

Key points

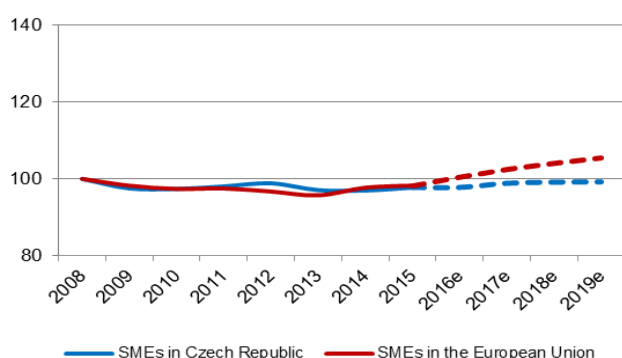
Past & future SME performance¹: SMEs contribute significantly to the Czech 'non-financial business economy', as is average in the EU as a whole. Czech SMEs generate 54.7 % of total value added, slightly lower than the EU average of 56.8 %, and 67.2 % of total employment, a little higher than the EU average of 66.4 %. The productivity of Czech SMEs, calculated as value added per person employed, is around EUR 22 800, slightly more than half the EU average of EUR 43 900. SME value added grew significantly, by 22.1 %, in 2013-2017, roughly in line with large firms. However, during the same period, the increase in SME employment was weak, at 1.8 %. Most recently, in 2016-2017, SME value added grew by 7.7 % and SME employment by 1.1 %. In 2017-2019, SME value added is expected to increase by 15.7 %. At the same time, SME employment is likely to stagnate, with an estimated rise of only 0.4 %.

Implementing the Small Business Act for Europe (SBA): The Czech Republic's overall performance is in line with the EU average. The country performs better than the EU average in the areas of access to finance and skills & innovation. In addition, the Czech Republic is the third best performing country in the EU on state aid & public procurement (measured in the context of the SBA indicators exclusively). However, in four areas, entrepreneurship, 'responsive administration', single market and internationalisation the Czech Republic performs below the EU average. The performance in 'second chance' and environment is in line with the EU average. The country's performance in single market and environment has deteriorated from the previous reference period.

SME policy priorities: The Czech Republic's main challenges are the need to support SMEs in expanding their trade internationally within and outside the single market and to reduce SMEs' regulatory burdens. While a number of e-government services to carry out administrative online procedures are now available to SMEs, the roll-out needs to accelerate. Further measures to support entrepreneurship are needed as some groups, such as women, young people or unemployed people have not yet benefited from such support measures. Future policy efforts should consider continuing support to facilitate business transfers. The country is still lacking 'business angel' funds and venture capital funds that would allow SMEs access to alternative financing as well as allow them to scale-up. Furthermore, no policy initiatives have been adopted for encouraging and supporting honest bankrupt entrepreneurs to re-start and there is neither an early warning nor help-desk mechanism to prevent entrepreneurs from going into bankruptcy in the first place.

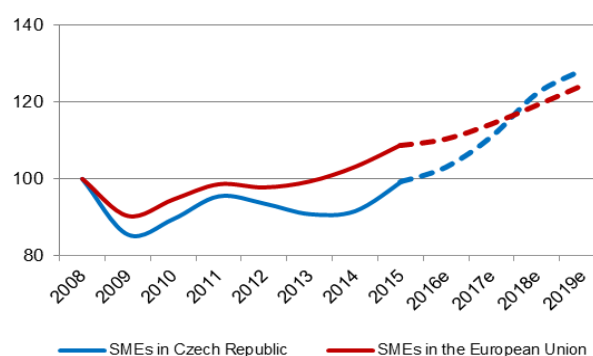
Number of persons employed in SMEs

(Index: 2008=100, estimates as from 2016 onwards)



Value added of SMEs

(Index: 2008=100, estimates as from 2016 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. The SBA fact sheets, published annually, 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.

Table of Contents

Key points	1
1. SMEs — basic figures.....	2
2. SBA profile	4
3. SBA principles.....	6
3.0 'Think Small First'	6
3.1 Entrepreneurship.....	7
3.2 'Second chance'.....	8
3.3 'Responsive administration'.....	9
3.4 State aid & public procurement	10
3.5 Access to finance.....	11
3.6 Single market.....	12
3.7 Skills & innovation.....	13
3.8 Environment.....	14
3.9 Internationalisation.....	15
4. Interesting initiative.....	16

1. SMEs — basic figures

Class size	Number of enterprises			Number of persons employed			Value added		
	Czech Republic		EU-28	Czech Republic		EU-28	Czech Republic		EU-28
	Number	Share	Share	Number	Share	Share	Billion €	Share	Share
Micro	991 130	96.1 %	93.1 %	1 132 935	31.1 %	29.4 %	20.2	19.9 %	20.7 %
Small	32 211	3.1 %	5.8 %	632 430	17.4 %	20.0 %	14.5	14.3 %	17.8 %
Medium-sized	6 802	0.7 %	0.9 %	680 317	18.7 %	17.0 %	20.9	20.6 %	18.3 %
SMEs	1 030 143	99.8 %	99.8 %	2 445 682	67.2 %	66.4 %	55.7	54.7 %	56.8 %
Large	1 619	0.2 %	0.2 %	1 193 619	32.8 %	33.6 %	46.1	45.3 %	43.2 %
Total	1 031 762	100.0 %	100.0 %	3 639 301	100.0 %	100.0 %	101.7	100.0 %	100.0 %

These are estimates for 2017 produced by DIW Econ, based on 2008-2015 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 following size-class definitions are applied: micro firms (0-9 persons employed), small firms (10-49 persons employed), medium-sized firms (50-249 persons employed), and large firms (250+ persons employed). 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.

SMEs contribute strongly to the Czech 'non-financial business economy' as is average in the EU as a whole. Czech SMEs generate 54.7 % of total value added, slightly lower than the EU average of 56.8 %, and 67.2 % of total employment, a little higher than the EU average of 66.4 %. Czech SMEs are smaller than is average for the EU, employing on average 2.4 people against 3.9 in the EU overall. Czech SMEs' productivity, calculated as value added per person employed, is around EUR 22 800, slightly more than half the EU average of EUR 43 900. The biggest SME sector in the Czech Republic is *manufacturing*, contributing 28.1 % of overall SME value added and 28.4 % of employment, both roughly 10 percentage points higher than the EU average.

In recent years, SMEs have undergone mixed development in the Czech Republic's 'non-financial business economy'. SME value added grew significantly, by 22.1 %, in 2013-2017, roughly in line with large firms. However, the increase in SME employment was weak, at 1.8 %, during the same period, whereas employment in large firms rose by 11.4 %. Most recently, in 2016-2017, SME value added grew by 7.7 % and SME employment by 1.1 %.

SMEs in *administrative activities* generated strong growth of 29.7 % in value added in 2013-2017. SME employment increased by 4.3 % in the same period, almost entirely driven by the *employment activities* subsector, with an increase of 21.3 %. SME value added in this subsector also rose substantially, by

47.1 % in the same period. The success of SMEs in *employment activities* is a result of the tightening labour market²: the Czech unemployment rate is the lowest in the EU, standing at only 2.4 % by the end of 2017, 1.2 percentage points lower than the previous year³. Furthermore, the employment rate for 20 to 64 year olds, at 79.4 %, was among the highest in the EU⁴. This tight labour market has led to shortages which prevent firms from filling vacancies with permanent employees⁵, creating considerable demand for the services of temporary employment agencies in this sector, allowing them to charge higher rates.

The SME *manufacturing* sector has recently undergone moderate development. Despite significant SME value added growth of 19.5 % in 2013-2017, SME employment stagnated in the same period. Similar to wider developments in the 'non-financial business economy', the growth of large firms in this sector was substantially higher than that of SMEs, with increases in large firm value added and employment of 35.7 % and 11.6 % respectively. Overall growth in this sector was mainly thanks to the flourishing car industry⁶, which has benefited from rising demand, both nationally and — in particular — internationally, stemming from the recent general economic recovery. Although large firms dominate car manufacturing, a significant number of SME suppliers in the car manufacturing value chain were also able to profit from sector growth. Nevertheless, the stagnation of SME employment, which occurred at the same time, resulted from significant and sustained labour market shortages of both highly-skilled and unskilled workers. Rising competition for workers has particularly hampered SME growth, since SMEs are typically unable to compete with large firms in terms of promotional prospects and, most crucially, in terms of salaries⁷.

