



2019 SBA Fact Sheet

Poland

Key points

Past & future SME performance¹:

In Poland's 'non-financial business economy', SMEs accounted for slightly more than half of overall value added in 2018, a share of 52.9%. In 2014-2018, overall SME value added increased by 26.3%, while in large firms the rise was 23.2%. Overall SME value added is expected to rise in 2018-2020, exceeding the growth projected for large firms. By the end of 2020, it is predicted that SMEs will generate 98,700 jobs.

Implementing the Small Business Act for Europe (SBA):

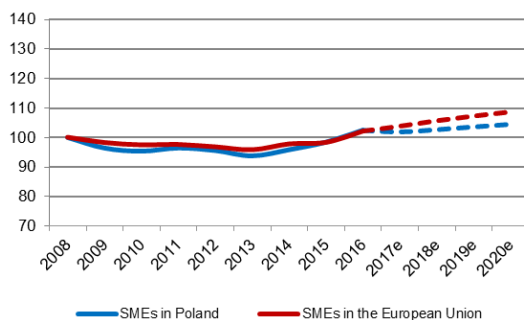
Poland's SBA profile remains below the EU average in skills & innovation, the single market and internationalisation, directly affecting the competitiveness of Polish SMEs. Poland scores in line with the EU average in second chance, responsive administration and entrepreneurship. It has above average scores for the environment, State aid & public procurement and access to finance. Nevertheless, since 2008 most progress has been observed in the single market, access to finance, State aid & public procurement, and in particular in responsive administration.

SME policy priorities:

Poland correctly identifies its pressing development gaps in areas such as skills & innovation and internationalisation and addresses them with new and existing policy measures, although the scale and effectiveness of these measures are not always sufficient. Such policies are especially important, as they help to ensure the long-term competitiveness of Polish SMEs. There is a significant focus on improving the legislative framework (covered by the areas of responsive administration and entrepreneurship) through deregulation, more favourable administration and the digitalisation of services. Still, SMEs would welcome a more coherent interpretation of laws by public administration and more predictable changes in the regulatory framework, with a better implementation of the 'SME test'. Other areas such as second chance or the environment are less prominent in Poland's SME agenda. Shortening the time it takes to resolve insolvency and reducing its cost and providing support for previously bankrupt but honest entrepreneurs or recognising the role of SMEs in green transformation could help to address those areas.

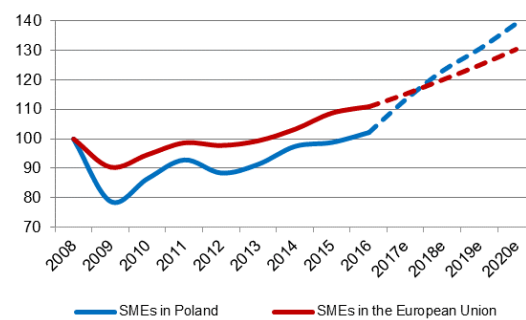
Number of persons employed in SMEs

(Index: 2008=100, estimates as from 2017 onwards)



Value added of SMEs

(Index: 2008=100, estimates as from 2017 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.

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1. SMEs — basic figures

Class size	Number of enterprises			Number of persons employed			Value added		
	Poland		EU-28	Poland		EU-28	Poland		EU-28
	Number	Share	Share	Number	Share	Share	Billion €	Share	Share
Micro	1,664,944	96.1%	93.0%	3,510,745	38.4%	29.7%	44.2	19.6%	20.8%
Small	49,890	2.9%	5.9%	1,072,123	11.7%	20.1%	29.4	13.0%	17.6%
Medium-sized	14,389	0.8%	0.9%	1,542,957	16.9%	16.8%	45.8	20.3%	18.0%
SMEs	1,729,223	99.8%	99.8%	6,125,825	67.1%	66.6%	119.5	52.9%	56.4%
Large	3,400	0.2%	0.2%	3,005,796	32.9%	33.4%	106.4	47.1%	43.6%
Total	1,732,623	100.0%	100.0%	9,131,621	100.0%	100.0%	225.9	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.

In Poland's 'non-financial business economy', SMEs accounted for slightly more than half of overall value added in 2018, a share of 52.9%. Although this share is lower than the EU average of 56.4%, they have gradually been converging over recent years. SMEs generated 67.1% of total employment in the Polish 'non-financial business economy' in 2018, similar to the EU average. Polish SMEs employ approximately 3.5 people, compared with the EU average of 3.9.

