolvency and the relative costs of it put Denmark among the five best performers in the EU on these two indicators.

Since 2008, a limited number of policy measures have been introduced in this area. The most prominent have been the regional 'growth houses' and the early warning system introduced by the Danish Business Authority. Targeting SMEs in difficulties, the early warning system offers free counselling to get companies through crises and back onto the growth path. In

addition, in order to avoid facing the stigma associated with entrepreneurial failure and bankruptcy, the early warning system is also about reconstructing companies in a fast and effective manner. If rescuing is not realistic, the early warning system is helpful when it comes to closing down unviable companies to avoid excessive debt.

During 2015 and the first quarter of 2016, no significant new measures related to 'Second chance' were adopted or announced, despite the challenges faced by entrepreneurs due to the fact that the process to get discharged<sup>15</sup> from bankruptcy still takes about four to five years, which is thus a relatively long period in spite of the good insolvency framework.

### 3.3 'Responsive administration'



**Note:** Data bars pointing right show better performance than the EU average and data bars pointing left show weaker performance.

'Responsive administration' means public administration being responsive to the needs of SMEs. On this principle, Denmark performs well above the EU average and is actually the second best in the EU. Administrative procedures for doing business in Denmark continue to be much less complex than in the rest of the EU. The required paid-in minimum capital as a percentage of income per capita has fallen constantly over the years, from about 41 % in 2008 to 14.3 % in 2016, which is however still higher than the EU average.

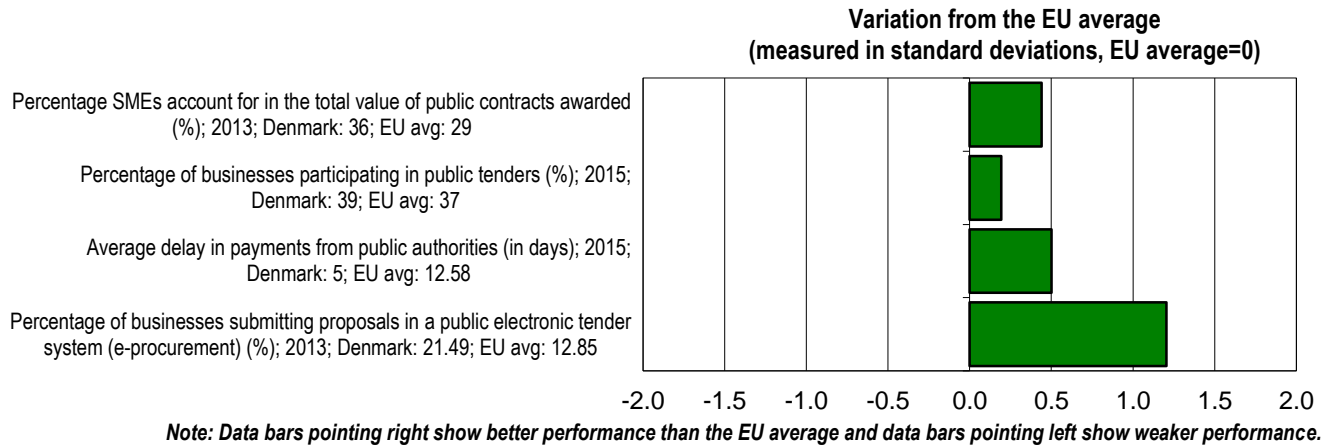
The regional 'growth houses' play an important role by providing counselling to SMEs. As regards digital information exchange,

there has been continuous improvement in interaction between companies and authorities. The Virk website run by the Danish Business Authority serves as an information source for growth-related matters and is similar to a one-stop-shop for business matters. Company registration, VAT payment and annual report submission are all available through this platform, which could however also provide an entry point for advisory services. Furthermore, some regulatory obstacles persist in Denmark, notably in construction and retail trade.

During 2015 and the first quarter of 2016, no significant new measures were adopted or announced.



