European Commission

2019 SBA Fact Sheet

IRELAND

Key points

Past & future SME performance[1]:

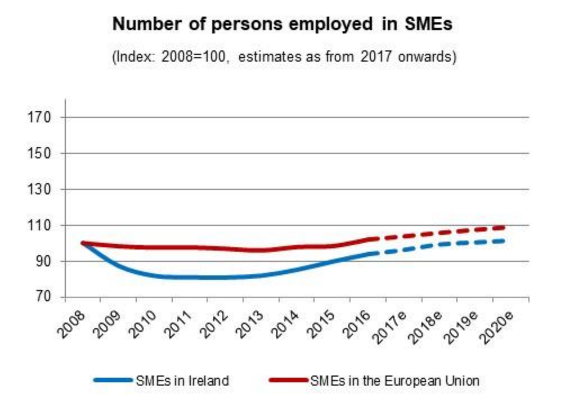
SMEs are particularly important for the labour market in Ireland. They account for 70.1% of total employment in the 'non-financial business economy', exceeding the EU average of 66.6%. By contrast, the contribution of SMEs to total value added is only 41.5%, 15 percentage points below the EU average, because of the strong presence of foreign firms. In 2014-2018, SME value added grew by 58.5% and SME employment by 16.4%. More recently, in 2017-2018, SME value added and employment increased by 7.9% and 3.1% respectively.

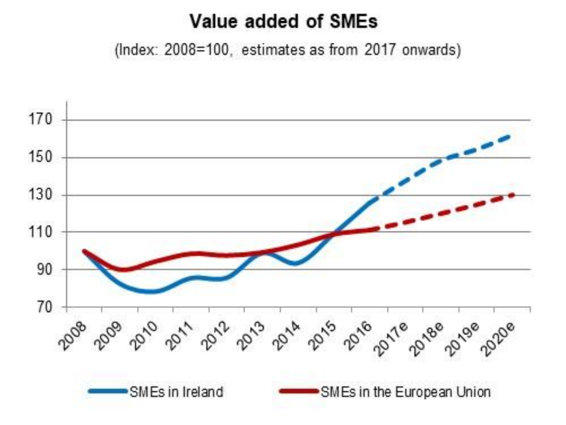
Implementing the Small Business Act for Europe (SBA):

Despite the competitiveness of Ireland's SBA profile, the strong presence of foreign firms is likely to affect several of the indicators used; therefore the overall results may not reflect the real performance of SMEs, especially Irish-owned ones. The country performs above or well above the EU average in five SBA areas — entrepreneurship, 'second chance', 'responsive administration', single market and skills & innovation — and is in line or broadly in line with the EU average in four others — State aid & public procurement, access to finance, environment and internationalisation. In 2018, Ireland focused new measures on skills & innovation and internationalisation.

SME policy priorities:

The main priority of the Irish government has been to help Irish SMEs mitigate their exposure to the potential impact of Brexit; trade facilitation measures could be useful in this respect. SMEs' access to bank lending is still hampered by high interest rates and personal guarantees, and efforts are needed to improve transparency and reduce the cost of legal services for smaller companies. In implementing the National Development Plan, attention should be paid to SMEs of the construction sector. The decreasing trend in indicators related to SME innovation and the attractiveness of Irish SMEs as employers should be prioritised by the SME strategy currently being prepared. Furthermore, the implementation of the SME test as well as the evaluation of the impact that existing measures (including taxation incentives) have on SMEs should be integrated into national administration practices.





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.

Internal market, industry, entrepreneurship and SMEs

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1. SMEs — basic figures

Class size	Number of enterprises			Number of persons employed			Value added		
	Ireland		*EU-28*	Ireland		*EU-28*	Ireland		*EU-28*
	Number	**Share**	***Share***	**Number**	**Share**	***Share***	**Billion €**	**Share**	***Share***
Micro	242,501	91.9 %	93.0%	406,580	27.6%	*29.7%*	48.0	21.7%	*20.8%*
Small	17,752	6.7%	5.9%	335,843	22.8%	*20.1%*	24.0	10.8%	*17.6%*
Medium-sized	3,085	1.2%	0.9%	291,975	19.8%	*16.8%*	20.0	9.0%	*18.0%*
SMEs	**263,338**	**99.8%**	**99.8%**	**1,034,398**	**70.1%**	***66.6%***	**91.9**	**41.5%**	***56.4%***
Large	577	0.2%	0.2%	440,943	29.9%	*33.4%*	129.6	58.5%	*43.6%*
Total	**263,915**	**100.0%**	**100.0%**	**1,475,341**	**100.0%**	***100.0%***	**221.5**	**100.0%**	***100.0%***

These are estimates for 2018 produced by DIW Econ, based on 2008-2016 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 are particularly important for the labour market in Ireland. They account for 70.1% of total employment in the 'non-financial business economy', exceeding the EU average of 66.6%. In contrast, the contribution of SMEs to total value added is only 41.5%, 15 percentage points below the EU average. This reflects the more significant role played by large firms in Ireland in generating value added. The number of people employed by Irish SMEs corresponds exactly to the EU average of 3.9.

In 2018, the average hourly labour cost was estimated at €32.1 for Ireland (higher than €27.4 in the EU-28 and €30.6 in the euro area) while the share of non-wage costs in total labour costs stood at 15.4% (against 23.7% in the EU-28 and 25.6% in the euro area).[2] Cumulatively, since 2015, labour costs have been increasing less than in the EU, euro area and the UK. The average earnings in businesses with less than 50 people have been more volatile compared with earnings in large businesses. Earnings in companies employing 50-250 people recorded the highest year–on-year growth in the year to Q4-2018 (4.12%)[3]. In the total business economy in 2016, employees in SMEs had average yearly wages of €43,542 (€36,359 in 2015), while employees in large companies had average yearly wages of €40,218 (€41,712 in 2015).

SME productivity, measured as value added per person employed, averages €88,900. This is approximately double the EU average, mainly thanks to the widespread presence of foreign firms, which have, on average, higher productivity (in 2016, double compared to Irish-owned companies, if all companies are taken into account) and, among SMEs, specifically influence micro firm productivity[4]. Irish-owned small firms reported gross value added (GVA) per person in 2016 of

€53,596 (23% lower compared to all small firms), while Irish-owned medium-sized firms reported GVA per person of €56,733 (20% lower compared to all medium-sized firms)[5]. In 2008-2018, the productivity of all Irish small firms increased its gap with the EU average (from 112% to 155% of the EU average)[6], while the productivity of medium-sized firms showed a trend of convergence towards the EU average (from 147% to 122% of on the EU average).

When looking at their contribution to the economic recovery in 2008-2018, SMEs in Ireland positively contributed to the growth of added value of the 'non-financial business economy' (25.7%), especially micro firms (18.4%) and small firms (6.8%). On the other hand, while employment grew in large firms by more than 70,000 units, SMEs lost 8,000 units, equally distributed between micro and small firms (only medium-sized firms registered an increase). SMEs in the Irish 'non-financial business economy' have generated strong growth in recent years. In 2014-2018, SME value added grew by 58.5% and SME employment by 16.4%. More recently, in 2017-2018, SME value added and employment increased by 7.9% and 3.1% respectively. This is lower than the average annual growth rate of the previous 4 years; a consequence of many SMEs postponing investment decisions due to economic uncertainty in the run-up to Brexit[7].

SMEs in the *professional activities* sector generated steady growth in recent years. In 2014-2018, SME value added increased by 60.3% and SME employment by 21.8%. The management and consulting sub-sector made a particularly strong contribution to value added growth, with an increase of 97.5% in the same period. Overall sector growth can be linked to the strong recovery of the Irish economy as a whole since 2013[8]. Key factors in this recovery include a system of low corporate tax rates to attract foreign investment[9], a strong resumption of domestic demand[10], and rising exports[11]. This increase in overall business activity has also led to rising demand for support services in the professional activities sector, particularly in management and consulting services.

SMEs in the *construction* sector have been strong contributors to employment growth in the overall 'non-financial business economy'. In 2014-2018, SME employment grew by 37.3%; however it is still 28.5% below the 2008 pre-crisis level. SME value added also increased strongly, by 58.2%, supported by the large proportion of high-growth firms[12] in this sector. SME value added surpassed its pre-crisis level by 34.7%. A major growth driver for this sector is increased demand for construction of residential buildings[13] in response to a shortfall in housing supply[14]. The Irish government has supported investment in housing through initiatives such as the Rebuilding Ireland Plan, launched in 2016, whose goal is to accelerate housing supply through targeted financial aid and the building of new homes[15]. SME construction activity also benefited from growth in the overall economy and from a low interest rate environment[16].

SMEs in the *legal and accounting activities* sector represent a lower share in terms of employment (76.6%) compared to the EU average (84.6%), but a higher share in terms of value added (82.4% vs 74.6% in the EU) in 2018. The micro-company category is the main driver of these differences, with a productivity that is twice the EU average (€82 732 vs €42 641 in the EU), while small and medium-sized companies show a good and improving performance. Contrary to the EU, where there has been a full recovery, the value added for large companies of this sector has halved compared to 2008 while their number of employees has increased.

Since 2012, the number of new company registrations has risen consistently, reaching a record high of 22,493 in 2018[17]. The number of company de-registrations also increased, totalling 12,836 in 2018[18]. However, as new registrations exceeded deregistrations, the result has been a net increase of 9,657 companies[19].

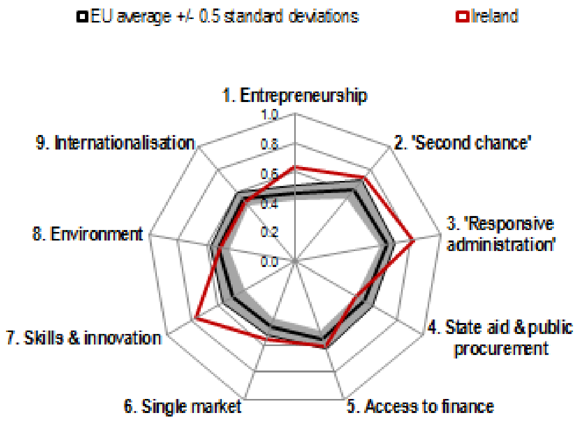
As per the data collected by the European Startup Monitor 2019 project[20], 69% of the Irish startups that responded to the online questionnaire were set up by one male founder or an all-male team of founders. 6% were set up by one female founder or an all-female team of founders. The remaining 24% were set up by at least one man and one woman. In terms of their stage of development, 45% are in the pre-seed or seed stage, 31% in the start-up stage and 24% in the growth stage. Regarding financial aspects, 54% are operating at a loss, 24% currently break-even and 22% are profitable. Of those start-ups that are operating at a loss, 89% expect to break-even in less than 2 years, while 11% expect that it will take them over 2 years to break-even. 63% have a turnover between €1 and €500,000; 35% report having no turnover yet and the remaining 2% have a turnover of over €500,000. They have 4 employees on average, of which around 35% work on a part-time basis. On average they plan to hire 3.2 people within a year.

In 2016, 3,266 firms (16.3% of all firms in the 'business economy'[21] with at least 10 employees) were high-growth firms[22]. This is substantially higher than the EU average of 10.7%. High-growth firms are particularly prevalent in *construction*, with a share of 24.3%, the highest share for this sector in the EU.

In 2018, SMEs in the specialised *knowledge-intensive services* and *high-tech manufacturing* sectors, both of which are usually R&D-intensive, accounted for 35.5% of SME value added in the manufacturing and services sectors, exceeding the EU average of 33.0%.