In 2014-2018, overall SME value added increased by 26.3%, while in large firms the rise was 23.2%. Micro firms grew fastest

in 2014-2018, by 37.6%, clearly outperforming small and medium-sized firms in which value added rose by 20.4%. In terms of employment, the difference was even more significant: whereas employment in micro firms grew by 15.8% in 2014-2018, in small and medium-sized firms, it fell by 2.9%. Overall, SME employment stabilised at a total of 6,100,000 jobs for the three consecutive years of 2016-2018.

Between 2014 and 2018, SME value added and employment in the construction sector increased and surpassed the performance of large firms. Micro firms generated the fastest

growth in value added. They were the sole growth driver for overall SME employment growth in the sector. Firms in the construction sector have been affected both positively and negatively by recent economic developments in Poland. On the one hand, economic growth and an increase in household incomes have led to higher household spending, which has particularly benefited micro firms involved in house building and renovation. On the other hand, the rising cost of materials and wages have increased overall costs and lowered profit margins in the sector. This is especially the case for large firms, which are bound by long-term contracts whose fixed prices are determined by highly competitive public tenders.

The wholesale and retail trade sector generated significant value added growth in 2014–2018, both for SMEs and even more so for the large firms. Such developments reflect the generally good performance of the economy. For example, household disposable income increased by one fifth between 2014 and 2017 as a result of falling unemployment, an increase in the minimum wage and the new child benefit system introduced in 2016. The higher growth of large firms reflects long-term trends in the Polish trade sector, which used to be dominated by small shops but is now transitioning into a model similar to Western European countries, with networks of supermarkets and ‘franchises’ playing a larger role.

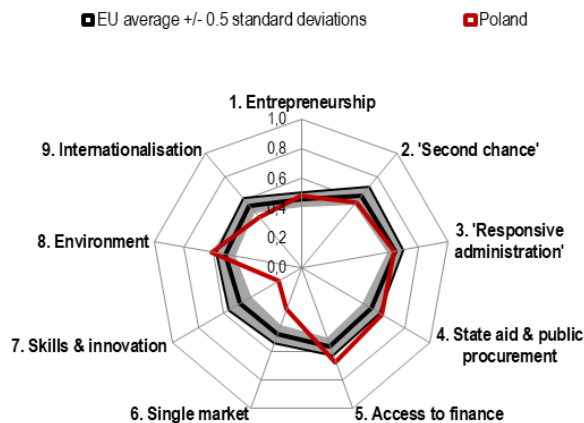
In 2018, 383,000 new firms were registered in Poland, the largest total since 2010, and 332,000 firms deregistered, the highest total since 2011. Both registrations and deregistrations increased considerably in 2017–2018, rising by 8.7% for new registrations and by 15.6% for deregistrations. However, the net increase of 61,000 firms remains in line with the data from 2014–2017, when on average 62,300 firms joined the register per year.

As per the data collected by the European Startup Monitor 2019 project², 65% of the Polish startups that responded to the online questionnaire were set up by one male founder or an all-male team of founders. 0% were set up by one female founder or an all-female team of founders. The remaining 35% were set up by at least one man and one woman. In terms of their stage of development, 15% are in the pre-seed or seed stage, 46% in the start-up stage, 4% in the steady stage and 35% in the growth stage. Regarding financial aspects, 62% are operating at a loss, 15% currently break-even and 23% are profitable. Of those start-ups that are operating at a loss, 94% expect to break-even in less than 2 years, while 6% expect that it will take them over 2 years to break-even. 65% have a turnover between €1 and €500,000; 19% report having no turnover yet and the remaining 15% have a turnover of over €500,000. They have 11 employees on average, of which around 35% work on a part-time basis. On average they plan to hire 4 people within a year.

Many firms have successfully scaled up their operations in recent years. In 2016, 11,774 firms (11.7% of all firms in the ‘business economy’ with at least 10 employees) were high-growth firms. This share is higher than the EU average of 10.7%. In 2018, Polish SMEs in the specialised knowledge-intensive services and high-tech manufacturing sectors, both of which are usually R&D-intensive, accounted for 25.6% of SME value added in the manufacturing and services sectors. This is significantly lower than the EU average of 33%.

Overall, SME value added is expected to rise by 13% between 2018 and 2020, exceeding the 11.7% growth projected for large firms. By the end of 2020, it is predicted that SMEs will generate 98,700 jobs.