### 3.4 State aid & public procurement



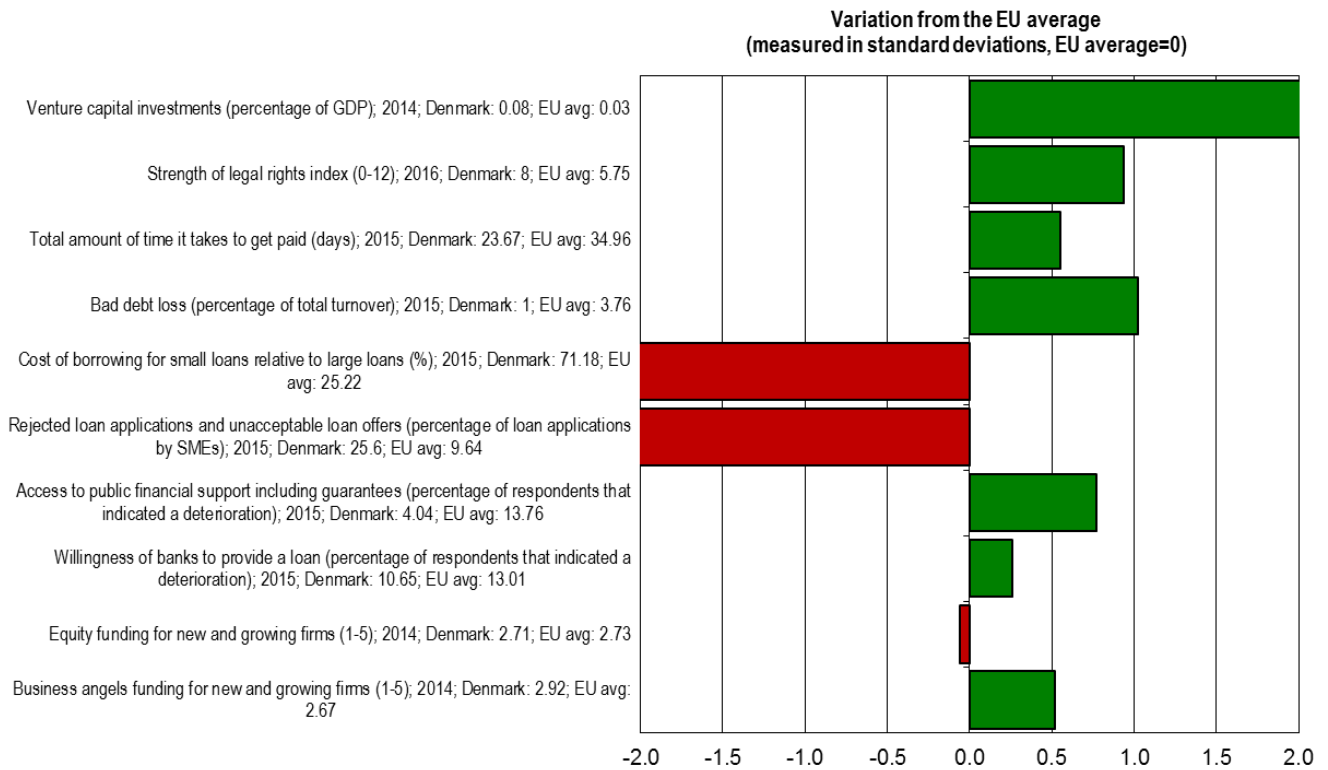
On State aid & public procurement, Denmark's performance is above the EU average. The proportion of businesses participating in public tenders increased from 23 % in 2013 to 39 % in 2015.

Progress in public procurement was limited until 2015. However, the Public Procurement Act, which transposed the European Procurement Directive, has changed matters. This act, effective since 1 January 2016, gathers all the procurement legislation into a single legal act. It sets out the overall framework for all public procurements and makes requirements upon potential bidders more flexible. For instance, labour-related

documentation now only needs to be submitted by the company which is awarded the tender. Furthermore, the Public Procurement Act requires that a contracting authority provides a reason if a tender is not divided into smaller lots.

Further improvement in the public procurement process for SMEs is needed as regards collective bidding. The Public Procurement Act needs to be fully implemented, in particular by municipalities genuinely taking into the account the elements that favour SMEs.

### 3.5 Access to finance



**Note:** Data bars pointing right show better performance than the EU average and data bars pointing left show weaker performance.

Denmark is among the best EU performers in Access to finance. The cost of borrowing for small loans (up to EUR 1 million) is relatively much higher than for large loans, but this is mainly due to the relatively low costs of large loans in Denmark. These cost less than half of the euro-area average, whereas the cost of small loans is within the euro-area average. As regards debt financing, the proportion of loan applications rejected and unacceptable loan offers made (25.6 %) was much larger in 2015 than was the case in 2014, when 9 % of applicants had their applications rejected or were made unacceptable offers. Thus, access to bank loans remains difficult even in Denmark, although there are indications that the credit demand of Danish firms is relatively limited. Venture capital investments, measured as a percentage of GDP, are among the two highest in the EU.