Value added growth for SMEs in the Irish 'non-financial business economy' is expected to be positive over the next 2 years, with a growth forecast of 9.1% in 2018-2020. SME employment growth is expected to be more subdued in the same period, at only 2.2%. This will result in approximately 22,300 new SME jobs by 2020.

2. SBA profile[23]



Ireland performs above or well above the EU average in five SBA areas: entrepreneurship, 'second chance', 'responsive administration', single market and skills & innovation. It is in line or broadly in line with the EU average in four other SBA areas: State aid & public procurement, access to finance, environment and internationalisation. Ireland's SBA profile continues to be competitive overall. The number of SBA areas in which it is above or well above the EU average remains the same as in last year's factsheet. That said, the large presence of foreign firms in Ireland is likely to affect several of the indicators used in this fact sheet (i.e. those related to added value, productivity, innovation, exports, etc.). Therefore, the overall results cannot be considered as representative for SMEs, and even less for Irish-owned ones.

Since 2008, Ireland has made substantial progress in implementing the SBA. Many policy measures have been introduced to make it easier for Irish SMEs to do business. Access to finance and entrepreneurship have been the government's key priorities over the last decade. Financial support measures are typically introduced through the annual budget[24] and the annual Action Plan for Jobs (APJ), recently replaced by the Future Jobs Ireland initiative[25]. Entrepreneurship measures have been mainly introduced through the APJ and, more recently, through the 'National Policy Statement on Entrepreneurship'[26].

Measures have been adopted in all SBA recommendations for 6 out of 10 SBA areas: State aid & public procurement, access to finance, single market, skills & innovation, environment, and internationalisation. All but one of the SBA recommendations have had measures adopted in the remaining four SBA areas: entrepreneurship, 'second chance', 'think small first' and 'responsive administration'.

The Irish government appointed an SME envoy in 2011 to help simplify communication channels between small business and the government.

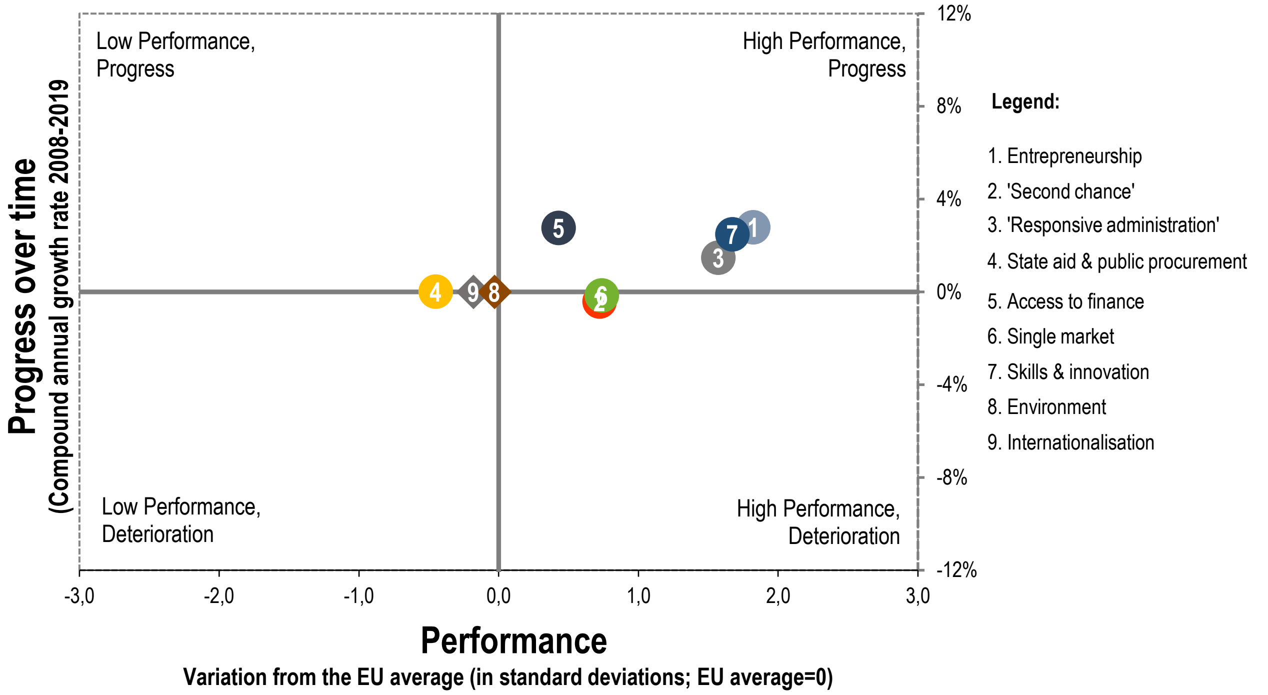
Irish policymaking is aligned with the SBA and the SME action programme[27], and there is a strong focus on the digital economy. Although the government does not adopt SBA measures through a specific strategy, they are typically introduced as part of broader thematic national strategies. The Irish government has been preparing the ground for a comprehensive strategy for SMEs. It will build on the upcoming OECD Review of SME and Entrepreneurship Policy in Ireland and the recently adopted Future of Jobs 2019, through a new SME and Entrepreneurship Consultation Group.

During 2018 and the first quarter of 2019, which is the reference period for policy measures in this year's fact sheets, Ireland introduced 16 policy measures and announced one other. These 17 measures address 6 out of the 10 SBA policy areas. Stakeholders generally acknowledge the substantial progress that Ireland has made in implementing the SBA.

In 2018, Government action was concentrated on skills & innovation and internationalisation, with five measures introduced in each SBA area. Skills & innovation measures have been implemented to support SME strategic initiatives, disruptive technology innovation, workplace innovation, key employee retention and skills training. Internationalisation measures have been launched to support SMEs in mitigating the risks of Brexit, export-related self-assessments, and improved online retail trading strategies. Two types of customs training programmes have also been made available, one online and the other in the form of physical workshops across the country. Good progress has also been made in entrepreneurship (two measures), second chance (one measure), 'think small first' (one measure) and access to finance (one measure). In addition, another access to finance measure was formally announced. In 2018, however, no new measures were implemented in four SBA areas: 'responsive administration'; State aid & public procurement; single market and environment.

Since the UK's decision to leave the EU in 2016, the Irish government has prioritised measures to help Irish businesses to prepare for the challenges posed by Brexit, as well as the opportunities that it may present. The Brexit challenge accounts for most of the measures implemented in 2017 and 2018, and it is expected to remain a priority for Irish policymaking in the coming years.

SBA performance of Ireland: state of play and development from 2008 to 2019[28]



Note: The scores presented in the chart above are not fully comparable to those displayed in previous versions of the fact sheet. This is due to a review of the framework of indicators used to assess performance across the SBA principles. Only the aspects with sufficient background data are presented. The value for progress over time was set to 0% in case of insufficient data and marked in the above chart by a diamond shape. For more details, please consult the methodological note on the webpage of the SME Performance Review: http://ec.europa.eu/growth/smes/business-friendly-environment/performance-review/

3. SBA principles[29]

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 SMEs' 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.

Ireland has made good progress in many 'think small first' recommendations; however, government action is needed to ensure that all recommendations are fully implemented and systematically applied across government. 'Common commencement dates' for new legislation are not currently being applied.

The Irish government has drafted and piloted the 'SME Test', used to assess the impact of legislation on SMEs, but it has yet to be rolled out across all government departments. It is due to be fully implemented in 2019, according to Future Jobs Ireland 2019[30]. It would have been advisable, for instance, to apply the SME test to the provision of accelerated deduction for the capital investment costs incurred by employers to provide early learning and care facilities for the use of their employees (Future Jobs Ireland 2019)[31].

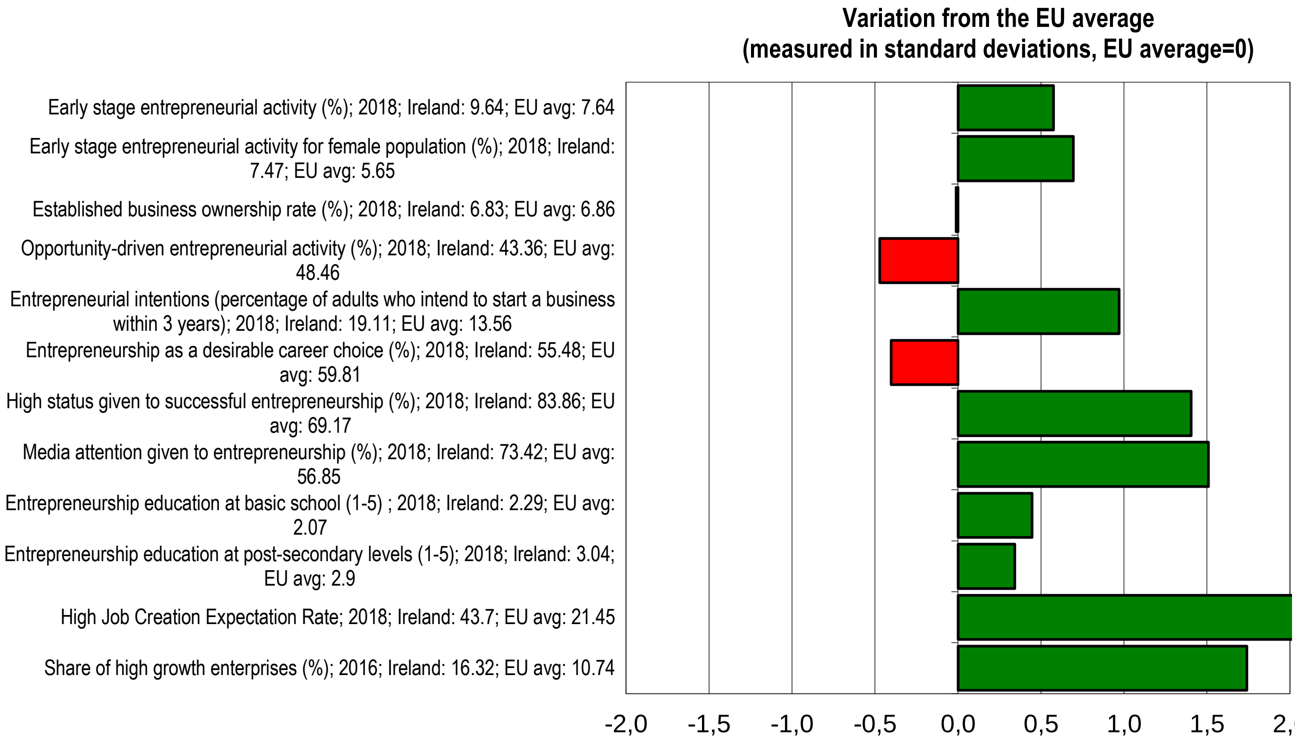
Ireland has recently improved its regulatory policy system, in particular with regards to consultations and ex-post evaluations.

Despite these improvements however, consultations and ex-post evaluations are not yet utilised on a systematic basis across all government departments. In addition, Ireland should consider setting up a central oversight body to monitor and assess the quality of the Regulatory Impact Assessment (RIA) process. RIAs are mandatory for all primary laws and major secondary regulations[32].

During the reference period, one significant measure was introduced.

- An SME and Entrepreneurship Consultation Group was set up to follow-up the recommendations from the OECD Review of SME and Entrepreneurship Policy in Ireland, and to assess how to advance the government's SME Strategy for Ireland. The group aims to provide a platform for structured engagement between government, agencies, representative bodies and small businesses. Its role is to draw together the vast range of policies and other supports available across government to help SMEs and entrepreneurs develop their businesses and to ensure they contribute to an enterprise culture that allows them to develop and flourish. The group will be chaired by the Minister of State for Trade, Employment, Business, EU Digital single market and Data Protection.