2. SBA profile³



Poland has a mixed SBA profile. The country performs in line with the EU average for the following SBA principles: entrepreneurship, second chance and responsive administration. The country scores above the EU average for the SBA principles of State aid & public procurement, access to finance and the environment, while, on the other hand, the country performs below the EU average for the SBA principles of skills & innovation, the single market and internationalisation.

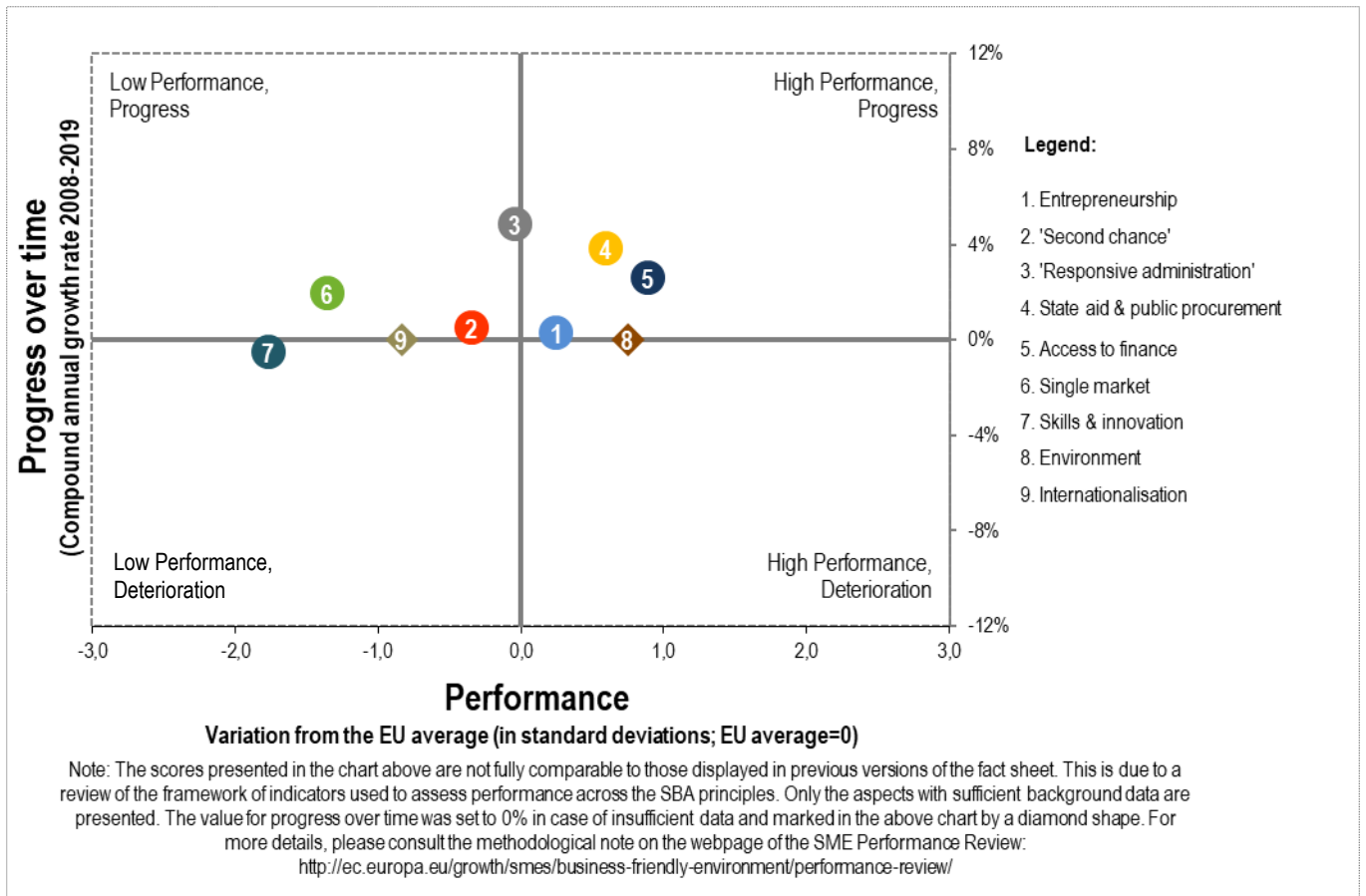
Since 2008, the development of Polish SMEs has been an important part of the agenda of successive governments. It is also prominently included in the 'Strategy for Responsible Development', the Polish government's current key strategic document.