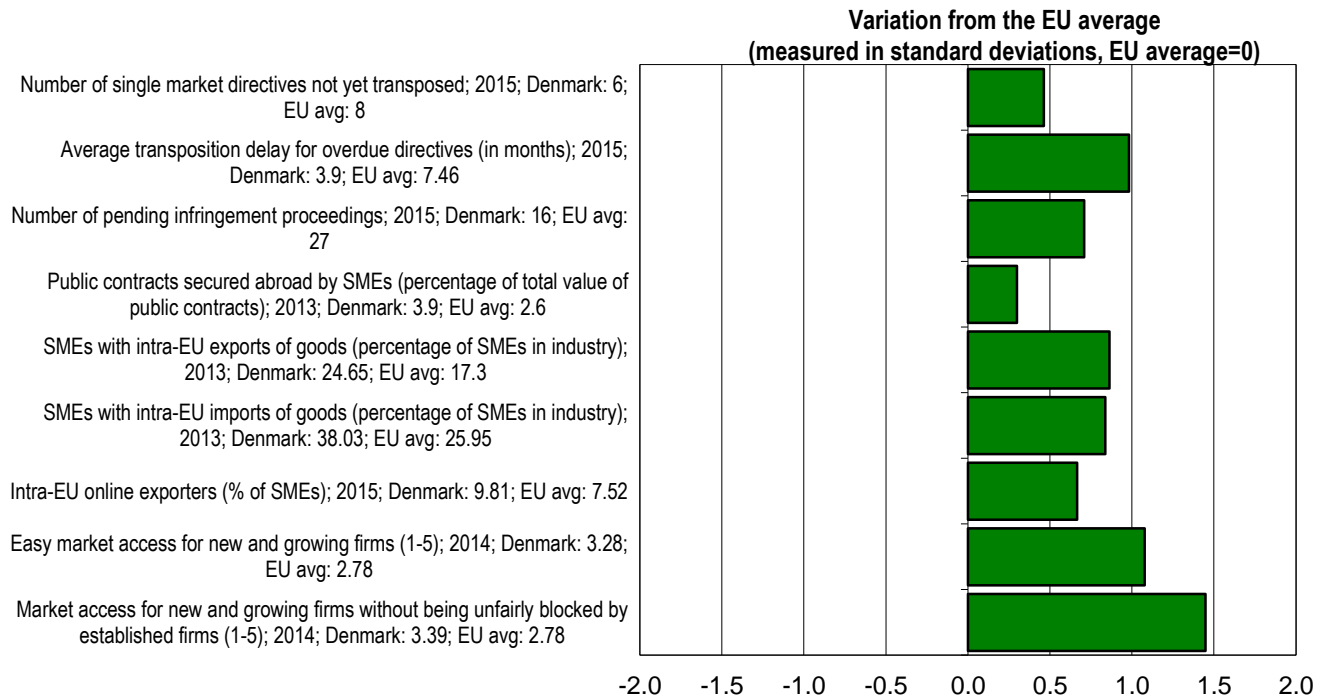
Progress in the Access to finance area has been substantial since 2008. A wide variety of instruments have been introduced,

such as tax and export credits, grants, loan instruments and state guarantees. Among the most important initiatives are the Growth Fund (*Vækstfonden*) and bodies such as the Market Development Fund.

In November 2015, Danish Growth Capital (*Dansk Vækstkapital*), a fund-of-funds scheme investing in small-cap, mid-cap, venture and mezzanine funds, and co-funded by Danish private pension companies, was replaced by its successor, Danish Growth Capital II (*Dansk Vækstkapital II*). Following the same line as its predecessor, Danish Growth Capital II is an important source of funding for SMEs in 2015-2020. One third of its capital is intended for venture capital investments, and pension funds increased their share of co-funding.

Despite the generally favourable business environment, many Danish SMEs still consider access to finance as a major obstacle to growth.

### 3.6 Single market



**Note:** Data bars pointing right show better performance than the EU average and data bars pointing left show weaker performance.