3.1 Entrepreneurship



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

Ireland scores well above the EU average in entrepreneurship and is ranked third in the EU in this SBA area. This follows a trend of continuous improvement since 2008. Compared to last year, Ireland's score in this area has further exceeded the EU average.

Ireland has the highest score in the EU for four entrepreneurship indicators. At 25%, the country has the highest employment share of high-growth enterprises. Ireland also scores highest out of all EU Member States on the high status given to successful entrepreneurship, the share of high-growth enterprises, and the high job creation expectation rate, In addition, Ireland has the second highest score for media attention given to entrepreneurship.

Despite Ireland being among the countries in which school-level education was least likely to help develop an entrepreneurial attitude in 2012, its scores across all other indicators related to entrepreneurship education have improved in the last 12 months and are now in line with EU average.

Over the last decade, there have been some significant changes in the results captured under specific indicators. Early-stage female entrepreneurial activity has risen steadily to 7.5%, which is nearly double the score recorded in 2008 (4%). This is the highest percentage recorded since 2008 on this indicator and it is all the more significant when one considers that there are fewer women in employment (59.5%) than men (69.9%)[33] and that childcare costs are higher relative to other EU Member States.

Entrepreneurial intentions (the percentage of adults that intend to start a business within 3 years) have also tripled to 19%, compared to just 6.5% in 2008. The percentage recorded in 2018 is the highest over the last decade and is up by over 60% on 2017. The business ownership rate has also increased by over 55% on 2017; however, the current percentage is still 25% below the figure recorded in 2008. This indicator has also fluctuated up and down year-on-year since that date. By contrast, opportunity-driven entrepreneurial activity has fallen by about 17% on 2017. This is the first fall in this indicator since 2015. Since 2008, three to four-year periods of rises or falls have been observed.

In addition, the proportion of high-growth enterprises has grown by 80% since 2012. Similarly, the employment share of high-growth enterprises is up by 78% and the newly created high job creation expectation rate has increased by 39% over the same time period. Interestingly, the latter indicator, showing the proportion of early or nascent entrepreneurs who expect to create 6 or more jobs in 5 years, has increased by 63% in the last 12 months. It is worth mentioning however, that indicators related to employment, investment, productivity and growth may be influenced by the performance of foreign-owned companies, which tends to be better than that of Irish-owned firms.

Since 2008, Ireland has introduced a wide range of measures to encourage and support entrepreneurship. Almost all SBA entrepreneurship recommendations have been implemented, except for business matching schemes and a marketplace for business transfers. These two exceptions have not been implemented because they are currently provided by private-sector sales and acquisitions companies, rather than through public-sector initiatives. Recent measures for SMEs and entrepreneurs include, for example, funding schemes, tax incentives, and mentoring and accelerator services. One-stop shops have also been set up to inform local SMEs about the government schemes that they can apply for.

During the reference period, two significant measures were introduced.

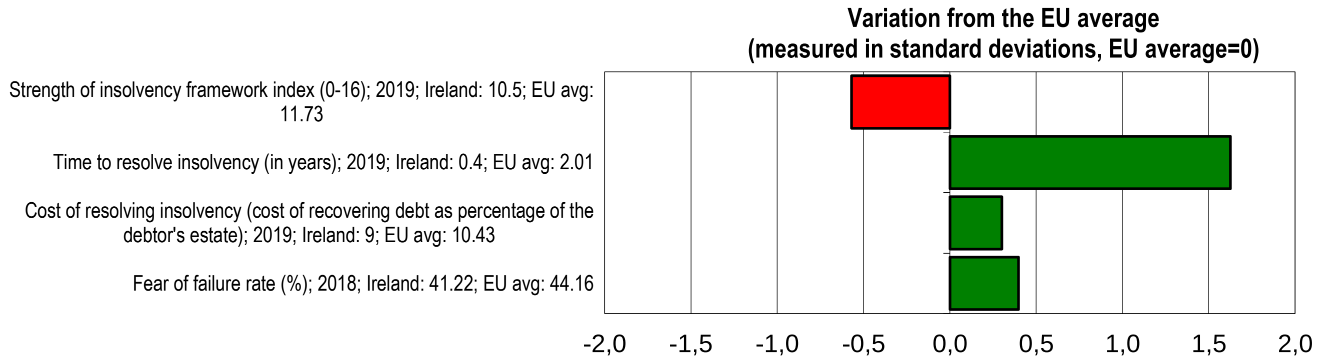
- Irish early-stage tech investor NDRC (the National Digital Research Centre) has teamed up with Enterprise Ireland, the government agency responsible for the development and growth of Irish enterprises in world markets, to launch a new accelerator programme for tech start-ups in the southeast region. The programme aims to give budding entrepreneurs assistance to help them understand what value their company can offer customers, their strategy for growth and how to get ready to meet the demands of both investors and the marketplace. The initiative is part of Enterprise Ireland's overall strategy to increase the number and quality of start-ups that have the potential to employ more than 10 people and achieve €1 million in export sales within 3 years.

- A 'competitive start fund' is providing entrepreneurs and start-ups in all sectors with the critical early-stage funding they need to test the market for their products and services and advance their business plans for the global marketplace. Successful applicants can receive up to a maximum of €50,000 in equity funding.

Ireland provides an attractive environment for start-ups and high-growth companies. Businesses can be quickly set up and put into operation. They can benefit from the availability of quality employees, a streamlined visa process for non-European citizens, a favourable tax system, and a supportive business environment. A broad range of grant and loan schemes are also available to help Irish start-ups, high-growth companies and those considering foreign direct investment in Ireland to scale up.

Although Ireland's entrepreneurship education indicators have improved on 2017, work remains to be done to structurally improve the provision of entrepreneurial education for students of all ages. Initiatives are ongoing to bring employers and higher-education institutes together to co-create entrepreneurial and vocational pathways, set up support systems and develop skills. However, in primary and secondary education, there is still insufficient focus on entrepreneurship and entrepreneurial skills.

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. Ireland continues to be above the EU average for 'second chance'. Ireland continues to have the fastest insolvency resolution process in the EU, with a duration of just 0.4 years, compared to the EU average of 2 years. Ireland's insolvency framework however, remains below the EU average.

Indicators for this SBA principle in Ireland have remained broadly the same over recent years. The only noticeable change in recent years has been a modest increase in the fear of failure rate up to 41% from 39% in 2017. This indicator has remained slightly above or below the 40% mark since 2013, while between 2008 and 2011 it was noticeably lower at 33%.

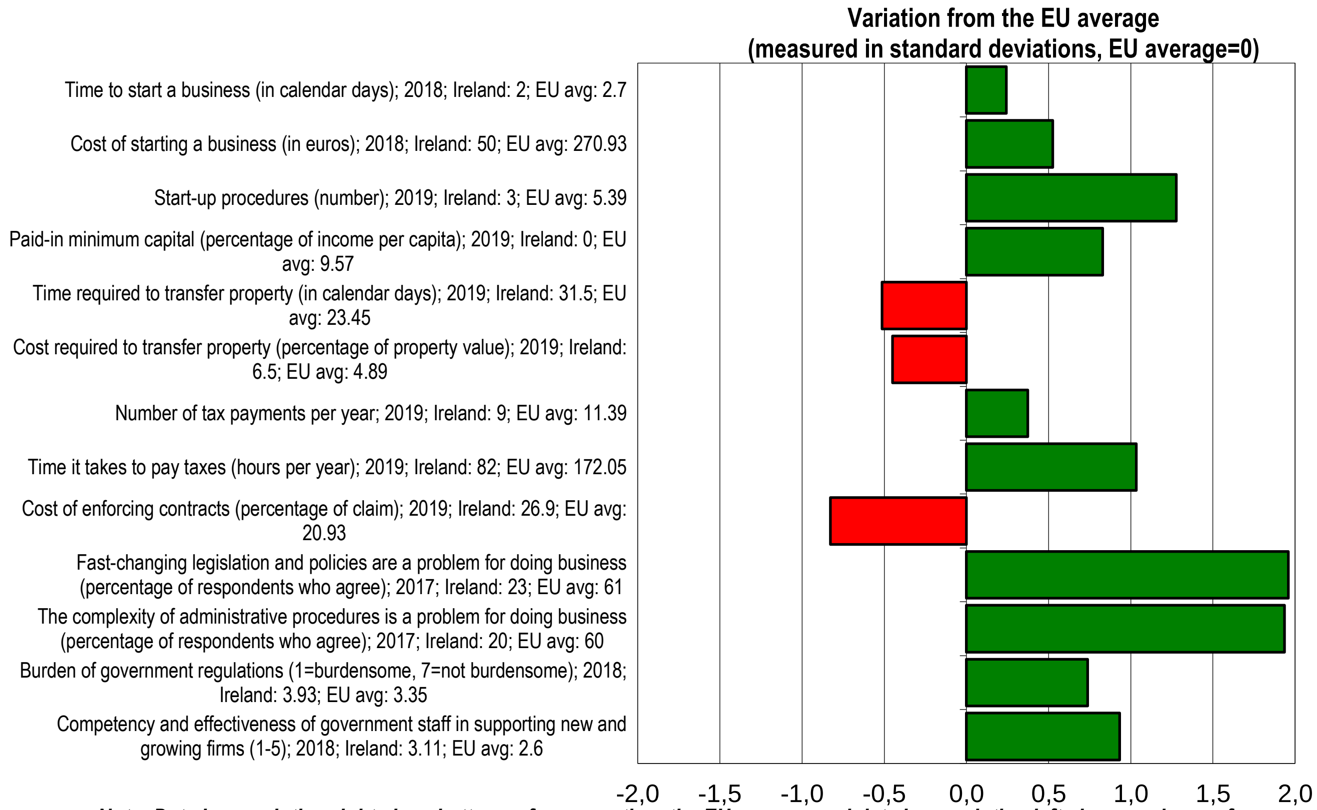
Since 2008, Ireland has introduced a range of measures to make it easier for previously bankrupt entrepreneurs to gain a second chance. All 'second chance' SBA recommendations are in place, with one exception: re-starters are not yet on an equal footing with new start-ups. In recent years, Ireland has introduced measures to: (i) reform and modernise Irish insolvency law; (ii) reduce the automatic discharge-from-bankruptcy time period to 12 months; (iii) increase the debt relief ceiling; and (iv) introduce new principles for debt settlement. Ireland has also set up a national service, the Insolvency Service of Ireland (ISI), to oversee the personal insolvency system.

During the reference period, one significant measure was introduced.

- A core element of the Personal Insolvency framework is the Protective Certificate (PC) granted by a Court which offers the debtor protection from creditors for a period of 70 days, during which the Personal Insolvency Practitioner (PIP) strives to achieve agreement with creditors on a debt solution. In an effort to increase efficiency and transparency in the insolvency process to benefit all stakeholders and ultimately the debtor, PIPs and creditors agreed and introduced the Protective Certificate (PC) Target Timeline[34] in February 2018. According to the PC Target Timeline, a PIP should notify and engage with creditors by day 3 of the PC period. Creditors are requested to return a completed Proof of Debt by day 15, accompanied by relevant current valuations and details around their suggested treatment of debt. A PIP is requested to circulate a draft proposal to creditors by day 35 for consideration and a finalised proposal along with notice of the creditors meeting by day 50; the creditors meeting is recommended to take place by day 65.

The ISI noticed a clear improvement in the general engagement between creditors and PIPs in 2018, which can be partly attributed to the PC Target Timeline Oversight Group's implementation and oversight of the PC Target Timeline. However, the ISI has also warned that challenges remain including: delays in obtaining or agreeing property valuations; creditors having to supply proof of debt and suggested treatment within tight deadlines (15 days); and PIPs having to manage late submissions of counter-proposals from creditors.