In general, since 2008, small and medium-sized businesses have been especially wary of the unclear legislative framework, the inconsistent interpretations of the law by public administration, the frequent changes in legislation and an insufficient level of communication. This is why the SBA area of responsive administration was among the most visible in public discourse and became a target of multiple policy measures over the years – the development of e-administration can be considered the single greatest achievement of the previous decade. This approach was continued in 2018 and the first quarter of 2019, which saw preparation and/or implementation of many legislative acts aimed at improving the institutional conditions for Polish enterprises. This goal is also supported by the newly established office of the SME Ombudsperson, which supports the 'Think first policy' in both the legislative process and the day-to-day operations of public administration. Deregulation was supplemented by lowering the corporate income tax and social security dues for some segments of SMEs.

An important goal of Polish policy in the case of SMEs is to ensure development in the areas of internationalisation, the single market and skills & innovation, where there is a considerable gap with many European countries. While new measures mostly focusing on skills & innovation were implemented, all the measure were part of a continuation and expansion of various programmes, many run by the Polish Development Fund group of institutions and agencies, and were part of the comprehensive "Start in Poland" approach.

Second chance is an SBA area where progress is limited, especially when it comes to support for previously bankrupt entrepreneurs. Another area where more active policy would be welcome is the environment, as the role of SMEs in the green transformation is currently not fully recognised.

SBA performance of Poland: state of play and development from 2008 to 2019⁴



3. SBA principles⁵

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. This principle also calls for newly designed legislation, administrative rules and procedures to be made simple and easy to apply.

This principle has been highly valued by Polish governments since 2008 and stakeholders point out many improvements, such as the gradual introduction of SME-friendly e-administration and the general level of service in administrative offices. On the other hand, in general, an incoherent interpretation of laws by the public administration and frequent changes in the regulatory framework are continually noted as especially problematic to SMEs, given their limited access to legal assistance. Previous reforms sometimes lacked proper implementation, and especially in the area of taxation there is enduring tension between making regulations more favourable to SMEs and the public administration's goal of tackling various forms of tax evasion.

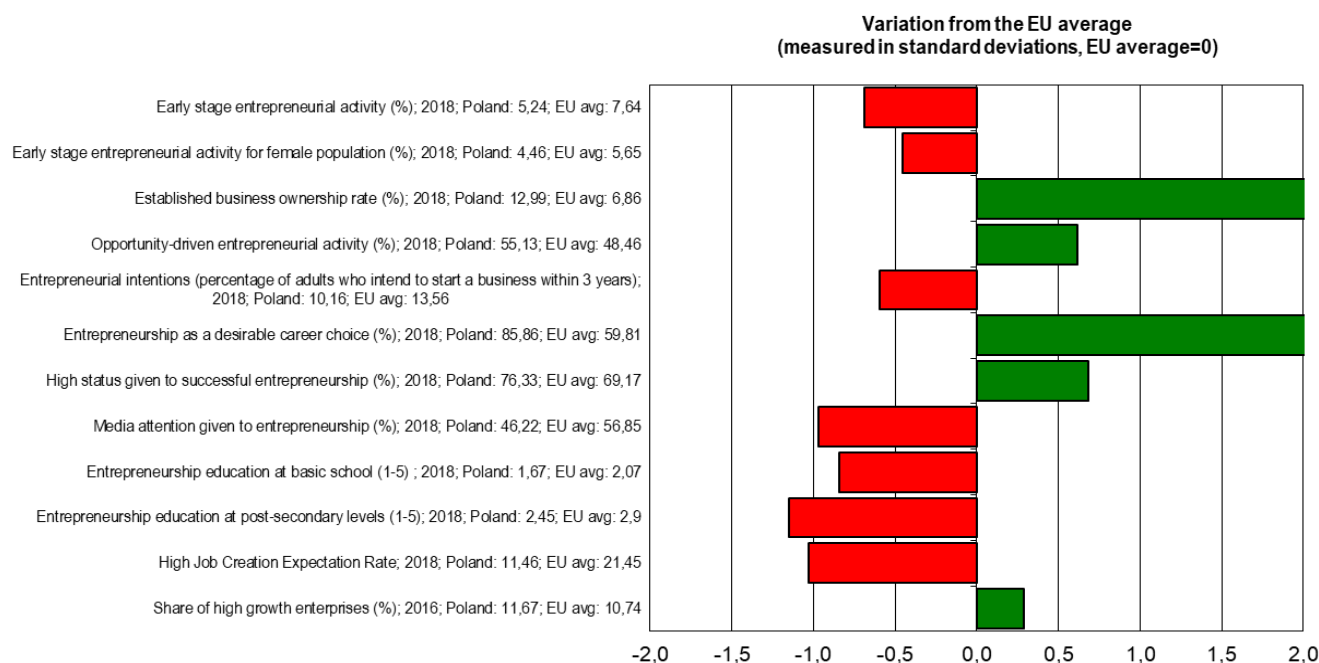
2018 was the year of continued implementation of ambitious policy measures focused on improving the regulatory framework for SMEs.