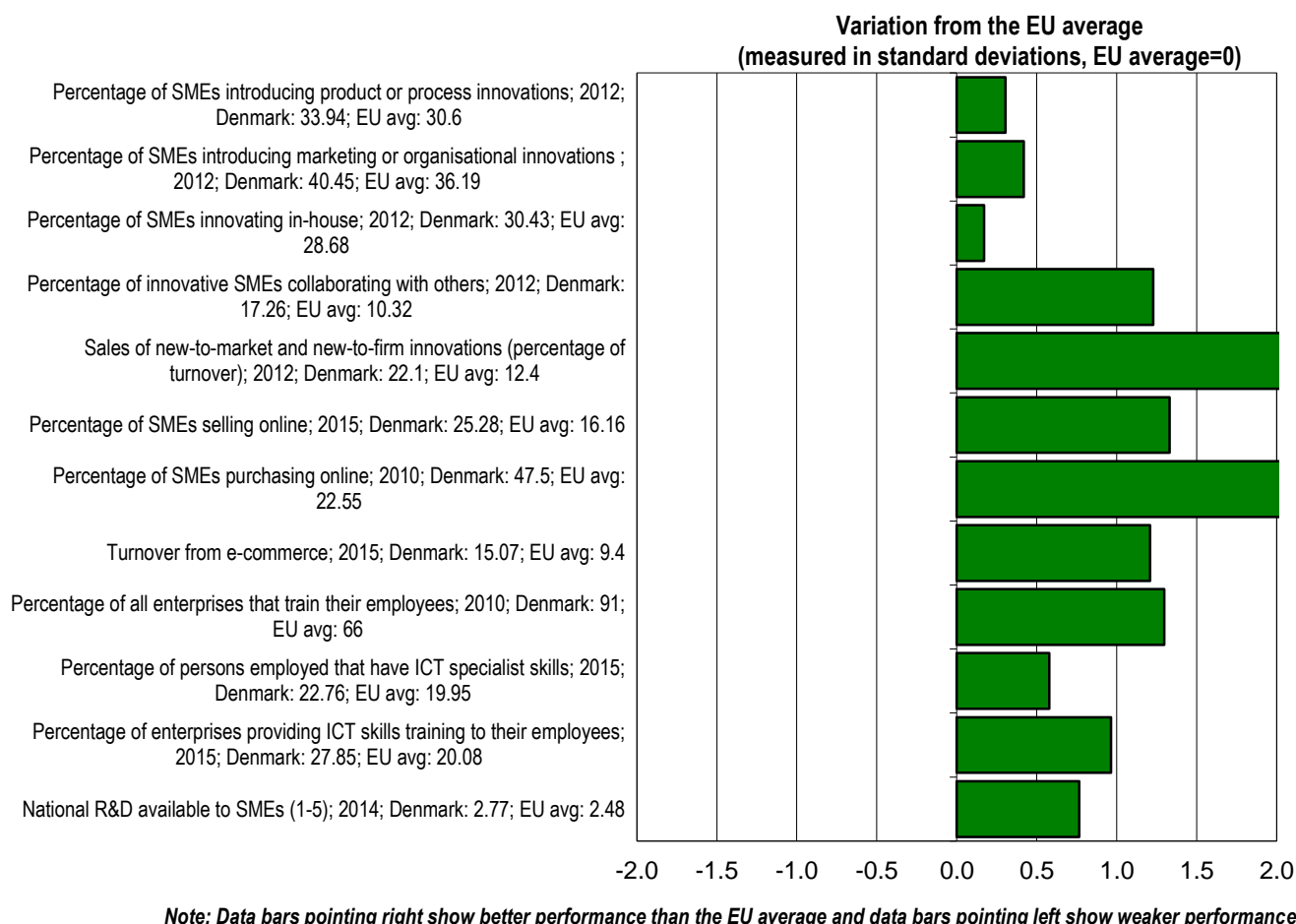
Denmark's performance on the Single market principle is among the top three in the EU. On nearly all individual indicators under this principle, Denmark is among the 10 best EU performers. Market access for new and growing firms, which is already among the easiest in the EU, has been made even easier over the past few years.

In terms of policy measures, the Danish Business Authority has established the Internal Market Centre, which provides

businesses, citizens and authorities with information on the rules of free movement of goods, persons and services. The centre also addresses matters related to the SOLVIT network, the Product Contact Point and the standardisation regulation.

During 2015 and the first quarter of 2016, no significant new measures were adopted or announced.

### 3.7 Skills & innovation



As regards Skills & innovation, Denmark is the second best in the EU. Since 2008, substantial progress has been achieved in this area. Funding supplied by the Danish Council of Technology and Innovation, the National Advanced Technology Foundation and the Strategic Research Council played a key role in this progress. Such funding has continued since the merger of these organisations into the Innovation Fund Denmark. This is illustrated by the 'InnoBooster' programme, which provides funding for SME research, development and innovation projects.