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' refers to public administration being responsive to the needs of SMEs. Ireland's performance in this SBA area has continuously improved year-on-year since 2008. In 2018, it was confirmed that Ireland's score in this area is the second highest overall in the EU. Ireland is also ranked 7th out of the 28 EU Member States in the European Commission Digital Economy and Society Index (DESI) 2019[35]. The Index shows that Ireland has improved its score across all DESI indicators. In particular, Ireland has recorded the highest growth in digital public services, coming in at first place in open data and second place in services for business users.

Ireland scores well on a number of SBA 'responsive administration' indicators. Irish businesses are the least concerned about the impact of fast changing legislation and policies on their business and just 20% consider the complexity of administrative procedures to be a problem when doing business. The cost of starting a business in Ireland is one of the least expensive in the EU and the time it takes to pay taxes in Ireland is the third lowest in the EU.

There are also indicators in which Ireland does not score so well. At 31.5 days, the time to register property takes longer than the EU average of 23 days. According to the World Bank Doing Business 2019 report on Ireland[36], the time and cost of obtaining a construction permit to build, for example, a warehouse is relatively high[37]; fees for planning permission are set out in regulations and have remained fixed since March 2002, while the length is due to the transparency of the process. Increased stamp duty costs on non-residential property transfers have also raised overall property registration costs[38]. Ireland also has a low score on the liability and insurance regime index (0 out of 2)[39]. In addition, the European Retail Restrictiveness Indicator[40] shows that, to open for business, an Irish firm must contact a larger number of entities and must obtain a greater number of permits than their counterparts in many other EU Member States.

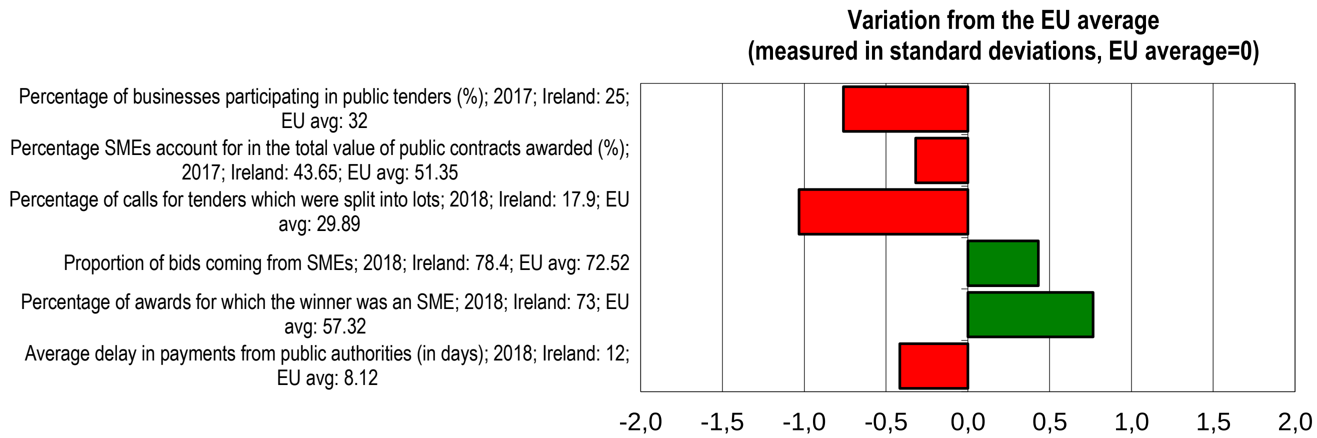
The situation has not changed for the time taken to resolve a dispute, which is higher than the OECD average. At 27%, the cost of enforcing contracts as a percentage of claims has been static since 2008, and is now the fourth most expensive in the EU (EU average: 21%), with lawyer's fees accounting for the bulk (70%) of the cost. The Legal Services Regulatory Authority (LSRA), established in 2016, has been appointed with, among other things, the task of informing the public about the legal services available and their cost, and to report to the Minister for Justice and Equality on their developments. In June 2018, the LSRA commenced the establishment of the Roll of Practising Barristers[41] and is working on the introduction of a levy on the legal profession, which should finance the LSRA's costs[42]. While the Authority has planned to set up a complaint system in 2019[43] (one of the three categories of complaints would be "excessive costs"), it has not been possible to retrieve the timing for the tasks related to legal costs on the available LSRA official documents[44].

Since 2008, Ireland has introduced measures under almost all 'responsive administration' SBA recommendations. The only exception is that the government has yet to implement the 'only once' principle, whereby SMEs only need to provide their information once. This principle requires databases across government to be interconnected. The government is intending to implement this recommendation as part of the 2017-2020 e-government strategy. Recently, steps have been taken to support of the once-only principle: the Public Service Data Strategy 2019-2023 was published in December 2018 and the Data Sharing and Governance Act was signed into law in March 2019, which will create the legal basis for implementing the once-only principle.

One example of a recent measure is the introduction of a more supportive legal framework to reduce procedural red tape for businesses through the Companies Act 2014. The Act introduced a number of reforms designed to make it easier to operate a company in Ireland. The implementation of e-government services is another example. These include a one-stop shop in the form of an online business licensing portal ('licences.ie') that groups together licence applications for businesses across government departments, agencies and licensing authorities.

During the reference period, 'responsive administration' was not a priority area for the government and no new significant measures were adopted.

3.4 State aid & public procurement



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

Important methodological changes have been introduced for this principle in this year's fact sheet. Three new indicators from the Tenders Electronic Daily (TED) database have been added and refer to procurement above EU thresholds:

- percentage of awards for which the winner was an SME;
- proportion of bids by SMEs;
- percentage of calls for tender which were split into lots.

In addition, the indicator on e-procurement has been removed. Therefore, the overall performance in this area cannot be compared to last year's.

Ireland's overall score for 'State aid and public procurement' is in line with the EU average.

Ireland registered a low percentage share of businesses (25%) that have participated in a public procurement procedure. While it is one of the countries that has a low level of contracts above EU thresholds which are split into lots, the percentage of awards of contracts above EU thresholds for which the winner was an SME is above the EU average (73%). But, following a very considerable drop compared to 2016 (from 64% to 44%), the percentage share of the total value of public contracts awarded to SMEs is below the EU average.

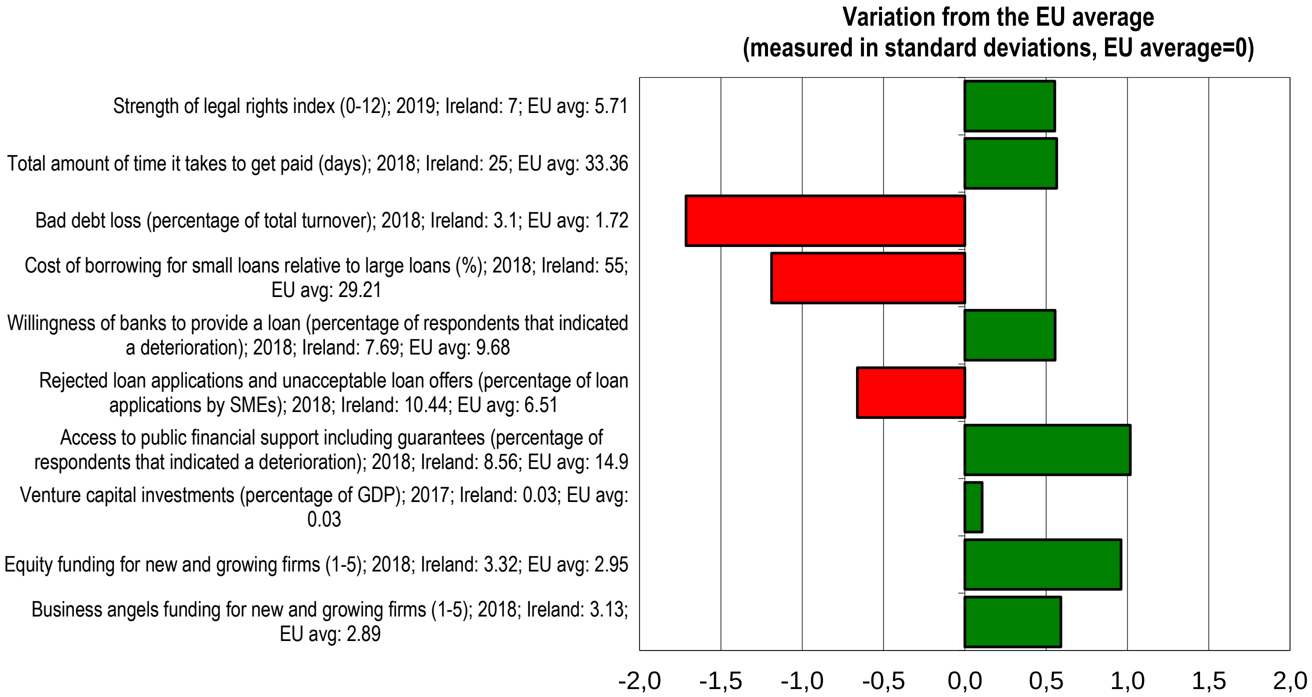
The average delay in payments by public authorities in Ireland is 12 days. This moves Ireland below the EU average (8 days) and implies a significant change as Ireland had performed very well under this indicator over the previous 3 years. That said, Ireland's performance on this indicator remains broadly in line with the EU average.

When looking in particular at the construction sector, the average percentage of lost revenue for 2017 (5.79%) was more than three times the European average, and 26% of companies forecasted increasing debtor risks over the next 12 months (over twice the European average of 12%). The average time taken by the public sector to pay comes to 97 days, implying an average delay of 52 days against an EU average of 20 for this sector[45]. Given the importance of the construction sector's role in implementing the National Development Plan, it would be advisable to closely monitor this aspect during its implementation.

Since 2008, Ireland has introduced a number of measures which have addressed all SBA recommendations in the area of State aid & public procurement. For example, the introduction of e-procurement and e-tendering has helped to improve the efficiency of the procurement system. Measures such as the Late Payment in Commercial Transactions Regulations (2012 EC Directive) have been introduced to ensure better payment conditions for SMEs. Measures have also been implemented to give guidance to SMEs on how to compete for procurement contracts, for example, the Tender Advisory Service (TAS) to help SMEs to win public-sector contracts. In addition, the Office of Government Procurement (OGP) was set up in 2013 to establish a common approach to procurement across government.

During the reference period, no new significant measures were adopted under State aid & public procurement. However, procurement forms a part of Ireland's National Development Plan 2018-2027 which is currently being implemented. It is recommended that Ireland's procurement rules[46], in particular the implementation of Circular 10/2014[47], be monitored in this context. Contracts could, for example, be split into lots where possible and provide a clear payment timetable and a commitment to pay on time.

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.

Despite Ireland's overall score in the area of access to finance appearing to be broadly in line with the EU average, the situation is actually less positive than it may look, especially concerning bank loans.

Regarding cash flow, the total amount of time it takes to get paid in Ireland (25 days) means the country was performing better than the EU average (33) in 2018. This is close to the score recorded in 2015 (24 days), after which it rose year-on-year to 45 days in 2017. On the other hand, at just over 3%, Ireland has the EU's second highest percentage of bad debt loss as a percentage of total turnover, compared to the EU average (1.7%).