- The newly organized independent office of the SME Ombudsperson (*Rzecznik MŚP*) is actively lobbying for the practical implementation of the 'Think Small First' principle in both new legislation and in the day-to-day operation of public administration. The SME Ombudsperson may also ask administrative bodies to interpret legislation or regulations.
- In 2019, the corporate income tax (CIT) for many small enterprises was further lowered to 9% (*Niższa stawka CIT dla małych podatników*).

The government introduced consecutive packages of laws to reduce the excessive administrative burden and improve the regulatory framework for SMEs ('Constitution of Business' - *Konstytucja biznesu*, 'Easy law' package - *Pakiet przyjazne prawo*, 'SME package' - *Pakiet MŚP*).

While those changes are mostly welcomed by stakeholders, some point to a mixed record of implementation of the 'SME test' principle and regulatory impact assessments in some legislative proceedings. There is also the notion that more active economic and innovation policy should supplement deregulatory efforts to ensure the further development of Polish SMEs.

3.1 Entrepreneurship



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

Poland performs in line with the EU average in entrepreneurship, although in the previous reference period, it even exceeded the EU average. Progress since 2008 has been modest, but positive overall. Entrepreneurship education performs below the EU average in both primary school and secondary levels. A similar score is observed for media attention given to entrepreneurship. Early stage entrepreneurial activity has deteriorated compared to last year, including for women. Poland scores far below average for the new indicator in this year's SBA fact sheet – high job creation expectation rate (nascent entrepreneur or owner-manager of a new business expecting to create six or more jobs in 5 years). On the other hand, the established business ownership rate has improved, increasing to 13% in 2018 – the top performance among the Member States. Poland also has the highest score in the EU for entrepreneurship as a desirable career choice.

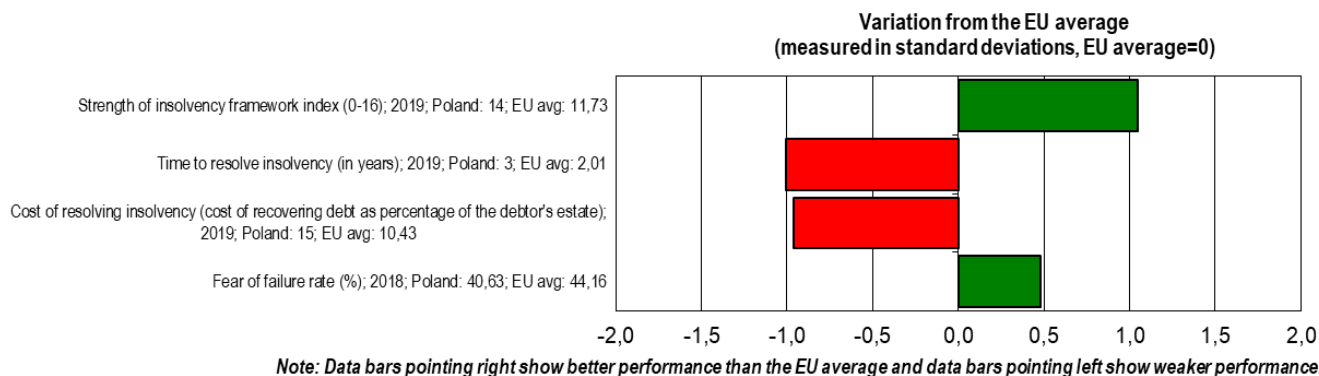
Promoting entrepreneurship was part of public discourse and policy in Poland long before 2008 – since 2003, entrepreneurship is taught as a subject in public schools, and there are a number of incentives in place, such as funding for the unemployed to start a business. On the other hand, the quality of entrepreneurship education is still not considered high, and little, if anything is being done to accommodate for entrepreneurship education or promote it, taking into account the diverse needs of minority groups. Moreover, the improved situation on the job market makes individual entrepreneurship somehow less desirable when compared with a less risky career in an established company.

In the reference period (2018 and the first quarter of 2019) the government introduced many measures to address those issues.