A network of approved technological institutes (GTS) provides advanced technical solutions and services for SMEs. Funding schemes, such as R&D tax credits and a clustering programme, have also been introduced. Implementation of these measures resulted in a substantial increase of the number of companies benefiting from innovation and research support instruments. Noteworthy measures include the Innovation Network Denmark programme, created in 2009, which comprises 22 national innovation networks, providing R&D and innovation support for more than 6 000 SMEs annually. These networks have been

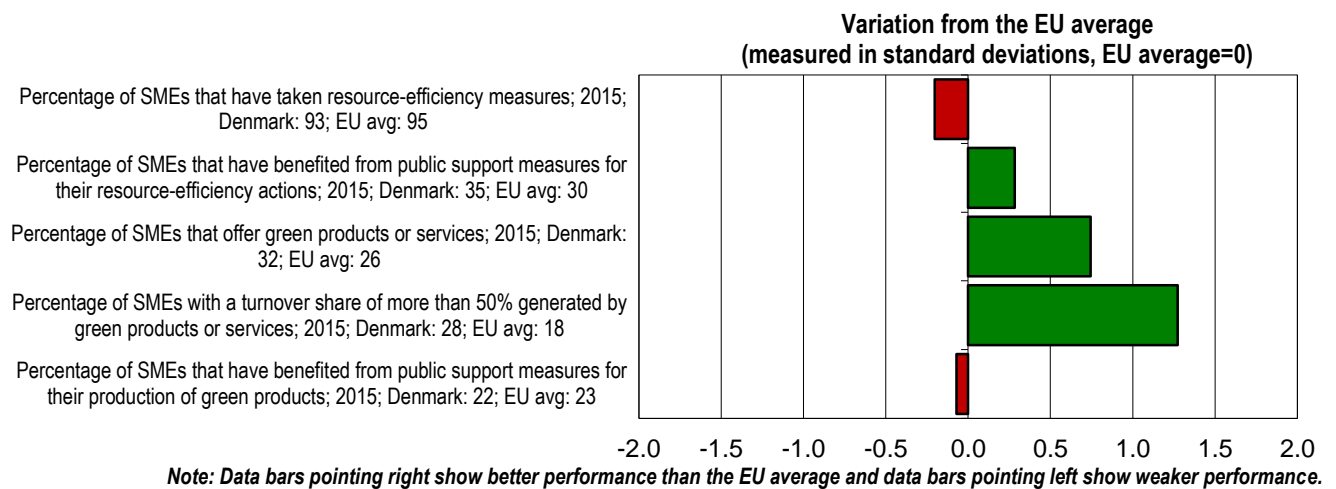
critical to achieving the government's objective of making Danish companies and public institutions among the most innovative in the world. The Market Development Fund represents another measure which contributed to this objective. With a commercial focus, the Fund has a unique position in the Danish innovation system. It takes over where R&D and demonstration programmes stop and aims to assist in the final market adaptation of enterprises' innovative solutions.

R&D collaboration between universities and private enterprises is funded by the Innovation Fund Denmark, and innovative start-ups are supported with equity via the Innovation Incubator Programme (*Innovations-miljøer*). In 2014, an evaluation revealed a high level of knowledge transfer between Danish universities and the private business sector. However, the mobility of R&D personnel between these sectors could be improved.

In 2015 and the first quarter of 2016, three policy measures were introduced in the area of skills & innovation, aimed at:

- enhancing partnerships among SMEs and relevant business organisations to implement new production methods (*Partnerskab for avanceret produktion* measure);
- subsidising the employment of staff with higher education in SMEs in rural areas (*Landdistriktsvækstpiloter* measure); and
- supporting the testing and demonstration of new renewable energy technologies through projects involving SMEs (*Nordisk Folkecenter for Vedvarende Energi i Thy* measure).