On access to finance, 7.7% of Irish businesses report a deterioration in the willingness of banks to provide loans, keeping Ireland above EU average. This indicator has steadily improved year-on-year since 2010, when the figure was 57%. By contrast, at 55%, Ireland is also among those countries with the highest cost of borrowing for small loans relative to large loans. This percentage has increased year-on-year over the last decade, and is up by 750% on 2008 (7.4%). Despite a reduction in the percentage of loan applications from SMEs that are rejected (from 13% in 2017 to 10% in 2018), Ireland still performs below the EU average. Ireland's score on this indicator is now slightly better than the score recorded in 2008 (12%), but it has fluctuated quite considerably from one year to the next over the last decade, reaching a peak of 28% in 2014. Ireland has a score of 7 on the strength of legal rights index, which is above the EU average of 5.5.

Insufficient collateral or guarantees are preventing an increasing number of companies from applying for bank loans. In 2017 4% of SMEs did not consider bank loans as being relevant to their company, due to onerous collateral demands by banks. In 2018, this percentage had risen to 7%. While 'interest rates / price too high' is the most significant factor limiting an increasing number of SMEs from getting loans (24% vs 13% EU average). Indeed, interest rates on loans of less than €0.25 million in January 2019 are at 5.7% against 2.5% in other parts of the EU[48].

In the SME Credit Demand Survey covering April to September 2018, 20.1% of SMEs applied for bank finance, down from 25.7% of SMEs recorded in the previous survey. Demand for financing was most common among small firms and lowest among micro firms. Working capital remains the most common reason for credit applications among micro and small firms, whereas credit for growth & expansion is more common among medium-sized firms[49]. Internal funds were used by 25% of SMEs in 2018 (15% EU average), compared to 23% in 2017. Trade credit and credit lines are still the sources of financing that have been used by the highest percentage of SMEs (both at 50%, as in 2017). It is worth noting that the measure deemed most important by SMEs for their financing is 'making existing public measures easier to obtain'[50].

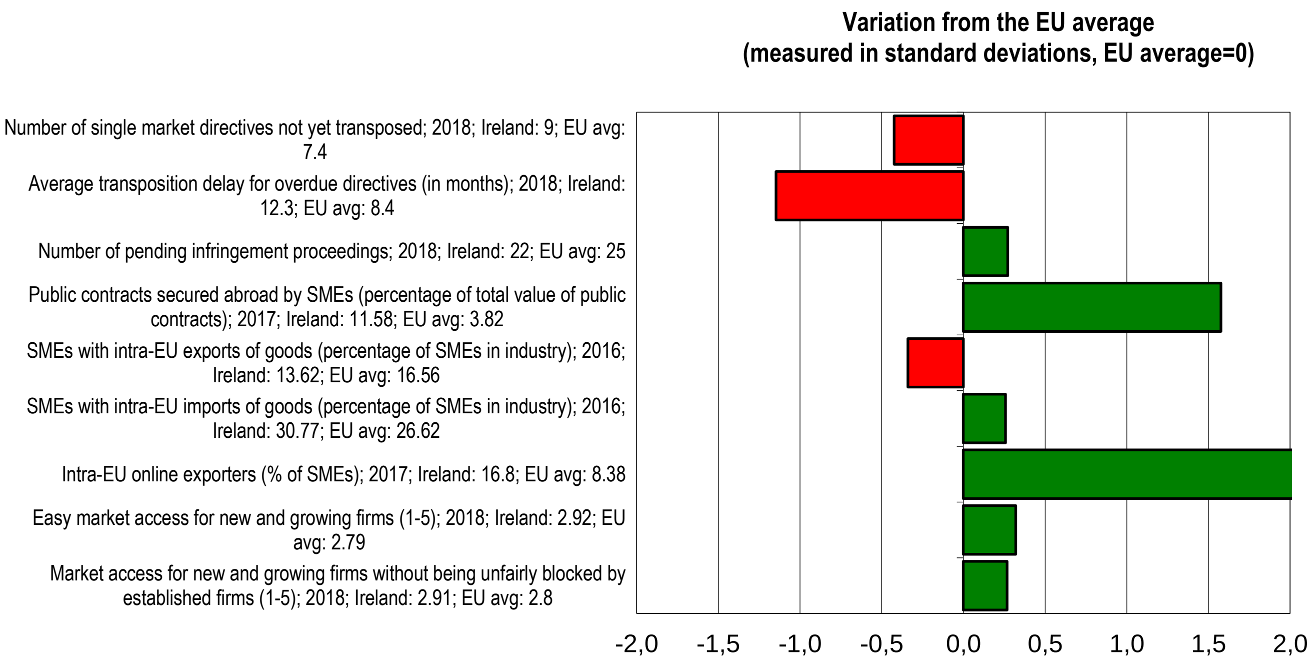
Both equity and business angels funding for new and growing firms in Ireland improved compared to last year and are now above the EU average. 29% of SMEs feel confident talking about financing with equity investors/venture capital companies and that they will obtain the desired results (EU average 23%).

Since 2008, the government has introduced approximately 40 policy measures to improve access to finance for Irish SMEs. Lending targets for banks, new SME credit providers and a credit guarantee scheme are just some key examples of the types of measures that have been introduced. The government has also introduced a number of non-financial or 'soft' support measures. Some examples of government action in this SBA area include initiatives to make SMEs aware of the full range of business supports available to them, as well as measures to help them increase their financial capability.

The most important measure implemented in recent years has been the establishment of the Strategic Banking Corporation of Ireland (SBCI) by the Irish Ministry of Finance. The SBCI is a strategic SME funding organisation whose goal is to ensure access to flexible and lower cost borrowing for Irish SMEs and to support market access for SMEs entering the lending market. For example, in the context of Brexit, the Irish government launched[51] a dedicated measure in 2018: the Brexit Loan Scheme. It is operated by the SBCI and is available through banks. The Brexit Loan Scheme provides loans[52] ranging from €25,000 to €1.5 million at an interest of 4% or below to SMEs and small mid-cap firms so as to mitigate their exposure to the potential impact of Brexit. During the reference period, one significant measure was introduced. The Seed and Venture Capital Scheme is making €175 million in government funding available as risk capital for start-ups. The scheme aims to stimulate job creation and support the funding requirements of young innovative Irish companies. The first call under the scheme is targeting three distinct areas of the market: pre-seed and seed stage funding; series A+ funding; and food sector funding.

One significant measure was also launched in March 2019. The Future Growth Loan Scheme will provide affordable financing to Irish businesses and the primary agriculture and seafood sectors to support strategic long-term investment in a post-Brexit environment. The scheme makes up to €300 million in loan funding available with a term of 8-10 years. Loans will range from €100,000 to €3 million. They will be competitively priced and have favourable terms. For example, loans up to €500,000 will be unsecured.

3.6 Single market



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

Ireland continues to perform above the EU average in single market.

The number of pending infringement procedures in 2018 continues to be in line with the EU average, with a slight improvement compared to last year (24 cases). This indicator has remained broadly stable since 2012. There has also been improvement in terms of the number of single market directives not yet transposed (19 in 2016, 13 in 2017, 9 in 2018). In contrast, at 12.3 months, the average transposition delay for overdue directives is the fourth lengthiest delay in the EU. This indicator has fluctuated quite considerably over the last decade, from a low of 4.2 months in 2011 to a high of 16.3 months in 2014.

At 17%, Ireland is confirmed as the country with the highest percentage of SMEs that export online within the EU, a score that is twice the EU average (8.4%). (See also next chapter for caveats)

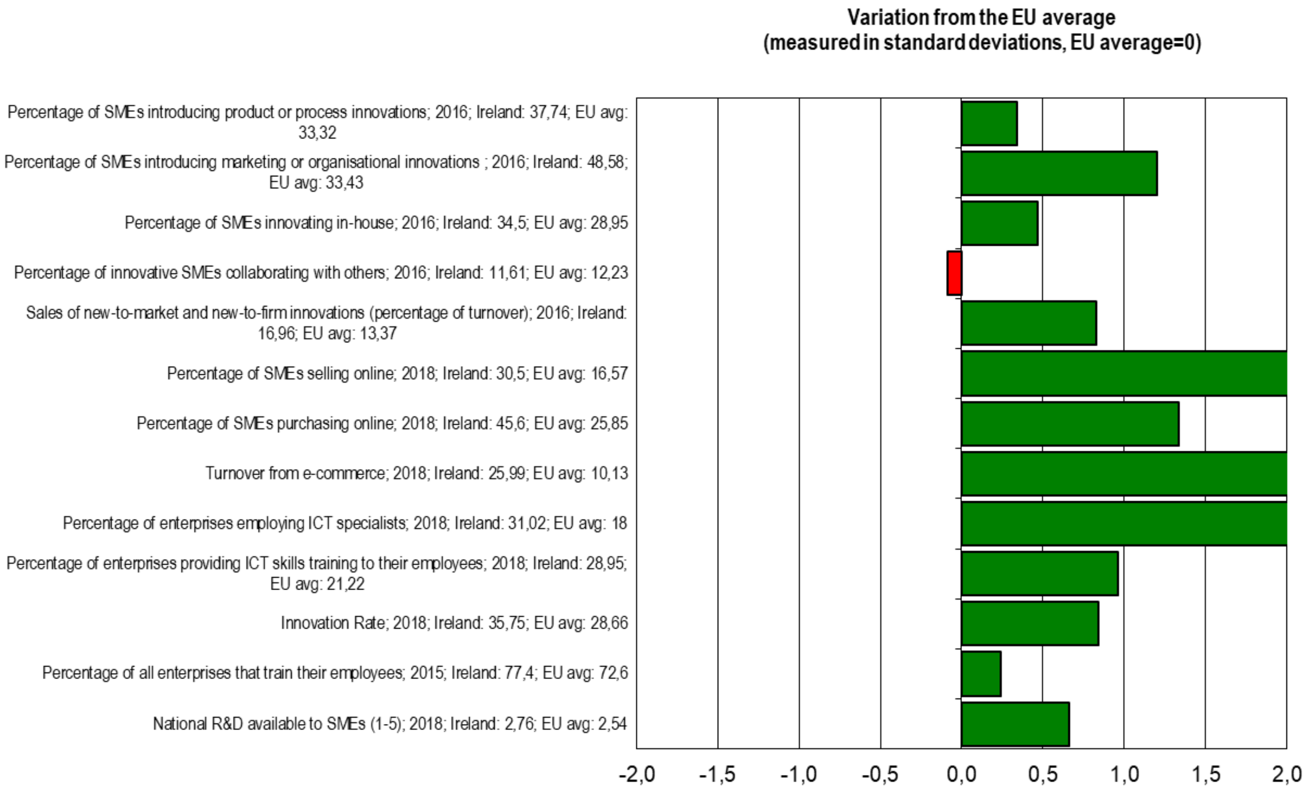
According to the Survey on the Access to Finance of Enterprises (SAFE), Irish SMEs' exports of goods and services did not improve between 2017 and 2018. Instead, there has been an increase in the proportion of SMEs that do not export goods or services (63% in 2018, 61% in 2017). In this case, exports refer to goods and services exported both within the EU and outside the EU.

At 11.6%, the percentage of public contracts secured abroad by SMEs is three times higher than the EU average of 3.8; however, Ireland's score for this indicator has fallen by a third since 2008 (17.3%).

Since 2008, Ireland has introduced measures to address all SBA recommendations in the single market area. An online resource to inform SMEs about their need to comply with relevant standards is one example of a measure implemented in recent years. Another example is the trading online voucher scheme[53], which was introduced in 2013 to help SMEs transform themselves into digital businesses. According to the government however, there has been relatively low uptake of this scheme, with just 2,555 businesses having availed of it by April 2018[54]. The figures suggest a need for increased and more accessible supports to encourage and help SMEs to become digital businesses.