- One important issue is succession in a family business – a new law on succession in sole proprietorship enterprises came into force in 2018, with further amendments planned (*Ustawa o zarządzie sukcesyjnym przedsiębiorstwem osoby fizycznej*).
- The Polish Agency for Enterprise Development (*PARP*) is providing strategic support for succession in such enterprises (*Sukcesja w firmach rodzinnych*).
- Entrepreneurs who are new or have small businesses can make use of the unregistered activity exception (*Konstytucja biznesu – Prawo przedsiębiorców*).
- Individual entrepreneurs also benefit from lower social insurance fees (*Mały ZUS dla małych firm*).
- More established and innovative SMEs can invest in their growth by using the new territorial investment support framework (*Ustawa o wspieraniu nowych inwestycji*).
- Another development in this area is the simple joint-stock company (*Prosta spółka akcyjna*), which is intended to provide start-ups with an effective framework for growth and for attracting investment.

The Polish Development Fund group provides numerous programmes for SMEs at different stages of their development (“Start in Poland”). However, all these measures affect only a minority of SMEs, and there are still important macroeconomic and social capital constraints that limit entrepreneurship in Poland.

3.2 ‘Second chance’



‘Second chance’ refers to ensuring that honest entrepreneurs who have gone bankrupt get a second chance quickly. Poland performs in line with the EU average, having made positive progress since 2008. Two of the indicators rank below the average, namely the time and the cost to resolve insolvency. Both have remained unchanged since the previous reference period, while the strength of the insolvency framework index has also retained its position, performing well above the EU average.

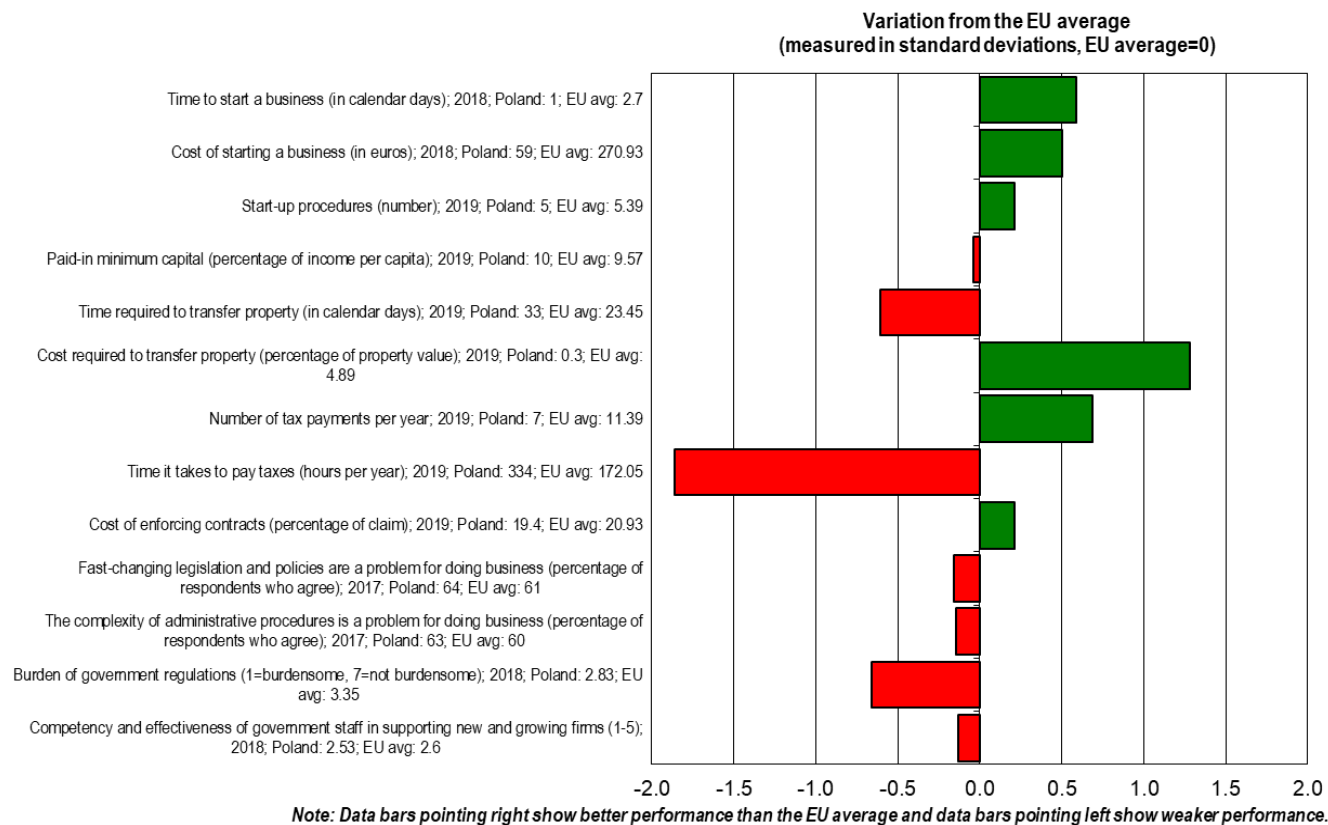
Since 2008, Poland has introduced a number of measures to support struggling and bankrupt entrepreneurs. However, the focus of this policy was mostly to avoid unnecessary bankruptcies altogether, with the support of acts such as the Restructuring Law of 2015. The measures to help previously insolvent business owners to run their business once again were not as prominent.