Professional activities was one of the sectors with the highest increases in SME employment in 2013-2017, at 8.0 %. SME value added grew by 21.0 % in the same period. However, as in most other sectors, SMEs have lagged behind large firms, which, in 2013-2017, generated value added growth of 45.7 % and employment growth of 50.3 %. The sector as a whole has benefited from targeted government support for research and development. Examples include the National Innovation Strategy programme⁸, and, in particular, the promotion of collaboration between business and research organisations via EU structural funds such as the European Regional Development Fund (ERDF)⁹. Another factor for the growth in *professional activities* has been substantial demand for scientific and technical services from the thriving automotive sector, which is one of the main innovation drivers of the Czech economy¹⁰.

The generally positive economic climate in the Czech Republic is reflected in the growing number of company registrations,

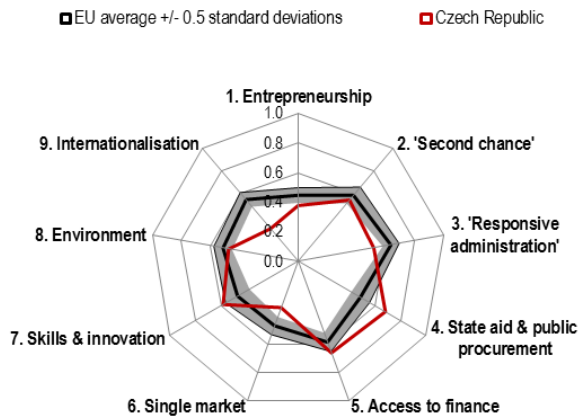
totalling 32 187 in 2017. This was an 11.6 % increase from the previous year and the highest total for the past decade. At the same time, deregistration fell slightly to 8 130, 1.7 % lower than in 2016. As a result, the number of businesses has been steadily rising, reaching 475 618 in 2017, a 5.3 % increase from 2016¹¹.

The following segment presents data that has been collected for the EU Startup Monitor and refers mainly to the population of online and technology based start-ups.¹² The Czech start-up ecosystem has been recently developing and many initiatives have been created to boost the growth of the ecosystem in the next few years. The typical business founder is male (88.9 %) and holds a university degree (77.8 %). Against the EU average of 15.6 % female founders, the Czech Republic still has to catch up regarding the proportion of female entrepreneurs (9.3 %) but the country is proven to be a great place for founders with no university qualification (16.7 %, against 5.0 % EU average), supporting the widely held view that successful start-ups can be created without a university degree. Start-ups in the Czech Republic are found in many sectors, such as education (5.8 %) and IT and software (17.3 %). Furthermore, the country ranks first in the EU for start-ups in consumer mobile and web applications (9.6 %, against 3.6 % within the EU). Czech start-ups currently employ 12.5 people and are looking to hire 8.1 more within the next 12 months. Unlike most European start-ups, Czech start-ups are generating revenues both through business-to-business (63.0 %) and business-to-customer (23.9 %, against 13.4 % EU average). With an international presence both within the eurozone (89.7 %) and outside the eurozone (39.7 %) Czech start-ups are clearly looking to grow. Furthermore, out of all the countries investigated Czech start-ups show the highest interest in doing business in South America (25.6 %, against 14.8 % EU average). The geographic start-up hub for the Czech Republic is Prague with other emerging hubs such as Brno.

In 2015, 3 962 firms — 10.6 % of all firms in the Czech 'business economy'¹³ with at least 10 employees — were high-growth firms¹⁴, exceeding the EU average of 9.9 %. High-growth firms are particularly prevalent in *administrative and support services*, with a proportion of 15.2 %, followed by *information and communication*, at 14.9 %, and *transportation and storage*, at 14.5 %.

The recent SME growth is expected to continue over the coming years. In 2017-2019, SME value added is expected to increase by 15.7 %. At the same time, SME employment is likely to stagnate, with an estimated rise of only 0.4 %. In absolute numbers, it is predicted that SMEs will create around 9 100 jobs.

2. SBA profile¹⁵



Overall, the Czech Republic performs in line with the EU average. The country performs above the EU average in state aid & public procurement, skills & innovation (measured in the context of the SBA indicators exclusively) and access to finance. It performs below the EU average in entrepreneurship, 'responsive administration', single market and internationalisation. In 'second chance' and environment the country performs in line with the EU average. The country's performance in single market and environment has deteriorated from the previous year.

Policy-wise, the Czech Republic's strategy in implementing the SBA has been consistent and the country's performance and progress in key areas such as skills & innovation has been positive. For the period 2014–2020, the framework for strategic support to SMEs was laid out in 'The Small and Medium Enterprises Support Strategy 2014 - 2020'¹⁶ (*Koncepce podpory malých a středních podnikatelů na období let 2014-2020*). On an operational basis, an annual 'Action Plan of Support to Small and

Medium-sized Enterprises'¹⁷ (*Akční plán podpory malých a středních podnikatelů*) has been prepared to run for 4 years in collaboration with economic and social partners.

During the current reference period, 2017 and the first quarter of 2018, the Czech Republic has adopted 13 policy measures addressing 5 out of 10 policy areas under the Small Business Act.

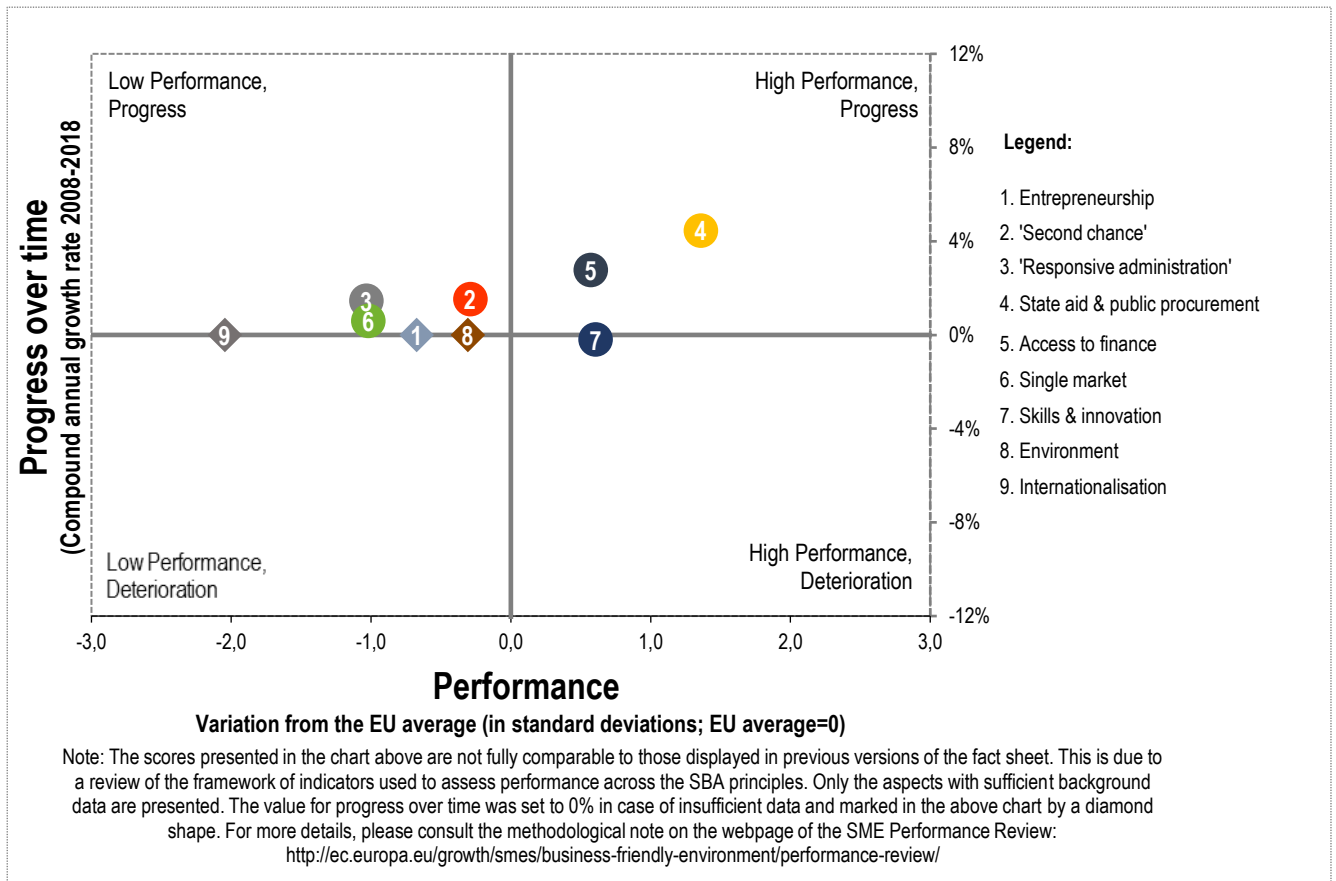
Some recommendations from the SME action programme have also been taken on board. This is the case for skills & innovation, where the European Social Fund is used to finance digital skills and training sessions for SMEs. Under the entrepreneurship principle, the Czech government has also started to more closely monitor the benefits of the sharing economy.