During the reference period, no new significant measures were adopted. Nonetheless, as part of the Enterprise 2025 strategy, the Irish government is expected to implement measures with a view to positioning Ireland as a leader in the digitalisation of the single market.

3.7 Skills & innovation



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

Ireland continues to be the EU's top performer in skills & innovation, thanks to consistent improvement since 2008. Ireland is in line with, above or well above the EU average in all skills & innovation indicators. That said, the large presence of foreign firms in Ireland is likely to affect several of the indicators used for this SBA area. Therefore, the overall results cannot be considered as representative for SMEs, even less so for Irish-owned SMEs.

Ireland scores 26% in terms of the percentage of turnover from e-commerce compared to the EU average of 10%. This was the highest score in the EU in 2018, up by two thirds on Ireland's score in 2015 (15.6%). 30.5% of Irish SMEs are selling online, the second highest proportion in the EU. This score is nearly twice the EU average of 16.6%. However, a note of caution about these types of scores is raised by the SME Digital Health Index 2018[55], which finds that, when surveying also micro-businesses, just 12% of SMEs in Ireland can process sales online. The presence and digital footprint of larger companies, such as multi-nationals, are likely to have had a significant influence on the high scores recorded.

Also in Ireland, 46% of SMEs are purchasing online, the third highest proportion in the EU. The percentages of companies with a very high (3.1%) and high (25.4%) digital intensity score are higher than the EU average in 2018 (respectively 2.08% and 15.9%). However, 71.5% of companies have a low or very low digital intensity score[56]. Specifically, 11.2% of companies with 10-249 employees shared electronic information on the supply chain (16.8% EU average), 26.8% shared internally electronic information with an Enterprise Resource Planning (EU average 32.5%), and 4.3% use radio-frequency for product identification (EU average 3.9%) in 2017[57].

In Ireland, 31% of firms with 50-249 employees employ ICT specialists, the highest percentage in the EU. Also 29% of firms with 50-249 employees provide ICT skills training to their employees, the third highest percentage in the EU.

In 2018, 22% of SMEs identified the availability of skilled staff and experienced managers as the biggest problem faced by SMEs, compared to 15% in 2017. SMEs in Ireland used 16% (against 22% EU) of financing received for hiring and training employees compared to 14% in 2017[58].

In 2016, 48.6% of Irish SMEs introduced marketing or organisational innovations, the third highest proportion in the EU despite a four-percentage point decrease on 2014. At 17%, Ireland has the third highest sales of new to market and new to firm innovations as a percentage of turnover (EU average: 13%). This indicator has decreased slightly compared to 2014 (18%). The percentage of SMEs innovating in-house in Ireland (34.5%) is also above the EU average, although this indicator is down by 16.5% on 2014. A similar decrease has been registered regarding the percentage of innovative SMEs collaborating with others (down by 16.7%) and that of SMEs introducing product or process innovation (down by 18%). Overall, the trend registered for all these indicators for Ireland through the Community Innovation Survey is one of general deterioration, while the trend for their corresponding EU averages is either static or improving. As these figures do not differentiate between Irish and foreign-owned companies, one might suppose that the generally better performance of foreign-owned SMEs has not been sufficient to register a positive trend overall for innovation in SMEs.

In 2016, 33% of all small firms and 51% of medium-sized firms reported expenditure on innovation (against 66% of large companies). Irish-owned enterprises (accounting for 81% of all relevant enterprises) spent on innovation-related activities only 36% of the total, compared to 43% of foreign-owned companies in 2016.[59] The newly introduced innovation-rate indicator shows that 36% of new and nascent entrepreneurs claim that their product or service is new to customers, above the EU average of 29%. However, this indicator is down by 20% on the rate achieved in 2015.

Since 2008, Ireland has introduced a wide range of measures to address all SBA recommendations for skills & innovation. Skills assessment, development and recognition schemes, innovation funding schemes and innovation-related fiscal incentives are some key examples of the types of measures that have been introduced. Initiatives have also sought to bring different people and skills together, from different regions (including cross border) and disciplines (industry and academia), to help address SME employment and innovation needs.

Ireland's effort in this SBA area is underpinned by a number of national strategies. 'Enterprise 2025 Renewed' sets out a broad range of measures to support business growth. These measures aim, for example, to support partnership building, collaborative R&D and innovation. 'Innovation 2020' aims to increase investment in R&D and support innovation in companies. There are also two national skills-related strategies that aim to address the skills shortage in Ireland. The 2015-2025 strategy for higher education and business partnerships aims to improve infrastructure and pathways for skills development. The 2025 National Skills Strategy aims to increase the supply of skilled workers through higher quality education, skills development, life-long learning and a greater involvement of businesses in education and training.

During the reference period, six significant new measures were introduced.

- Future Jobs Ireland 2019[60] was launched by the government in March 2019. It is the first in a series of annual reports as part of a multiannual policy framework developed in consultation with key stakeholders. Its purpose is to prepare people and companies for future technology challenges and for moving to a low-carbon economy. The initiative establishes 26 core ambitions under 5 pillars: embracing innovation and technology change; improving SME productivity; enhancing skills and developing and attracting talent; increasing participation in the labour force; and the transition to a low-carbon economy.

- The SME Strategic Consultancy Grant Scheme provides grant funding to SMEs to part-finance the cost of hiring strategic consultants to help in developing and/or implementing strategic initiatives. The scheme is designed to facilitate business growth whereby the consultants can act as coach, mentor, facilitator, analyst, negotiator and/or operator for the company. Grants are available to cover up to 50% of the costs incurred in hiring a consultant, with a maximum grant amount of €35,000.

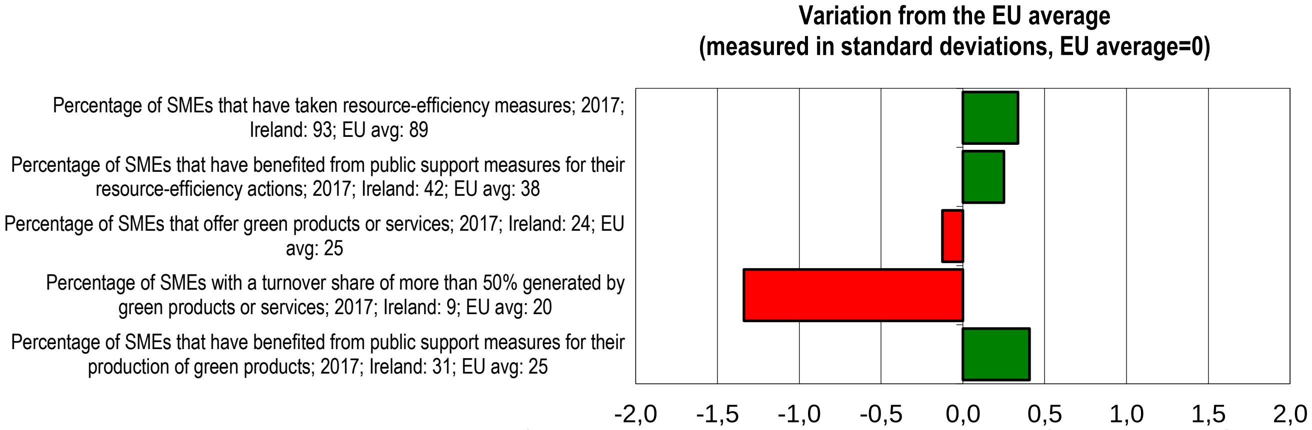
- The Workplace Innovation Toolkit helps to guide companies towards the relevant supports that will help them improve and grow their business. The diagnostic toolkit consists of an online questionnaire designed to help an organisation to evaluate its capacity to become an innovative workplace. The toolkit is based on four pillars and highlights resources and supports to companies so they can improve performance in the areas of employee engagement, training, innovation, and productivity. This system is designed to enable a single individual or an unlimited number of employees in a company to participate. Even though the whole process only takes a matter of minutes to complete, this measure has had a very limited uptake for the moment.

- The Disruptive Technologies Innovation (DTI) Fund is making €500 million in government funding available to co-fund projects that develop, deploy and commercialise one or more disruptive technologies. The projects are expected to deliver new solutions through investment in the development and implementation of new products and services. A total of 27 projects were awarded funding in the first call for a total cost of over €75 million. The second call was due to close in September 2019. At least €1.5 million in funding is expected per project over a three-year period. Each collaborative project funded must have at least one SME partner[61].

- The Key Employee Engagement Programme (KEEP) enables SMEs to offer tax efficient share options to their employees. The programme aims to encourage more SME employers to use share options to reward, incentivise, motivate and retain their staff. The scheme differs from more generally available share option schemes because it allows for the deferral of the taxation point on the award of share options until the shares are eventually sold. Notably, gains will be subject to capital gains tax as opposed to income tax. Ultimately, this scheme is designed to help growing businesses to recruit and retain key staff[62].

- Following a consultation process, the government has increased the National Training Fund (NTF) levy by 0.1% to 0.8% as part of Budget 2018, with a further 0.1% increase in both 2019 and 2020. The NTF was established in 2000 as a dedicated fund that supports skills training for those in employment and those seeking employment, as well as research to provide information on existing or future skills requirements in the Irish economy. The NTF is funded by a levy of 0.8% of reckonable earnings in respect of employees in the A and H employment classes, which represents approximately 75% of all insured employees. Keeping with the trend of reduced spending on training for those seeking employment to the benefit of those in employment, the levy increase is intended for (i) investments in apprenticeships; (ii) higher-education programmes that are particularly oriented towards meeting labour market needs (for approximately 10,000 students); (iii) free upskilling and reskilling; (iv) higher-education opportunities in areas of identified skills need (Springboard+, covering also the ICT skills conversion programme): and (v) training and upskilling in Irish companies (Skillnets)[63].

3.8 Environment



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

Ireland's overall score for environment is in line with the EU average. All of the latest data available on environment indicators dates back to 2017. At the same time, overall, Ireland so far still falls far short in creating a path towards achieving the 2020 renewable energy targets and 2030 climate targets[64].

At 42%, the percentage of SMEs that have benefited from public support for resource efficiency measures grew by 45% since 2015 (29%). Likewise, at 31%, the proportion of Irish SMEs that have benefited from public support measures to produce green products has increased by 26% since 2015 (23%).

By contrast, the percentage of SMEs with a green product/service turnover share of more than 50% is only 9%, the third lowest proportion in the EU. It has fallen by nearly half since 2015 (16%) and by approximately two thirds since 2012 (28%). 35% fewer Irish SMEs were offering green products or services in 2017 (24%) compared to 2015 (37%). This is the first drop in this indicator since 2008, following its peak of 29% in 2012.