This tendency is still present during the current reference period, as no new important measures were introduced. One noteworthy ongoing programme is ‘Early Warning Poland’ by the Polish Agency for Enterprise Development and the Family Businesses Foundation, which provide advisory support for struggling SMEs. There is also a plan to support such enterprises financially, but the mechanism is still not in place.

This area is also indirectly affected by other measures meant to prevent insolvency crises in SMEs. During the current reference period, the implemented or proposed changes include shortening the periods for larger enterprises and public administration to pay SMEs and introducing favourable tax regulations.

In general, ‘second chance’ policy is currently less prominent due to the still positive economic situation in Poland. However, it might require more attention in the event of an economic slowdown.

3.3 'Responsive administration'



'Responsive administration' refers to public administration being responsive to the needs of SMEs. Poland continues to perform in line with the EU average. The country has made substantial progress since 2008. While most indicators perform within the EU average, there are also some exceptions. The cost required to transfer property is much lower than the EU average, but the time to transfer property remained longer than the average. Poland has the second worst performance in terms of the time it takes to pay taxes, amounting to 334 hours per year. This is an increase from 260 hours in 2018. A less dramatic increase was represented in the burden of government regulations, remaining below the average.

More effective, consistent administration has been seen as the key issue since 2008, with successive Polish governments tackling it through legislative actions and softer administrative measures. Business stakeholders have for a long time pointed to issues such as lengthy administrative procedures, the e-administration gap, a complicated licencing framework and an inconsistent interpretation of the frequently changing law by public administration. Those problems were especially problematic for SMEs, with their limited liquidity and legal capacities. However, this past decade has seen significant, gradual developments, especially in areas such as access to information, e-administration, and a general professionalisation

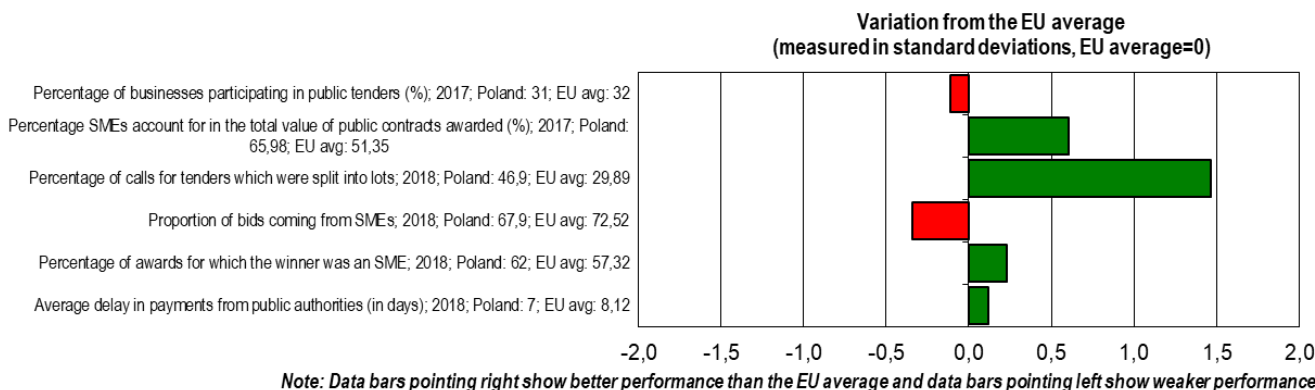
of public administration. Lingering problems affect areas where the interests of a particular SME and the public administration might be contradictory, such as the interpretation of tax laws.