The most significant progress during 2017 and the first quarter of 2018 was in the area of skills & innovation. Five measures were introduced which focused mainly on supporting research, development and innovation for Czech SMEs. The Czech government also paid a significant amount of attention to access to finance and environment.

No progress has been achieved in the areas of entrepreneurship, 'second chance', state aid & public procurement and single market.

The Czech Republic still has some problematic issues to address. In particular, facilitating business transfers due to generational change has not been effectively addressed. Honest bankrupt entrepreneurs are not treated equally. Regulatory impact assessments are not effectively used to change the proposed legislation.

SBA performance of Czech Republic: state of play and development from 2008 to 2018¹⁸



3. SBA principles¹⁹

3.0 'Think Small First'

The 'Think Small First' principle is meant to be a guiding principle for all policy- and law-making activities. It requires policymakers 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.

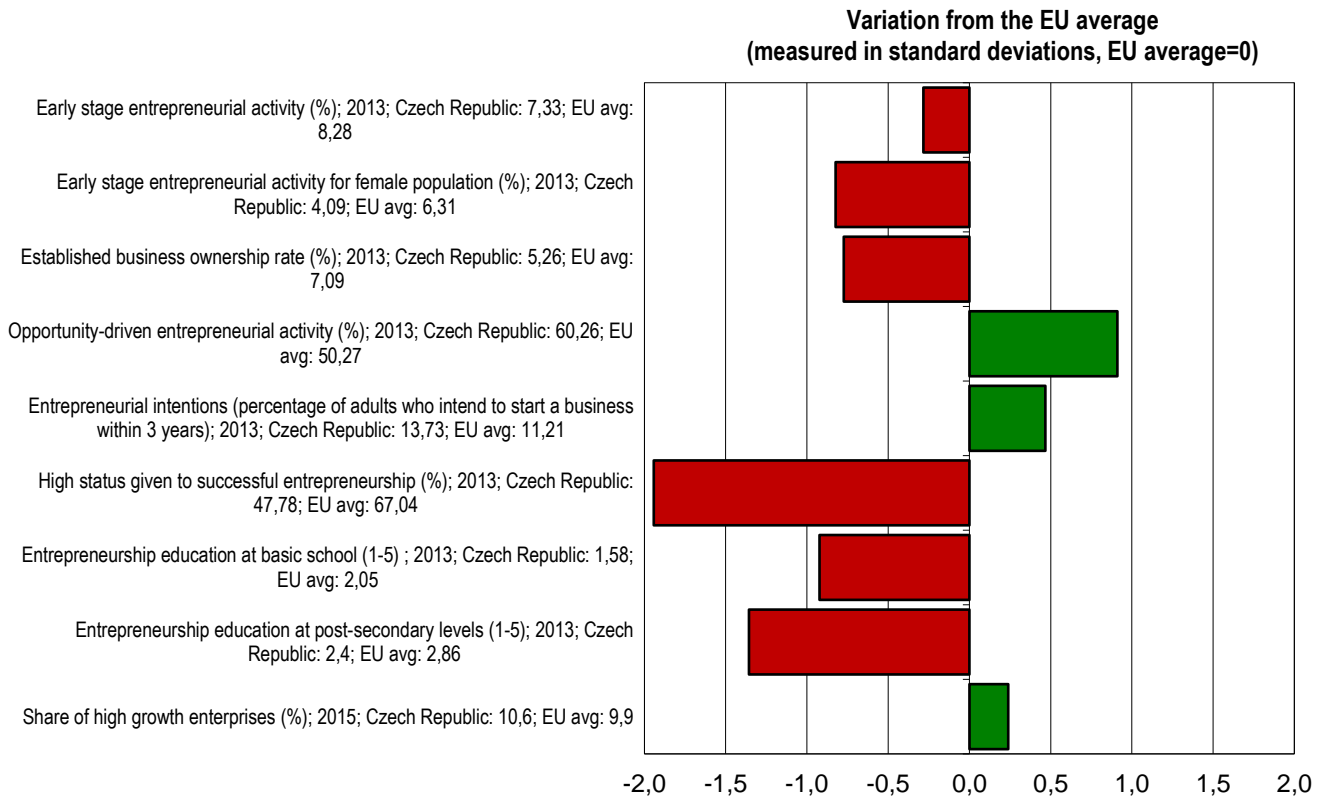
Since 2008, policy progress in the 'Think Small First' principle has been moderate. The Czech government has adopted measures targeting most of the SBA recommendations. Nevertheless, there are still a number of areas that require further policy action. For example, the 'SME Test' is not systematically and consistently applied as part of the regulatory impact assessments, and there is still resistance to introducing

common commencement dates not only for new legislative rules but also for amendments to existing legislation relevant to SMEs. In addition, targets to reduce red tape have not been set. Although the regulatory impact assessment is in place, results are not used effectively to change or withdraw the proposed legislation.

On a positive note, the Czech government regularly consults SME stakeholders on new legislative proposals. The government takes into consideration the results of the consultations and makes them public.

During the current reference period no additional significant measures were adopted or announced.

3.1 Entrepreneurship



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

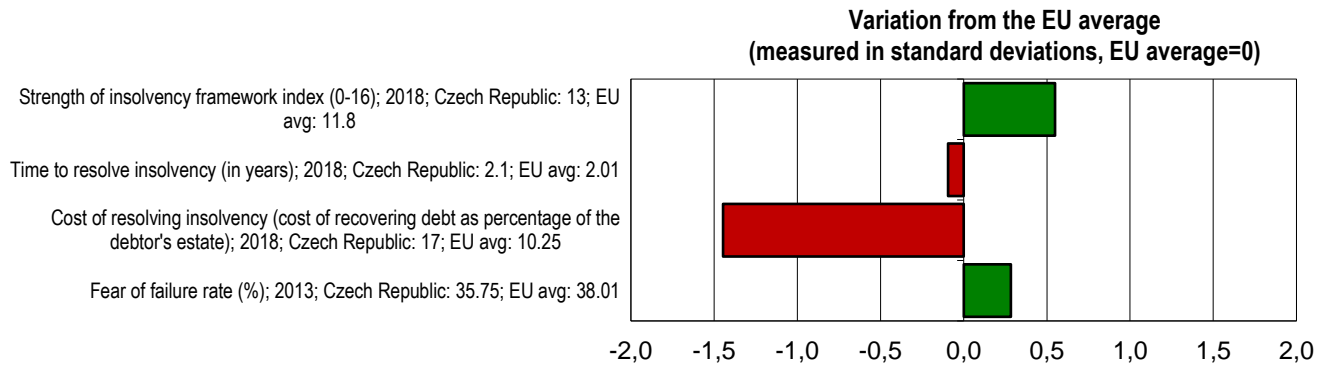
The Czech Republic continues to perform below the EU average. No update was available for majority of the indicators assessing the entrepreneurship framework conditions. The proportion of high-growth companies is the only indicator that has been updated; it showed an improvement, rising from 8.3 % in 2014 to 10.6 % in 2015.