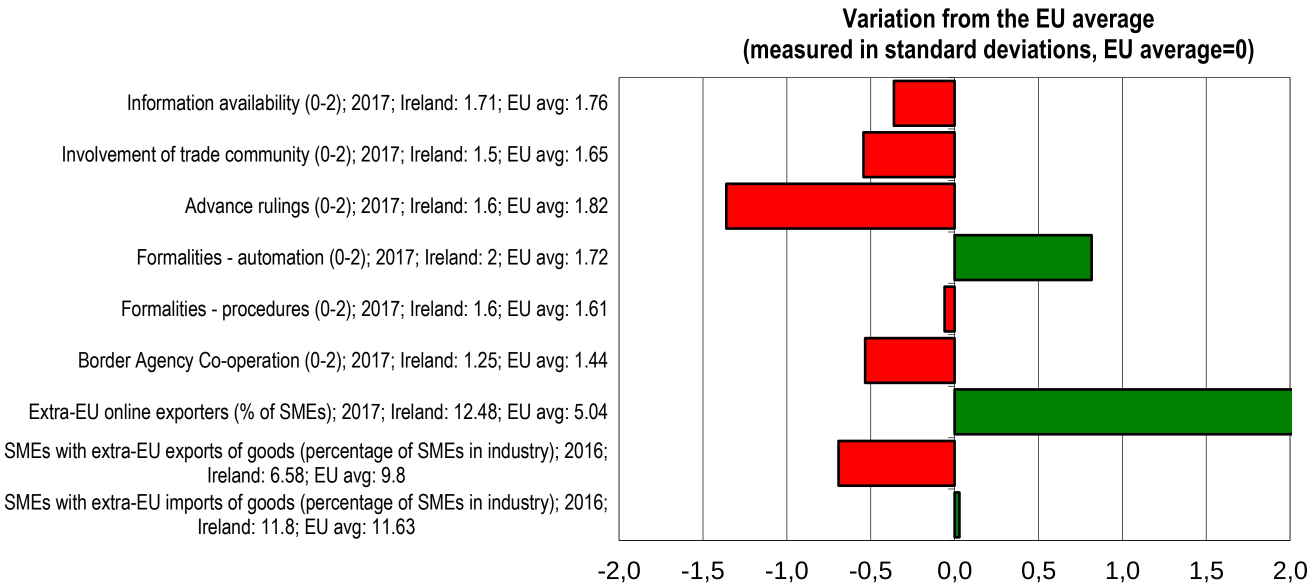
Even though it does not specifically target SMEs, State aid spending on environmental protection and energy saving further increased from €185 million in 2016 to €324 million in 2017 (more than 6 times higher compared to 2009)[65].

Since 2008, Ireland has introduced a series of measures to implement all environment SBA recommendations. They support sustainability, green business, innovation, renewable energy, green public procurement, green sector growth, resource management and the uptake of best practices. Some examples of recent government action in this SBA area include helping rural SMEs to reduce waste and save costs, and launching tools to encourage corporate social responsibility and green business resource efficiency.

A Citizens Assembly was established to examine 'How the State can make Ireland a leader in tackling climate change'. The Assembly's Final Report and Recommendations were presented before the Houses of the Oireachtas (Ireland's national parliament) on 18 April 2018[66]. An All-Party Committee was established to consider these recommendations. The "Report of the Joint Committee on Climate Action, Climate Change: A Cross-Party Consensus for Action" was published in March 2019[67]. Drafting of the 'Climate Action Plan 2019' began in December 2018 (with the final paper published in June 2019)[68].

During the reference period, environment was not a priority area for the government and no new significant measures were adopted.

3.9 Internationalisation



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

Ireland's performance in internationalisation is in line with the EU average. The latest data available for most internationalisation indicators dates back to 2017.

In terms of the 'formalities-automation' indicator, Ireland scores 2, which positions it among the top performers in the EU on this indicator. On advance rulings, however, Ireland scores 1.6, which puts it among the worst EU performers on this indicator, although this score remains broadly in line with the EU average of 1.8. On trade performance indicators, Ireland continues to have the highest percentage of SMEs that are extra-EU online exporters at 12.5%, compared to the EU average of 5%. This score has increased steadily following a low point in 2009 (5.2%). At the same time, the percentage of SMEs exporting goods outside the EU was below the EU average in 2016, mirroring an almost similar score also for SMEs exporting goods within the EU.

More recent cross-border trade data is provided by the World Bank Doing Business Report 2019 (for reference: exports to the USA)[69]. For Ireland, the administrative time required to export is 24 hours. This export time is twice the average across OECD high income countries. The cost of export for both border (€272/$305) and documentary (€67/$75) compliance is twice the OECD high income average. Overall, Ireland is ranked 52nd out of 190 national economies, down from 47th place in the previous year.

Since 2008, Ireland has introduced a broad range of measures to address all SBA recommendations in the area of internationalisation. Measures have included, for example, financial and business support schemes, tax incentives and sector-specific strategies, as well as measures to help companies to participate in trade missions and events.

More recently, government action in this SBA area has focused on helping Irish businesses to prepare for the potential impact of the UK's decision to leave the EU. Given the geographical proximity between the two countries, as well as the close cultural and trade relations between them, Irish SMEs are particularly exposed to the challenges of Brexit. Therefore, government measures have established advisory clinics and services to provide SMEs with guidance on how to mitigate the risks of Brexit, and how to connect with relevant support measures. Tools have also been launched to enable SMEs to self-assess their own exposure to Brexit, so that those SMEs that are affected can mitigate the risk by diversifying their offers into EU and international markets. Brexit-related financial support measures have also been made available.

The key challenge facing Irish SME exporters and importers, as shown by the measures implemented in the most recent years, is how to prepare for the UK's departure from the EU and how to ensure Irish businesses can succeed and grow in a post-Brexit trading environment. In light of the uncertainty surrounding future trading arrangements, the Irish government has taken a proactive approach in its policymaking to help SME exporters and importers to prepare themselves for the potential impact that Brexit may have on their businesses.

During the reference period, five significant measures were introduced:

- The 'Brexit: Act on Initiative' helps companies exposed to Brexit to create a strong action plan and identify the opportunities and risks that Brexit may pose to their businesses. The initiative is available to Enterprise Ireland clients and is provided at no cost to the company. The initiative is designed to provide tailored advice from a consultant on the Brexit challenges specific to a particular business and how to develop an action plan to mitigate risk of exposure to Brexit, particularly in terms of financial and currency management, strategic sourcing, customs and logistics.

- A new Prepare to Export Scorecard has been made available by Enterprise Ireland to help Irish entrepreneurs and business owners that have global ambition to self-assess how prepared they are to start exporting. The interactive online facility is a free, easy-to-use tool which acts as a starting point for companies interested in exporting and reaching overseas markets. The scorecard analyses answers submitted to a range of questions and generates an immediate report. The on-the-spot assessment focuses on the company's level of export-readiness across six key business pillars: (i) business planning, (ii) people management, (iii) operations, (iv) sales and marketing, (v) innovation, and (vi)_finance.

- The Online Retail Scheme is providing government grant funding to help SME retailers accelerate their online offerings and increase their competitiveness. The purpose of the scheme is to support Irish-owned retail SMEs to embed a more sophisticated online trading (e-tailing) strategy in their business model, increase their customer base, and build a more resilient business in the domestic and global marketplace, both online and offline. The total fund amounts to €1,250,000. Grants of between €10,000 and €25,000 are available on a match fund basis and will typically cover research costs, consultancy costs for strategy development and implementation and training costs. Call 1 of the scheme was limited to SME retailers employing 20 or more full-time staff and resulted in 11 retailers being awarded match funding. They operate in a variety of sectors including music, traditional Irish produce and giftware, and marine and outdoor equipment. Call 2, launched in June 2019, was broadened to include all Irish-owned retailers employing more than 10 full-time staff[70].

- The Customs Insight Course is an online training course that is designed to help businesses understand how customs works, including the documentation and processes required to operate and succeed post Brexit. The course explains in clear and simple terms the main customs rules and includes the key steps companies can take to prepare for customs after Brexit and the options from Revenue (the Irish tax and customs authority) that are available to make the customs process more efficient. Open to all businesses (www.prepareforbrexit.ie), the course is free of charge. It takes 45 minutes to complete and covers both import and export procedures.

- A series of interactive 'Prepare Your Business for Customs' training workshops are being provided by Local Enterprise Offices (LEOs) across the country. They aim to help businesses understand the key customs concepts, documentation and processes that will be required when trading with the UK post Brexit. These workshops are open to all businesses from all sectors and they are taking place in every region.

4. Interesting initiative

Below is an example of an initiative from Ireland to show what governments can do to support SMEs.

SME and Entrepreneurship Consultation Group

The SME and Entrepreneurship Consultation Group has been established in line with a recommendation made in a draft report as part of the OECD's review of SME and Entrepreneurship policy in Ireland. The group's role is to draw together the vast range of policy and other supports available across government for SME/entrepreneurship development and to ensure they contribute to an enterprise culture that allows SMEs and entrepreneurs to develop and flourish.

The group will work towards the formulation of a plan on how best to implement the conclusions and recommendations from the draft OECD Review of SME and Entrepreneurship Polices in Ireland. The Group will also examine how best to advance the SME Strategy for Ireland, currently being produced by the Department of Business, Enterprise and innovation, particularly within the context of Future Jobs Ireland.

The Group's aim is to provide a platform for structured engagement between government, agencies, representative bodies and small businesses and will be chaired by the Minister of State for Trade, Employment, Business, EU Digital Single Market and Data Protection.

The Group's first meeting was held on 27 March 2019. It involved over 40 SME and entrepreneurship-related stakeholders, including business owners, representative bodies, policy makers and government agencies.

References:

https://www.merrionstreet.ie/en/News-Room/Releases/Minister_Pat_Breen_launches_new_SME_and_Entrepreneurship_Consultation_Group.html

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 2017, the graphs show estimates of the development over time, produced by DIW Econ on the basis of 2008-2016 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] https://ec.europa.eu/eurostat/statistics-explained/index.php?title=Wages_and_labour_costs#Net_earnings_and_tax_burden

[3] In 2018, year-on-year hourly labour costs recorded growth in all sectors of economy in the euro area. Sectorally, hourly labour costs grew by 6.1%, 4.5% and 4.3% in the ICT, construction and financial sectors respectively in Ireland.
http://www.competitiveness.ie/Publications/2019/Cost%20of%20Doing%20Business%202019%20Report.pdf

[4] CSO, Table 14.5 Structural business statistics by sector and nationality of ownership, 2015, available at: https://www.cso.ie/en/releasesandpublications/ep/p-syi/psyi2018/bus/businessinireland/, last accessed 15.5.2019.

[5] https://www.cso.ie/en/releasesandpublications/ep/p-bii/businessinireland2016/businessperformanceinireland/

[6] Gross Value Added per person engaged averaged €131,105 for all businesses in the Irish non-financial business economy in 2016, while Irish-owned businesses averaged €67,771. Small firms reported GVA per person of €69,415 in 2016, while medium-sized firms reported GVA per person of €70,970. GVA per person for large Irish-owned firms was just over €80,500 but rose to €270,188 when foreign-owned large firms were included. (https://www.cso.ie/en/releasesandpublications/ep/p-bii/businessinireland2016/businessperformanceinireland/)

[7] Ibec Q4, Quarterly Economic Outlook, available at: https://www.ibec.ie/IBEC/Publications.nsf/vPages/Economic_Outlook~economic-outlook?OpenDocument#.XN0e8qRCS70, last accessed 16.5.2019.

[8] Allied Irish Bank (AIB), The Irish Economic Update, Continuing Robust Growth, Jan 2018, available at: https://aib.ie/content/dam/aib/investorrelations/docs/economic-research/irish-economy/irish-economy-presentations/Irish%20Economic%20Update%20January%202018.pdf, last accessed: 16.5.2019.

[9] Ibid.

[10] Ibec Q4 2017 and Q4 2018, Quarterly Economic Outlook, available at: https://www.ibec.ie/IBEC/Publications.nsf/vPages/Economic_Outlook~economic-outlook?OpenDocument#.XN0e8qRCS70, last accessed 16.5.2019.

[11] Allied Irish Bank (AIB), The Irish Economic Update, Continuing Robust Growth, Jan 2018, available at: https://aib.ie/content/dam/aib/investorrelations/docs/economic-research/irish-economy/irish-economy-presentations/Irish%20Economic%20Update%20January%202018.pdf, last accessed: 16.5.2019.

[12] 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 15.4.2019).

[13] CSO, Production volume, Production Value index in Construction, available at: https://www.cso.ie/multiquicktables/quickTables.aspx?id=beq03_2, last accessed 16.5.2019.