### 3.8 Environment

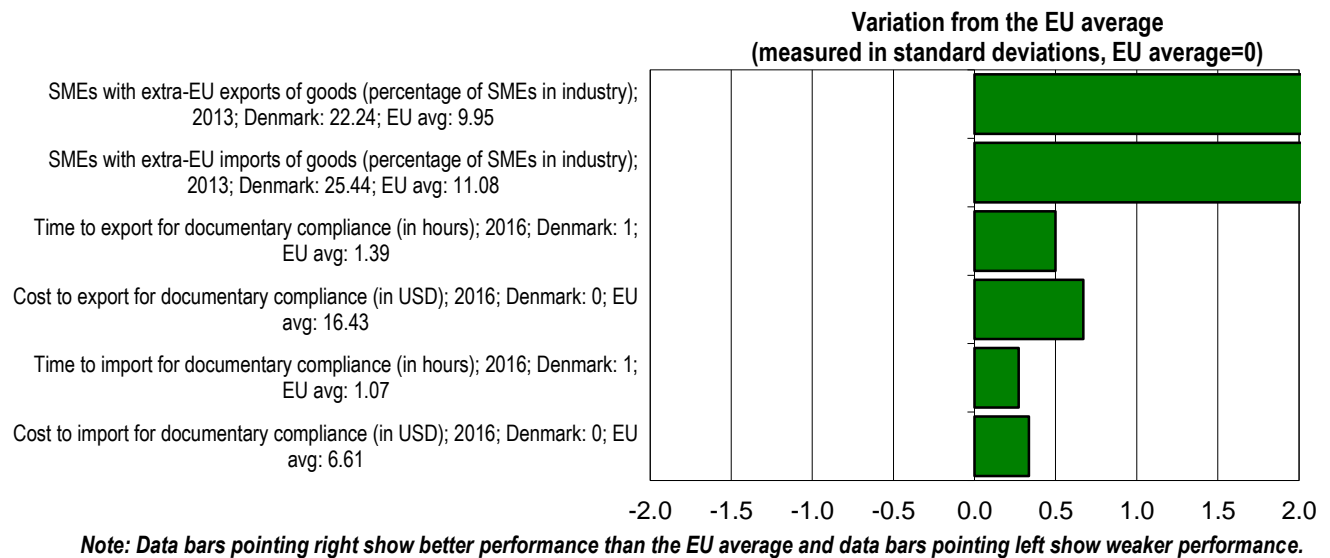


Denmark's performance as regards the SBA area Environment is broadly in line with the EU average. The proportion of Danish SMEs which generate most of their turnover with green products or services is among the eight highest in the EU. Moreover, the percentage of Danish SMEs that have benefited from public support for their production of these products has increased from 3 % in 2013 to 22 % in 2015, thus getting close to the EU average.

Since 2008, Denmark has adopted a substantial number of policy measures in the area of Environment. In 2008, the Eco-innovation Programme was established, aiming to provide risk capital to businesses developing 'green' technologies and innovations in collaboration with research and technology institutions. During the 2008-2014 period, 357 development and demonstration projects received funding from this programme. In 2013, the Resource Strategy (Denmark without Waste I) was launched. This strategy is aimed at treating waste as a resource and is expected, for example, to achieve 50 % recycling of specific fractions of household waste, 70 % recycling of packaging waste and 60 % recycling of organic waste from the service sector. In 2014, a cross-institutional task force of the Ministry of the Environment and the Ministry of Business and Growth was established to identify and remove regulatory barriers for enterprises to increase their resource-efficiency. This task force will be active until the end of 2017.

In 2015, the Waste Prevention Strategy (Denmark without Waste II), which is aimed at reducing waste volumes, was launched. The strategy focuses on resource-efficient utilisation of materials in Danish enterprises, on green consumption, avoidable food waste, building and construction, textiles, electronic equipment, and packaging. Furthermore, the Green Innovation Pool instrument was also introduced in 2015 to reinforce the development of the green economy in Denmark. Also in 2015, the Danish Green Investment Fund was launched as an independent state loan fund with the purpose of co-financing economically viable projects that facilitate and support sustainable development. This fund seeks to bridge the gap between traditional bank financing and equity capital. The individual loans have a maturity of up to 30 years and the fund is generally able to finance up to 60 % of the total costs associated with a given project. The fund has a net capital of up to DKK 200 million and a state-guaranteed lending capacity of up to DKK 5 billion, aimed at co-financing projects related to environmental savings, renewable energy sources and resource efficiency. Finally, a number of concrete initiatives have been launched in order to assist Danish SMEs in their resource efficiency and green product development efforts, including green public procurement programmes, free advice on implementing environmental management systems, grants for eco-labelling and sector-specific circular economy deals.

### 3.9 Internationalisation



Denmark performs well above the EU average in this area. Over the past years, the country has developed a substantial number of policy measures to support internationalisation of enterprises. In 2009, the Export Credit Agency established three new schemes: working capital guarantees, export loans and reinsurance of certain types of credit insurance, managed by private credit insurance companies. In 2010, the Agency established a department dedicated to SMEs and clean technology companies. In the same year, the Vitus programme, run by the Trade Council, was launched, aiming to help SMEs kick-start their exports through tailor-made strategies and counselling.