Since 2008, policy progress under entrepreneurship has been moderate. The Czech government is increasing the support provided to start-ups, particularly those with a technological

character. Although the government has taken several measures to promote entrepreneurship, some SBA recommendations still remain unaddressed. For instance, there are no specific entrepreneurship support measures targeting women, young people or unemployed people. Similarly, there is still no specific support scheme to ensure successful business transfers.

During the current reference period, no additional significant measures were adopted or announced under the entrepreneurship principle.

3.2 ‘Second chance’



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

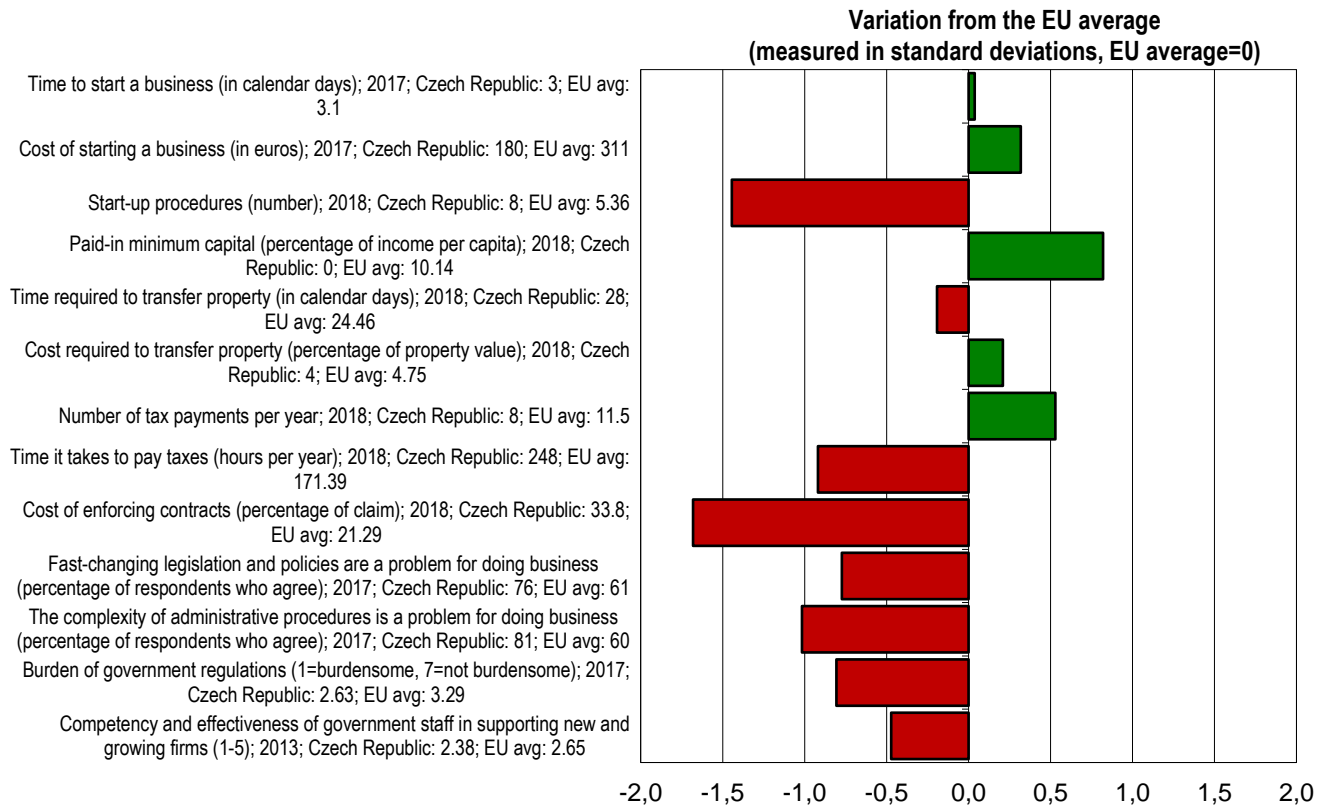
‘Second chance’ refers to ensuring that honest entrepreneurs who have gone bankrupt get a second chance quickly. The Czech Republic performs in line with the EU average in this area. Indeed, the situation is almost unchanged from last year. The country’s performance is held back by its expensive insolvency procedures, which is the third most costly in the EU, and has remained stagnant since 2011. On a positive note, the insolvency framework index is better than the EU average.

procedures that would enable entrepreneurs to move more quickly through the bankruptcy processes. Furthermore, the country has not yet introduced an early warning or help-desk mechanism to prevent bankruptcy.

During the current reference period no additional significant measures were adopted or announced.

Since 2008, the Czech Republic has made limited progress in the area of ‘second chance’. The country is still lacking fast-track

3.3 'Responsive administration'



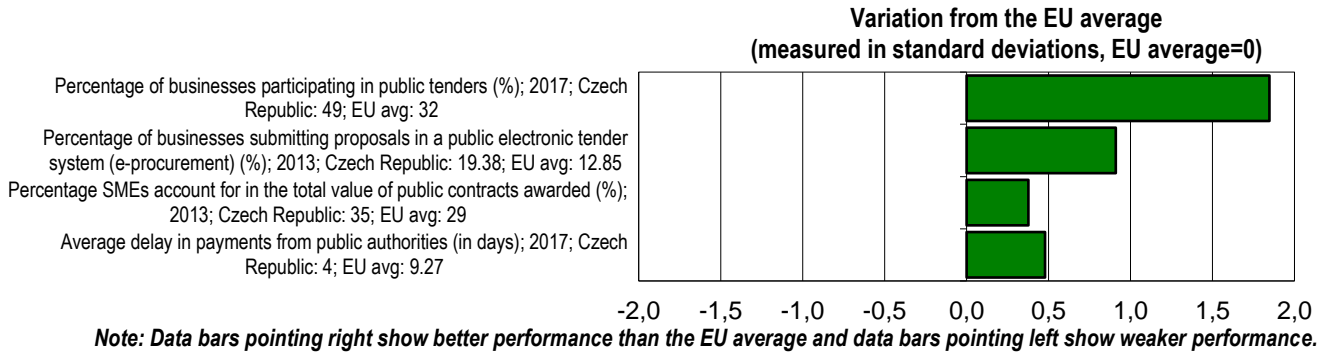
'Responsive administration' refers to public administration being responsive to the needs of SMEs. Overall, the Czech Republic performs below the EU average in this principle. Fast-changing legislation and complex administrative procedures are still major problems for doing business in the Czech Republic. Regulatory burden is still one of the most urgent challenges facing Czech entrepreneurs²⁰. The cost for enforcing contracts has not improved since 2008 and is currently the second highest in the EU. While the time and costs needed to start a business has substantially fallen since 2008, the number of procedures has not been reduced. Furthermore, the time it takes to pay taxes is still substantially higher than the EU average, despite being reduced by over 150 hours since 2012 and over 500 hours since 2008. On a positive note, in the Czech Republic the number of tax payments per year is less than the EU average and the minimum amount for paid-in capital has been removed.

Policy-wise, the government has introduced several policy measures under this principle. The 'Business Corporations Act

90/2012 Coll.' (*Zákon o obchodních společnostech a družstvech 90/2012 Sb.*)²¹ and the 'Civil Code 89/2012 Coll.' (*Občanský zákoník 89/2012 Sb.*)²² have reduced the time it takes to set up a new business and removed the minimum amount required for paid-in capital. There is a single-point-of-contact responsible for ensuring that start-up procedures are effective. While e-government services are available to SMEs to carry out administrative procedures online, the roll-out has been somewhat slow.