[14] Ibid.

[15] Ibec Q4 2017, Quarterly Economic Outlook, available at: https://www.ibec.ie/IBEC/Publications.nsf/vPages/Economic_Outlook~economic-outlook?OpenDocument#.XN0e8qRCS70, last accessed 16.05.2019 and Rebuilding Ireland Action Plan for Housing and Homeless, available at: http://rebuildingireland.ie/#About2, last accessed 16.5.2019.

[16] Allied Irish Bank (AIB), The Irish Economic Update, Continuing Robust Growth, Jan 2018, available at: https://aib.ie/content/dam/aib/investorrelations/docs/economic-research/irish-economy/irish-economy-presentations/Irish%20Economic%20Update%20January%202018.pdf, last accessed: 16.5.2019.

[17] Vision-net, Annual Review 2019 Business barometer (2019) available at: https://www.vision-net.ie/news/the-key-business-trends-from-2018-and-q1-2019/, last accessed 15.5.2019.

[18] Ibid.

[19] Ibid.

[20] www.europeanstartupmonitor2019.eu

[21] 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.

[22] 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 15.04.2019).

[23] The 2019 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.

[24] http://www.budget.gov.ie/Budgets/2019/2019.aspx

[25] https://dbei.gov.ie/en/What-We-Do/Business-Sectoral-Initiatives/Action-Plan-for-Jobs/

[26] https://www.djei.ie/en/Publications/National-Policy-Statement-on-Entrepreneurship-in-Ireland-2014.html

[27] http://ec.europa.eu/transparency/regexpert/index.cfm?do=groupDetail.groupDetailDoc&id=32186&no=2

[28] 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. Secondly, it shows progress over time, i.e. the average annual growth rates from 2008 to 2019. 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 2019. 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/

[29] The policy measures presented in this SBA fact sheet are only a selection of the measures the government took in 2018 and the first quarter of 2019. The national SME policy expert that PwC (DG GROW's lead contractor for the 2019 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.

[30] Department of Business, Enterprise and Innovation (DBEI), Future Jobs Ireland 2019: https://dbei.gov.ie/en/What-We-Do/Business-Sectoral-Initiatives/Future-Jobs/

[31] Gross childcare fees in Ireland are relatively high compared to the OECD, and EU averages. For two children in full-time care, the gross fees are 39% of the average wage, compared to an OECD average of 24% and the EU average of 18%. In Ireland, the net cost of childcare is 28% of the average wage, with the reduction due to childcare benefits.

[32] OECD Regulatory Policy Outlook 2019, Ireland: https://www.oecd.org/gov/regulatory-policy/ireland-country-note-regulatory-policy-2018.pdf

[33] Ireland and EU: Employment rate, 2006-2016: https://www.cso.ie/en/releasesandpublications/ep/p-wamii/womenandmeninireland2016/employment/

[34] Insolvency Service of Ireland, Protective Certificate (PC) Target Timeline: https://www.isi.gov.ie/en/isi/pages/wp19000002

[35] European Commission Digital Economy and Society Index (DESI) 2019: https://ec.europa.eu/digital-single-market/en/news/digital-economy-and-society-index-desi-2019 (Ireland DESI Country Profile: https://ec.europa.eu/newsroom/dae/document.cfm?doc_id=59900)

[36] World Bank Doing Business 2019, Ireland Country Report: http://www.doingbusiness.org/content/dam/doingBusiness/country/i/ireland/IRL.pdf

[37] The timeframe for making an application for planning permission by a developer is set out in planning law, including a period of notification of up to 2 weeks prior to formally submitting the application. The timeframe for the decision-making body to make its decision in respect of an application for planning permission is set out in law is 8 weeks. The 8-week period includes a 5-week period during which members of the public may make submissions or observations in respect of the proposed development. This 8-week period may be interrupted by a request by the authority for further information from the developer who may be given up to 6 months to comply with such a request and a further 3 months to provide clarification of the material. Fees for planning permission applications are set out in regulations and have remained fixed since March 2002. The process is considered a transparent one with an obligation on the planning authority to publish and make available for viewing the essential documentation during the decision-making period. Ancillary permits and costs are outside the scope of an application for planning permission.

[38] World Bank Doing Business 2019, Summaries of Doing Business Reforms in 2017/2018: http://www.doingbusiness.org/content/dam/doingBusiness/media/Annual-Reports/English/DB19-Chapters/DB2019-Reform-Summaries.pdf

[39] World Bank Doing Business 2019, Ireland Country Report: http://www.doingbusiness.org/content/dam/doingBusiness/country/i/ireland/IRL.pdf

While latent defects insurance is not a mandatory requirement, lending institutions and consumers are likely to demand it. The government does not interfere with the cost or terms of insurance offered on the market, but as this insurance becomes more popular it is likely that the market will become even more competitive. In general, building defects are matters for resolution between the contracting parties involved. In response to the building failures that have emerged over the last decade, the Building Control Reform Agenda includes: amendments to the Building Control Regulations, establishment of a shared services National Building Control Management Project and the development of new legislation through the Building Control (Construction Industry Register Ireland) Bill. The government's focus has primarily been on ensuring strong and effective regulation in the building control system and the construction industry and on improving compliance in the Building Regulations. This reduces the risk and the incidences of defective buildings and has provided insurance underwriters with sufficient confidence to introduce new latent defect type products in Ireland, despite a general retrenchment and conservatism in the wider insurance industry. These new products are first party insurance policies which cover damage and non-damage (breaches of buildings) claims, to varying degrees. This means that the purchaser does not have to make a claim through the builder but can submit a claim directly to the insurer. This would be of particular benefit to a homeowner in circumstances where the builder or developer has ceased trading.

[40] European Commission, Staff Working Documents accompanying the Communication "A European retail sector fit for the 21st century": https://ec.europa.eu/docsroom/documents/28902

[41] http://www.lsra.ie/

[42] https://www.oireachtas.ie/en/debates/debate/joint_committee_on_justice_and_equality/2018-07-04/3/

[43] 2019 should see the LSRA's role regarding public complaints and professional conduct come into effect, the establishment of the Authority's Complaints Committee and, separately, the establishment of the independent Legal Practitioners' Disciplinary Tribunal. The public should no longer make their complaints through the legal professional bodies but directly to the Authority – this procedure is scheduled to be available from October 2019.

[44] http://www.lsra.ie/en/LSRA/LSRA_Strategic_Plan_2018-2020-FINAL.pdf/Files/LSRA_Strategic_Plan_2018-2020-FINAL.pdf

Under the 2015 Legal Services Regulation Act, the transition of the Office of the Taxing Master to that of the Legal Costs Adjudicators should be completed at the end of Q3 in conjunction with the Courts Service. The new office will maintain a publicly accessible register of its legal costs determinations. At the same time, there should be the commencement of the new legal costs transparency obligations that will apply to all legal practitioners under Part 10 of the 2015 Act and are more consumer- and enterprise-friendly. October 2019 will also see the coming into operation of Legal Partnerships and Limited Liability Partnerships.

[45] European Payment Industry White Paper 2018 (Intrum), https://www.intrum.com/press/publications/european-payment-industry-white-paper/

[46] https://cif.ie/2019/09/06/construction-smes-excluded-from-public-sector-contracts/

[47] https://ogp.gov.ie/990-2/

[48] Small NFC loan interest rates in Ireland are substantially above euro area averages. The interest rate gap between small and large NFC loans in Ireland is higher than elsewhere in the euro area. (SME Market Report 2019, Central Bank of Ireland) https://www.centralbank.ie/docs/default-source/publications/sme-market-reports/sme-market-report-2019.pdf?sfvrsn=9

[49] Ibid.

[50] SAFE survey 2018, https://ec.europa.eu/growth/access-to-finance/data-surveys_en

[51] https://sbci.gov.ie/about-us/publications/news-and-press-releases/helping-irish-smes-meet-their-brexit-challenges

[52] https://sbci.gov.ie/schemes/brexit-loan-scheme

[53] Trading Online Voucher Scheme: https://www.localenterprise.ie/Discover-Business-Supports/Trading-Online-Voucher-Scheme-/

[54] Low uptake of government online vouchers scheme exposes issues for SMEs in Ireland: https://www.fiannafail.ie/low-uptake-of-govt-online-voucher-scheme-exposes-issues-for-smes-in-ireland-ff/

[55] IE Domain Registry, SME Digital Health Index 2018: https://www.iedr.ie/uploads/IE-Domain-Registry-SME-Digital-Health-Index-2018.pdf

[56] https://ec.europa.eu/digital-single-market/en/integration-digital-technology

[57] https://digital-agenda-data.eu/charts/analyse-one-indicator-and-compare-countries#chart={"indicator-group":"ebusiness","indicator":"e_sisc","breakdown":"ent_sm_xfin","unit-measure":"pc_ent","ref-area":["BE","BG","CZ","DK","DE","EE","IE","EL","ES","FR","IT","CY","LI","LV","LT","LU","HU","MT","NL","AT","PL","PT","RO","SI","SK","FI","SE","UK","EU","HR","IS","NO"]}

[58] Survey on Access to Finance 2018

[59] https://www.cso.ie/en/releasesandpublications/er/iie/innovationinirishenterprises2016/

[60] Future Jobs Ireland 2019: https://dbei.gov.ie/en/Publications/Future-Jobs-Ireland-2019.html

[61] Disruptive Technologies Innovation Fund, Call 1 – 2018: https://dbei.gov.ie/en/What-We-Do/Innovation-Research-Development/Disruptive-Technologies-Innovation-Fund/

Five projects have been awarded between €5-10 million for a total cost of €32.4 million. Three projects have been awarded between €3-5 million for a total cost of €11.8 million. Nineteen projects have been awarded between €1-3 million for a total cost of €34.3 million – https://dbei.gov.ie/en/What-We-Do/Innovation-Research-Development/Disruptive-Technologies-Innovation-Fund/DTIF-Awards-Under-First-Call-2018.html

[62] Any income gain realised on the exercise of a qualifying share option granted on or after 1 January 2018 and before 1 January 2024 is exempt from income tax and social security payments (Universal Social Charge - USC and Pay-Related Social Insurance - PRSI).

[63] https://www.education.ie/en/Publications/Education-Reports/national-training-fund-expenditure-report-2018.pdf

[64] European Semester 2019 Country Report Ireland, https://ec.europa.eu/info/sites/info/files/file_import/2019-european-semester-country-report-ireland_en.pdf , p. 52-53

[65] http://ec.europa.eu/competition/state_aid/scoreboard/state_aid_scoreboard_2018.pdf

[66] https://www.citizensassembly.ie/en/How-the-State-can-make-Ireland-a-leader-in-tackling-climate-change/Final-Report-on-how-the-State-can-make-Ireland-a-leader-in-tackling-climate-change/Climate-Change-Report-Final.pdf

[67] https://data.oireachtas.ie/ie/oireachtas/committee/dail/32/joint_committee_on_climate_action/reports/2019/2019-03-28_report-climate-change-a-cross-party-consensus-for-action_en.pdf

[68] https://www.dccae.gov.ie/en-ie/climate-action/topics/climate-action-plan/Pages/climate-action.aspx

[69] World Bank Doing Business 2019, Ireland Country Report: http://www.doingbusiness.org/content/dam/doingBusiness/country/i/ireland/IRL.pdf

[70] Enterprise Ireland, Minister Humphreys announces recipients of new fund for Irish retailers: https://www.enterprise-ireland.com/en/News/PressReleases/2019-Press-Releases/Minister-Humphreys-announces-recipients-of-new-fund-for-Irish-retailers.html