Abroad, the Ministry of Foreign Affairs and the Ministry of Higher Education and Science have set up Danish innovation centres in seven different locations around the world, helping Danish businesses, researchers, and other actors build international networks and develop business cases within a global perspective.

In 2012, the Innovation Express programme was created in cooperation with Sweden, Norway, Finland and Iceland, financing cluster-to-cluster and business-to-business collaboration. In 2014, the Investment Fund for Developing Countries (*IFU*) and the Danish International Development Agency (*Danida*) established an SME facility, which aims to support SMEs in the preparation and implementation of projects in developing countries. The Regional Key Account programmes allowing SMEs to carry out, simultaneously, focused activities in several countries within one region were also introduced in 2014.

In 2015, the Trade Council increased the reach of the Vitus programmes (initially launched in 2010) to include the food sector and e-commerce.

## 4. Interesting initiative

Below is an example of an initiative from Denmark to show what governments can do to support SMEs:

### The Implementation Council, a watchdog against over-implementation

In 2015, the Implementation Council was created. Its role is to act as a watchdog against over-implementation, i.e. to prevent unnecessary, potentially burdensome elements being introduced when the EU legislation is transposed into Danish legislation. Furthermore, the Council points out any areas in existing Danish legislation where EU legislation has been over-implemented and where simplification is therefore needed, and identifies future EU legislation where there is a need for Denmark to take early and proactive action to avoid unnecessary burdens.

Members of the Implementation Council are primarily representatives of businesses and SME organisations, as well as consumer, employer and employee organisations, and are appointed by the Minister for Business and Growth. The Ministry provides the secretariat and supports the Council in analysing whether over-implementation is, or could be, taking place. The Council is complemented by an inter-ministerial implementation committee of ministers who will follow up on the recommendations put forward by the Council.

Stakeholders have great expectations of this initiative. Over-implementation and gold-plating of EU legislation has been an issue widely discussed in Denmark. The aim is that the Council makes sure that potential over-implementation is pointed out already in the preparatory phase of the legislation, thus preventing it from being implemented. Substantial effort is required not only to point out the existing over-implementation in the current legislation, but even more so to remove it.

References:

[https://erhvervsstyrelsen.dk/sites/default/files/media/guide\\_til\\_ministerier\\_vedr\\_arbejdet\\_i\\_regeringens\\_eu\\_implementeringsudvalg.pdf](https://erhvervsstyrelsen.dk/sites/default/files/media/guide_til_ministerier_vedr_arbejdet_i_regeringens_eu_implementeringsudvalg.pdf)



## Important remarks

The European Commission Directorate-General for Internal Market, Industry, Entrepreneurship and SMEs (DG GROW) produces the SBA fact sheets as part of the SME Performance Review (SPR), its main vehicle for economic analysis of SME issues. They combine the latest available statistical and policy information. Produced annually, the fact sheets help to organise the available information to facilitate SME policy assessments and monitor SBA implementation. They take stock and record progress. They are not an assessment of Member State policies. Rather, they should be regarded as an additional source of information to improve evidence-based policy-making. For example, they cite only policy measures national SME policy experts consider relevant. They do not and cannot reflect all measures the government has taken over the reference period. There is more policy information on a database accessible from the SPR website.

SME Performance Review:

[http://ec.europa.eu/growth/smes/business-friendly-environment/performance-review/index\\_en.htm](http://ec.europa.eu/growth/smes/business-friendly-environment/performance-review/index_en.htm)

[grow-spr@ec.europa.eu](mailto:grow-spr@ec.europa.eu)

Small Business Act:

[http://ec.europa.eu/growth/smes/business-friendly-environment/small-business-act/index\\_en.htm](http://ec.europa.eu/growth/smes/business-friendly-environment/small-business-act/index_en.htm)

European Small Business Portal:

[http://ec.europa.eu/small-business/index\\_en.htm](http://ec.europa.eu/small-business/index_en.htm)

## Endnotes

<sup>1</sup> The two graphs below present the trend over time for the variables. They consist of index values for the years since 2008, with the base year 2008 set at a value of 100. As from 2014, the graphs show estimates of the development over time, produced by DIW Econ on the basis of 2008-2013 figures from Eurostat's Structural Business Statistics Database. The data cover the 'non-financial business economy', which includes industry, construction, trade and services (NACE Rev. 2 sections B to J, L, M and N). They do not cover enterprises in agriculture, forestry and fisheries or largely non-market service sectors such as education and health. A detailed methodology can be consulted at: [http://ec.europa.eu/growth/smes/business-friendly-environment/performance-review/index\\_en.htm](http://ec.europa.eu/growth/smes/business-friendly-environment/performance-review/index_en.htm)

<sup>2</sup> Finansministeriet, [http://www.fm.dk/~media/publikationer/imported/2015/oer-dec/oekonomisk-redegoerelse-december-2015\\_web.ashx](http://www.fm.dk/~media/publikationer/imported/2015/oer-dec/oekonomisk-redegoerelse-december-2015_web.ashx), p. 110, last accessed: 11.3.2015.