During the current reference period, the government introduced the 'Action Plan to Support Small and Medium-sized Enterprises for 2017' (*Akční plán podpory malých a středních podnikatelů na rok 2017*)²³. This action plan incorporates three priority areas which aim to support the competitiveness of SMEs: (i) creating a favourable entrepreneurial environment for SMEs; (ii) improving SMEs' access to finance; and (iii) providing better access to a higher skilled labour force.

3.4 State aid & public procurement



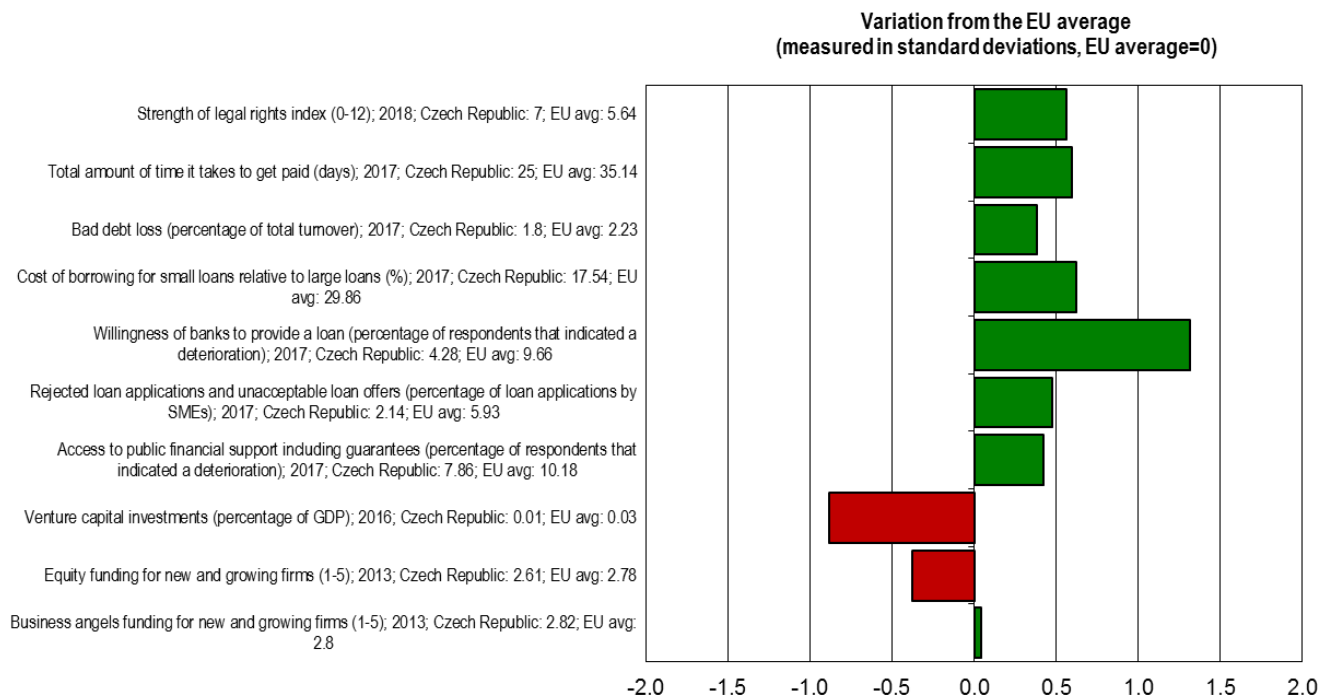
Measured exclusively in the context of the SBA indicators, the Czech Republic continues to perform well above the EU average in this area, with the second-best score among all EU Member States. For instance, the proportion of SMEs using e-procurement remains substantially above the EU average and the average delay in payments from public authorities is just 4 days. Equally, the proportion of businesses participating in public tenders is the highest in the EU.

However, the Czech Republic continues to face challenges in improving the transparency and efficiency of public procurement and preventing corruption. This also has been highlighted in the Council Recommendation on the 2018 National Reform Programme of the Czech Republic²⁴.

Since 2008, the Czech Republic has put in place several policy measures addressing most of the SBA recommendations. The country has an e-procurement portal and the government introduced protective measures for SMEs against late payments. In addition, 'The New Act on the Public Procurement, no 134/2016 Coll.' (*Nový zákon o zadávání veřejných zakázek, č. 134/2016 Sb.*²⁵) simplifies the public procurement process to encourage SMEs to participate.

During the current reference period, no additional significant measures were adopted or announced.

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.

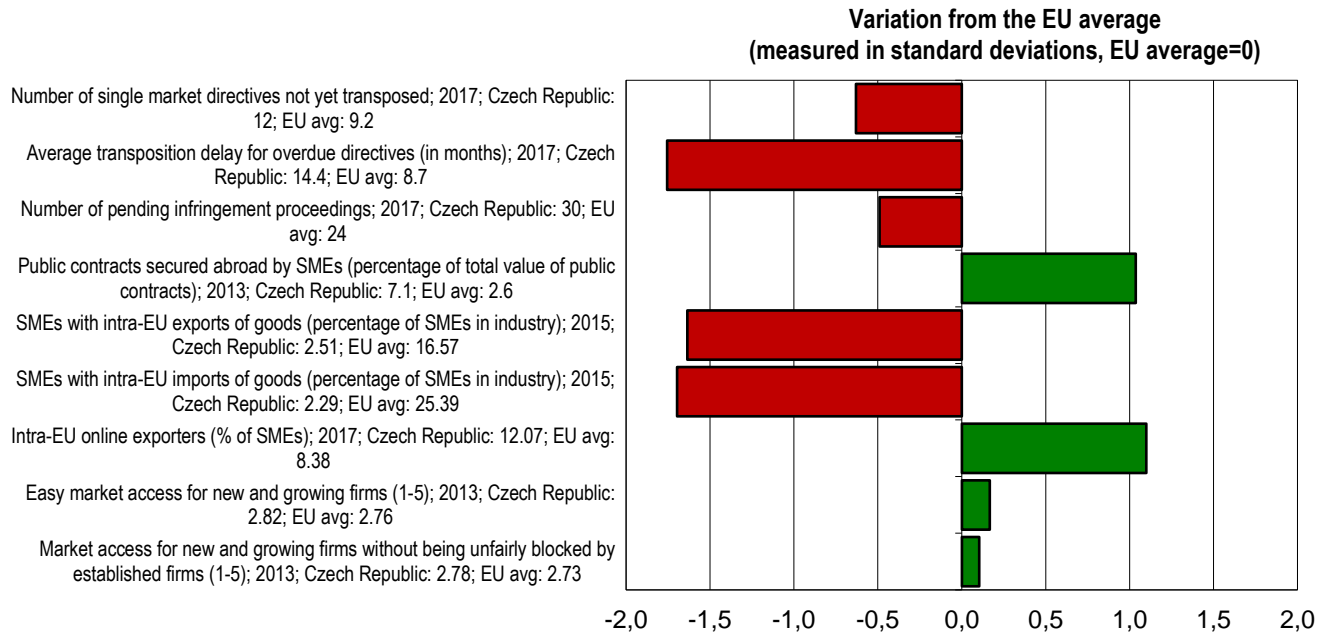
The Czech Republic continues to perform above the EU average in this principle. The willingness of Czech banks to provide loans to SMEs is the second highest in the EU. In addition, the number of loan applications from SMEs that are rejected is the third lowest among all EU Member States. The cost of borrowing for small loans relative to large loans has also been falling consistently since 2015. However, the availability of venture capital is below the EU average. Meanwhile, equity funding for new and growing firms — while still underdeveloped — is in line with the EU average.

Since 2008, significant policy progress has been achieved. A series of measures have helped SMEs access traditional bank loans. However, despite progress in traditional bank lending, the Czech government has not introduced enough policies to promote alternative financing instruments. Also, the country has not yet established a fund-of-funds for alternative equity and debt financing.

During the current reference period, several additional measures were launched to improve access to finance:

- The SME support programme ‘Technology’ (*Technologie*)²⁶ provides financial support to start-ups to cover different eligible costs such as the purchase of machinery and equipment, grants for acquiring patent licences and software, and the adoption of modern ICT technology. The maximum amount granted per project is CZK 100 000.
- The SME support programme ‘ICT and shared services’ (*ICT a sdílené služby*)²⁷ is part of the operational programme ‘Entrepreneurship and Innovation for Competitiveness’. The programme provides financial support to create new advanced digital services and applications.
- The SME support programme ‘Guarantee 2015-2023’ (*Záruka 2015 – 2023*) helps SMEs to access bank loans to operate their business projects. The guarantee provides up to 70 % of the total loan granted for a period of 6 years.
- The SME support programme ‘ENERGY’ (*ENERG*) helps SMEs access financial support for energy efficiency projects. However, this programme is intended only for projects carried out in the city of Prague.

3.6 Single market



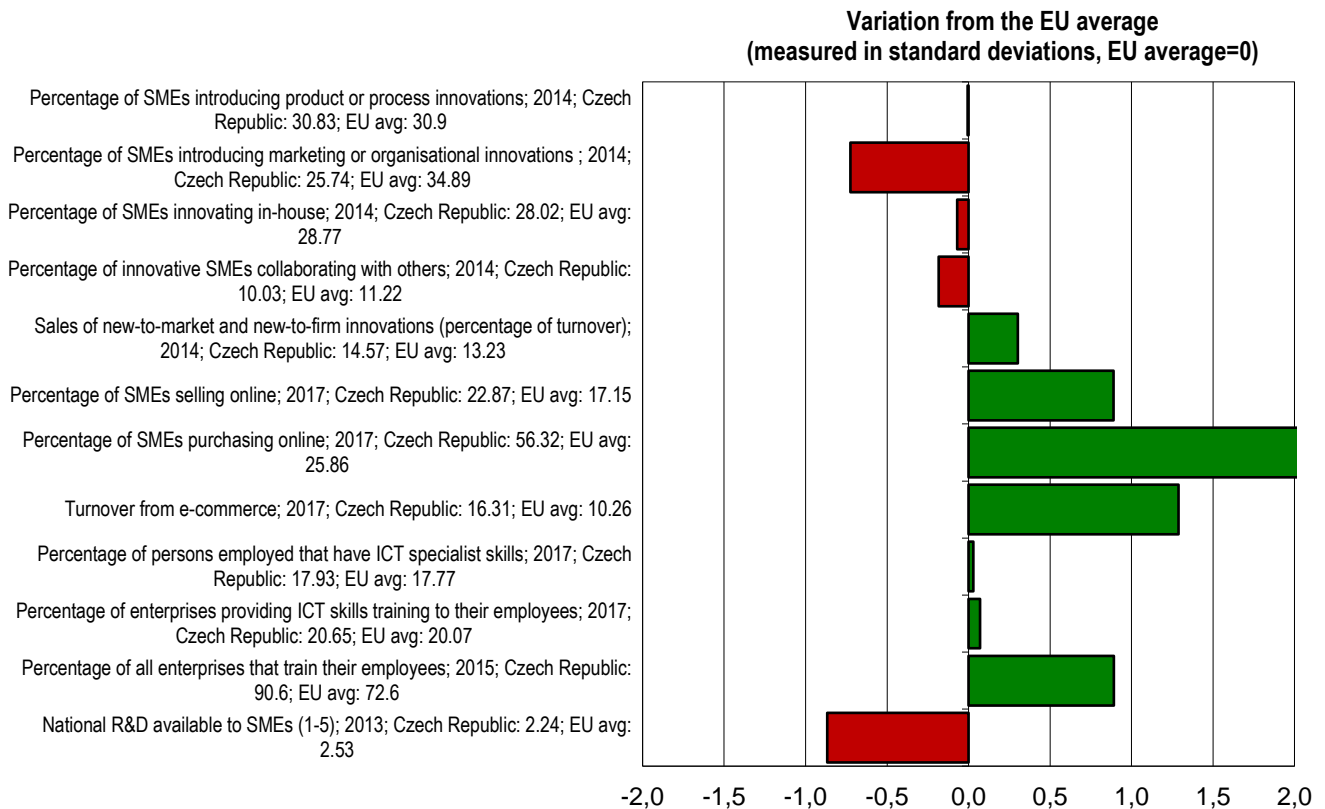
Note: Data bars pointing right show better performance than the EU average and data bars pointing left show weaker performance.

The Czech Republic performs below the EU average, having weakened since the previous reference period. The number of single market directives not yet transposed as well as the number of single market-related infringements is higher than the EU average. Also, the average transposition delay for overdue directives has significantly increased from 5.5 to 14.4 months against the previous reference period. While the proportion of SMEs with intra-EU imports and exports of goods is among the weakest in the EU — according to the latest data — the proportion of SMEs with intra-EU online exports is improving and is substantially above the EU average.

Since 2008, the Czech government has introduced measures based on a significant number of SBA recommendations. The country has a single-point-of-contact²⁸ to support SMEs within the single market and a SOLVIT centre has been established. In addition, Czech SMEs receive support in accessing patents and trademarks within the single market.

During the current reference period, no additional significant measures were adopted or announced.

3.7 Skills & innovation



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

The Czech Republic continues to perform above the EU average in this area. The proportion of SMEs purchasing online is the highest among all the EU Member States. Similarly, the turnover from e-commerce is the third highest in the EU. In addition, the proportion of companies that train their employees is the third highest in the EU.

Since 2008, the Czech government has covered a lot of ground in terms of the SBA recommendations. The country has adopted measures to develop the R&D capabilities of SMEs. However, there is no mechanism in place to assess labour market needs and to adapt the education system to these needs.

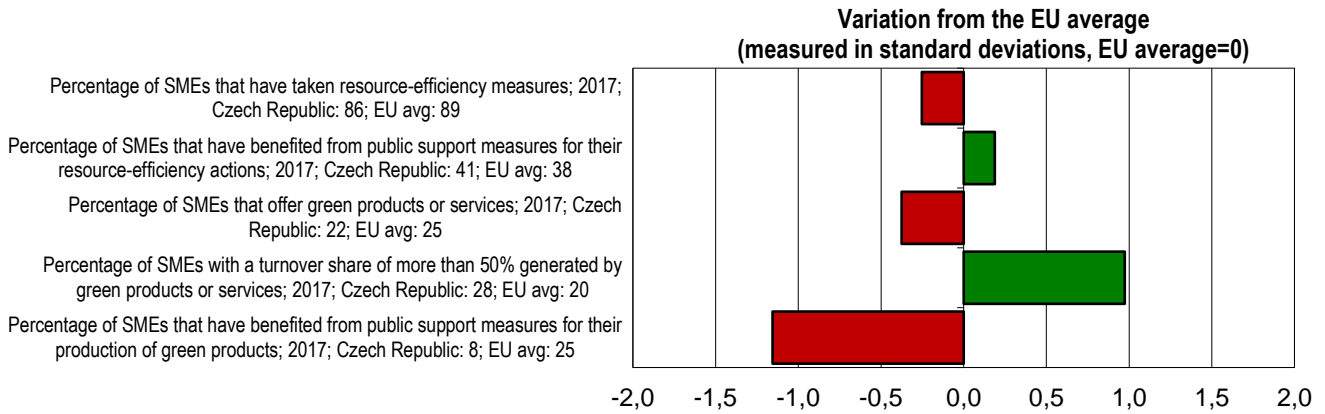
During the current reference period, five significant initiatives were adopted by the Czech government under skills & innovation:

- 'Innovation vouchers' (*Inovační vouchery*)²⁹ which can be used by businesses for launching or intensifying their own innovation activities. The minimum grant awarded per project is CZK 50 000, while the maximum grant is CZK 299 999.
- The SME support programme 'Knowledge transfer partnerships' (*Partnerství znalostního transferu*)³⁰

strengthens the interaction between business, research centres and knowledge-dissemination organisations in order to transfer knowledge on production processes, new products and services. The programme also aims to improve the procedures for product certification.