<sup>3</sup> Finansministeriet, [http://www.fm.dk/~media/publikationer/imported/2015/oer-aug/oekonomisk-redegoerelse-august-2015\\_web.ashx](http://www.fm.dk/~media/publikationer/imported/2015/oer-aug/oekonomisk-redegoerelse-august-2015_web.ashx), last accessed: 16.3.2016.

<sup>4</sup> Danish IT Industry Association (ITB), <https://itb.dk/news/rammevilk%C3%A5r/de-sm%C3%A5-it-virksomheder-brager-derudaf>, last accessed: 15.3.2016.

<sup>5</sup> Ibid.

<sup>6</sup> Statistics Denmark, <http://statbank.dk/konk9>, last accessed: 3.3.2016.

<sup>7</sup> FSR Danske Revisorer and Experian: *Hvert tiende danske selskab er et zombieselskab*, <http://www.experian.dk/blogs/experian-insight/wp-content/uploads/2015/11/Hvert-tiende-selskab-er-et-zombie-selskab.pdf>, last accessed: 3.3.2016.

<sup>8</sup> Experian: <http://www.experian.dk/blogs/experian-insight/wp-content/uploads/2015/10/Experians-statistik-over-nyetableringer-3.-kvar-tal-2015.-DATA-ARK.pdf>, last accessed: 3.3.2016.

<sup>9</sup> Erhvervsstyrelsen, <https://erhvervsstyrelsen.dk/ivaerksaetterselskaber-ivs>, last accessed: 3.3.2016.

<sup>10</sup> Erhvervsstyrelsen, <https://erhvervsstyrelsen.dk/ivaerksaetterselskaber-ivs>, last accessed: 3.3.2016

<sup>11</sup> Vaekstfonden, <http://www.vf.dk/~media/files/analyser/ba%20survey%202015.pdf>, last accessed: 16.3.2016.

<sup>12</sup> The 2016 SBA fact sheets benefited substantially from input from the European Commission's Joint Research Centre (JRC) in Ispra, Italy. The JRC made major improvements to the methodological approach, statistical work on the dataset and the visual presentation of the data.

<sup>13</sup> The quadrant chart combines two sets of information. Firstly, it shows current performance based on data for the latest available years. This information is plotted along the X-axis measured in standard deviations of the simple, non-weighted arithmetical average for the EU-28. Secondly, it shows progress over time, i.e. the average annual growth rates from 2008 to 2016. These are measured against the individual indicators which make up the SBA area averages. This means that the location of a particular SBA area average in any of the four quadrants provides information not only about where the country is located in this SBA area relative to the EU average at a given point in time, but also about the extent of progress made between 2008 and 2016. All SBA principles, with the exception of the 'Think Small First' principle for which there is not enough statistical data available, are calculated as composite indicators following the OECD/JRC Handbook guide. A detailed methodology can be consulted at: [http://ec.europa.eu/growth/smes/business-friendly-environment/performance-review/index\\_en.htm](http://ec.europa.eu/growth/smes/business-friendly-environment/performance-review/index_en.htm)

<sup>14</sup> The policy measures presented in this SBA fact sheet are only a selection of the measures the government took in 2015 and the first quarter of 2016. The national SME policy expert that CARSA Spain (DG GROW's lead contractor for the 2016 SBA fact sheets) contracted made the selection. The experts were asked to select only the measures they considered the most important, i.e. the ones expected to have the highest impact in the SBA area in question. The complete range of measures the experts compiled in producing this year's fact sheets will be published alongside the fact sheets in a policy database on the DG GROW website.

<sup>15</sup> In Denmark, it is possible to apply for a discharge only when the official receiver has completed the process of bankruptcy. The government's official business portal ([www.startvaekst.dk](http://www.startvaekst.dk)) estimates that the process of bankruptcy and the initiation of the discharge procedure takes on average one year and can take up to two years. The three-year period of paying off debts according to the debtor's ability to pay can start afterwards.