- The SME support programme 'Potential' (*Potenciál*)³¹ helps SMEs to carry out research, development and innovation activities as part of their business. The minimum amount granted per project is CZK 2 million, while the maximum is CZK 50 million.
- The 'Innovation — Innovation Project' (*Inovace — inovační projekt*)³² aims to strengthen the innovative performance of Czech SMEs and their competitiveness. This project is carried out in cooperation with academic institutions and research centres. The minimum grant provided per project is CZK 1 million, while the maximum is CZK 50 million.
- The 'Proof of concept'³³ programme provides support to start-ups/SMEs to carry out a feasibility study and commercial analysis for developing new products and services.

3.8 Environment



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

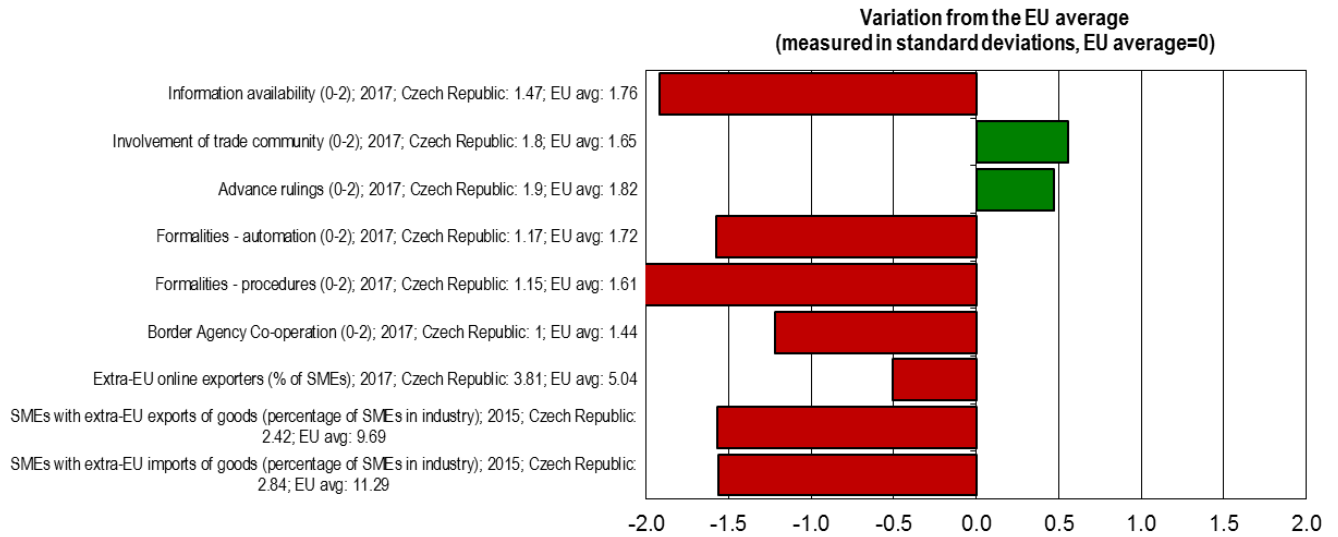
The Czech Republic performs in line with the EU average, but has deteriorated overall from the previous reference period. The proportion of SMEs that have benefited from public support measures for the production of green products is significantly below the EU average, having dropped from 64 % to 8 %. The proportion of SMEs that have benefited from public support measures for their resource-efficiency activities also fell from 63 % to 41 %. On the positive side, the percentage of SMEs with a turnover share of more than 50 % generated by green products or services has increased from the previous reference period by 6 percentage points.

Since 2008, the Czech Republic has made important policy efforts in this area. Indeed, the country has put in place measures covering the majority of the SBA recommendations. Policy initiatives have focused on encouraging SMEs to use renewables and offering SMEs incentives to get Eco-Management and Audit Scheme certification.

During the current reference period, two new measures were adopted:

- The ‘Low carbon technologies — secondary raw materials’ (*Nízkouhlikové technologie — Druhotné suroviny*)³⁴ programme provides incentives for introducing secondary raw materials.
- The ‘Low carbon technologies — converting biogas to bio methane and injecting it to the network’ (*Nízkouhlikové technologie — Úprava bioplynu na biometan a jeho vtláčení do sítě*)³⁵ programme provides incentives for introducing electro mobility and renewable sources of energy — including the installation of technologies for converting biogas into biomethane.

3.9 Internationalisation



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

This is the Czech Republic’s weakest principle, with the country performing well below the EU average overall in this area. It performs significantly below the EU average in formalities on procedures. Furthermore, the proportion of SMEs with extra-EU imports and exports of goods remains among the lowest in the EU.

Policy-wise, progress has been moderate. Financial support is available specifically for SMEs that want to sell their products and services abroad. In addition, public authorities help SMEs to

enter new markets by organising trade missions and networking events. The ‘2012-2020 Export Strategy of the Czech Republic’ (*Exportní strategie České republiky pro období 2012 až 2020*) establishes the framework for SMEs regarding pro-export policy and activities.

During the current reference period, the government introduced the ‘Marketing’ (*Marketing*)³⁶ programme. This programme helps SMEs to enter foreign markets by facilitating their participation in international trade exhibitions and trade fairs abroad.



4. Interesting initiative

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

SME support programme 'Proof of Concept'

This support programme was introduced by the Czech Ministry of Industry and Trade. It provides support to Czech SMEs to carry out a feasibility study, SWOT analysis and commercial analysis to assess the 'proof of concept' of new products and services. The support measure also aims to encourage technology and knowledge transfer between research organisations and businesses.

The programme provides support for:

- personnel costs: wages and insurance premiums for researchers, technicians and other support personnel needed for the project;
- costs for tools, devices and equipment needed to develop the project;
- costs for consultants and external experts used exclusively for the project; and
- costs for obtaining and validating patents and other intangible assets.

The minimum amount of financial aid per project is EUR 12 000, while the maximum is EUR 400 000.

References:

<https://www.agentura-api.org/programy-podpory/proof-of-concept/proof-of-concept-vyzva-i/>

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, they 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/>

grow-spr@ec.europa.eu

Small Business Act:

http://ec.europa.eu/growth/smes/business-friendly-environment/small-business-act/index_en.htm

Entrepreneurship and SMEs:

<https://ec.europa.eu/growth/smes>

Endnotes

¹ 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 2016, the graphs show estimates of the development over time, produced by DIW Econ on the basis of 2008-2015 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/>

² Czech Statistical Office; Basic Characteristics of the Economic Status of the Population Aged 15 and over; data available at https://vdb.czso.cz/vdbvo2/faces/cs/index.jsf?page=vystup-objekt&pvo=ZAM01-B&skupId=426&katalog=30853&pvo=ZAM01-B&str=v467&u=v413_VUZEMI_97_19; last accessed 30.5.2018.

³ Czech Statistical Office; Analysis: *Postavení českého trhu práce v rámci EU*, published 30.04.2018; available at <https://www.czso.cz/documents/10180/46254501/czam043018analyza.pdf/d426f9e8-f7ce-472b-9c0c-20985ebf02b0?version=1.0>; last accessed 30.5.2018.

⁴ Ibid.

⁵ Confederation of Industry of the Czech Republic; *Novinky v agenturním zaměstnávání (News in Agency Employment)*; published 6.11.2017; available at <https://www.spcr.cz/muze-vas-zajimat/pravni-infoservis/11290-novinky-v-agenturnim-zamestnavani>; last accessed 30.5.2018.

⁶ *Český automobilový průmysl letos spěje k novému rekordu*, Press Release of the Automotive Industry Association; published 25.10.2017; available at <http://www.ceskenoviny.cz/zpravy/cesky-automobilovy-prumysl-letos-speje-k-novemu-rekordu/1542785>; last accessed 30.5.2018.

⁷ *Historické navýšení: ve Škodovce vzrostou mzdy o dvacet procent*, article in the News portal iDNES.cz, published 6.4.2018; available at https://ekonomika.idnes.cz/odbory-skoda-dohoda-platy-0y5-ekoakcie.aspx?c=A180406_090302_ekoakcie_fih; last accessed 30.5.2018.

⁸ Ministry of Industry and Trade of the Czech Rep.; National Innovation Strategy of the Czech Republic 2012-2020; available at <https://www.databaze-strategie.cz/cz/mpo/strategie/narodni-inovacni-strategie-ceske-republiky?typ=struktura>; last accessed 30.5.2018.

⁹ Ministry of Industry and Trade of the Czech Rep.; Operational Programme Enterprise and Innovations for Competitiveness 2014 – 2020; available at <https://www.mpo.cz/assets/dokumenty/54704/62511/648398/priloha002.pdf>; last accessed 30.5.2018.

¹⁰ *Automobilový průmysl táhne výzkum a vývoj v ČR*, Magazine of the Czech Statistical Office ('Statistika & My'), published January 2018; available at <http://www.statistikaamy.cz/2018/01/automobilovy-prumysl-tahne-vyzkum-a-vyvoj-v-cr/>; last accessed 30.5.2018.

¹¹ *Bisnode Česká republika, a.s. Loni vzniklo 32 187 firem, nejvíc od roku 2007*, press release published 29.01.2018, <https://www.bisnode.cz/o-bisnode/o-nas/novinky/loni-vzniklo-32-187-firem-nejvic-od-roku-2007/>; last accessed 29.05.2018.

¹² The data presented were collected by the EU Startup Monitor project, www.startupmonitor.eu

¹³ Due to data availability, the data on high-growth firms refers to the 'business economy' only, which covers sections B-N including section K (financial activities, except activities of holding companies). The 'non-financial business economy' excludes section K.

¹⁴ In line with the Commission implementing regulation (EU) No 439/2014, high-growth enterprises are defined as firms with at least 10 employees in the beginning of their growth and average annualised growth in number of employees greater than 10 % per annum, over a 3-year period. The share of high-growth enterprises is the number of high-growth enterprises divided by the number of active enterprises with at least 10 employees. Source of the data on high-growth enterprises is Eurostat (http://ec.europa.eu/eurostat/web/products-datasets/-/bd_9pm_r2, last accessed 13.4.2018).

¹⁵ The 2018 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.

¹⁶ Small and Medium Enterprises Support Strategy 2014-2020 <https://www.mpo.cz/assets/dokumenty/47605/54370/599917/priloha001.pdf>, last accessed on 4. 5. 2018.

¹⁷ Analyses and Strategic Documents of the Ministry of Industry and Trade, <https://www.mpo.cz/cz/podnikani/male-a-stredni-podnikani/studie-a-strategicke-dokumenty/> last accessed on 4. 5. 2018.

¹⁸ 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 2018. These are measured against the individual indicators which make up the SBA area averages. Hence, 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 2018. 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/>

¹⁹ The policy measures presented in this SBA fact sheet are only a selection of the measures the government took in 2017 and the first quarter of 2018. The national SME policy expert that PwC (DG GROW's lead contractor for the 2018 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 the form of a policy database on the DG GROW website.

²⁰ Results of the latest Chamber of Commerce survey among entrepreneurs across regions and industries of the Czech Republic (2017) https://www.komora.cz/tiskova_zprava/podnikatele-si-preji-aby-nova-vlada-konecne-uvolnila-regulace-snizila-odvodovou-zatez-hospodarska-komora-predklada-desatero-pozadavku-podnikatelu/, last accessed on 9. 5. 2018.

²¹ 'The Business Corporations Act 90/2012 Coll.' (Zákon o obchodních společnostech a družstvech 90/2012 Sb.), <https://www.psp.cz/sqw/sbirka.sqw?cz=90&r=2012>, last accessed on 9. 5. 2018.

²² 'The Civil Code 89/2012 Coll.' (Občanský zákoník 89/2012 Sb.), <http://www.psp.cz/sqw/sbirka.sqw?r=2012&cz=89>, last accessed on 9. 5. 2018.

²³ 'The Action Plan to Support Small and Medium-sized Enterprises for 2017' (Akční plán podpory malých a středních podnikatelů na rok 2017), website of the Ministry of Industry and Trade of the Czech Republic <https://www.mpo.cz/cz/podnikani/male-a-stredni-podnikani/studie-a-strategicke-dokumenty/akcni-plan-podpory-malych-a-strednich-podnikatelu-na-rok-2017--232783/>, last accessed on 9. 5. 2018.

²⁴ Source: Council Recommendation on the 2018 National Reform Programme of the Czech Republic and delivering a Council opinion on the 2018 Convergence Programme of the Czech Republic, COM(2018) 403 final.

²⁵ The New Act on the Public Procurement, no 134/2016 Coll.' (Nový zákon o zadávání veřejných zakázek, č. 134/2016 Sb., <http://www.portal-vz.cz/getmedia/13987a0b-9762-4ee4-94a2-2569ab004aec/sb0051-2016.pdf>, last accessed on 9. 5. 2018.

²⁶ SME support programme 'Technology' (Technologie), <https://www.agentura-api.org/programy-podpory/technologie/technologie-vyzva-vi-zacinajici-podniky/>, last accessed on 9. 5. 2018.

²⁷ SME support programme 'ICT and Shared Services' (ICT a sdílené služby), <https://www.agentura-api.org/programy-podpory/ict-a-sdilene-sluzby/ict-a-sdilene-sluzby-vyzva-iii-pro-zacinajici-podniky/>, last accessed on 9. 5. 2018.

²⁸ BusinessInfo.cz, Official Czech Business Web Portal, Info about Points of Single Contact in the Czech Republic, <http://www.businessinfo.cz/cs/clanky/jednotna-kontaktni-mista-jkm-cr-3092.html>, last accessed on 9. 5. 2018.

²⁹ SME support programme 'Innovation Vouchers' (Inovační vouchery), <https://www.agentura-api.org/programy-podpory/inovacni-vouchery/inovacni-vouchery-vyzva-ii/>, last accessed on 9. 5. 2018.

³⁰ SME support programme 'Knowledge Transfer Partnerships' (Partnerství znalostního transferu), <https://www.agentura-api.org/programy-podpory/partnerstvi-znalostniho-transferu/partnerstvi-znalostniho-transferu-vyzva-iii/>, last accessed on 9. 5. 2018.

³¹ SME support programme 'Potential' (Potenciál), <https://www.agentura-api.org/programy-podpory/potencial/potencial-vyzva-iv/>, last accessed on 9. 5. 2018.

³² SME support programme 'Innovation — Innovation Project' (Inovace — inovační projekt), <https://www.agentura-api.org/programy-podpory/inovace/inovace-vyzva-iv-inovacni-projekt/>, last accessed on 9. 5. 2018.

³³ SME support programme 'Proof of Concept', <https://www.agentura-api.org/programy-podpory/proof-of-concept/proof-of-concept-vyzva-i/>, last accessed on 9. 5. 2018.

³⁴ SME support programme 'Low Carbon Technologies' (Nízkouhlíkové technologie), Call focused on use of secondary raw materials, <https://www.agentura-api.org/programy-podpory/nizkohlukove-technologie/nizkohlukove-technologie-druhotne-suroviny-vyzva-iii/>, last accessed on 9. 5. 2018.

³⁵ SME support programme 'Low Carbon Technologies' (Nízkouhlíkové technologie), Call focused on installation of technologies for converting biogas to biomethane, its subsequent injection into the distribution network or filling within local infrastructures, <https://www.agentura-api.org/programy-podpory/nizkohlukove-technologie/nizkohlukove-technologie-uprava-bioplynu-na-biometan-a-jeho-vtlaceni-do-site-vyzva-iii/>, last accessed on 9. 5. 2018.

³⁶ SME support programme 'Marketing', <https://www.agentura-api.org/programy-podpory/marketing/marketing-vyzva-iii/>, last accessed on 9. 5. 2018.