This reference period was marked by the practical implementation of previously introduced laws ('Constitution of Business' supported by the SME Ombudsperson) but also by the preparation of draft legislation.

- New sets of regulatory improvements were grouped into an 'SME Package' (*Pakiet MŚP*), covering the reduction of administrative and organisational burden, formal and material improvements in taxation and more.
- Work is currently under way on the 'Friendly Law Package' (*Pakiet Przyjazne Prawo*) which will broaden legal forms for conducting business for craftspeople and introduce the 'tolerance for beginners mistake' rule for new entrepreneurs whose formal violations were unintentional.

Accommodating the fast pace of changes can be in itself a challenge for SMEs, but in general those acts were favourably received by the business community. Stakeholders note, however, that the practical impact of many of those measures can only be assessed in the long term, and the interpretation of tax laws remains a contentious issue with the Polish government's active policy on fighting tax avoidance.

3.4 State aid & public procurement



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 tenders 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.

Poland’s profile in State aid & public procurement is performing above the EU average. This is in line with steady progress since 2008.

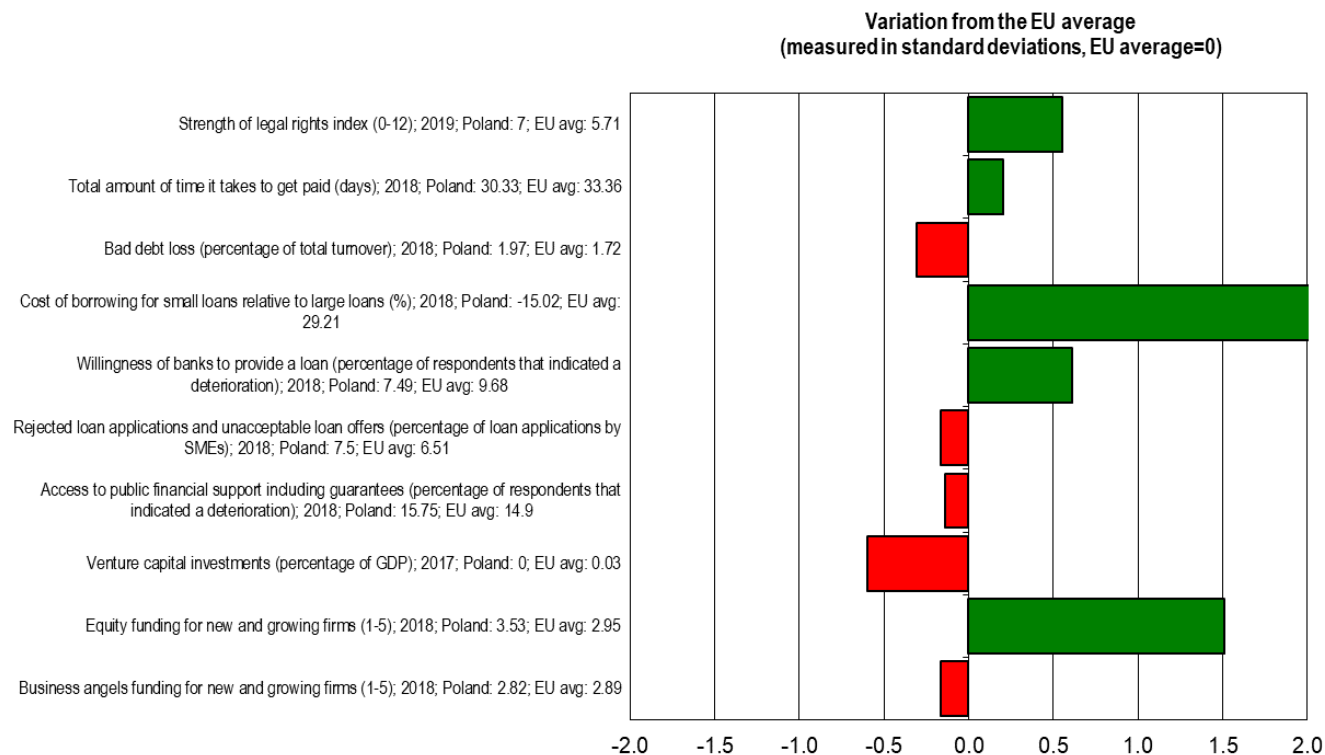
There are no indicators, performing significantly below the average for this SBA principle. Almost half of the calls for tenders were split into lots, the second highest score in the EU. SMEs account for two thirds of the total value of public

contracts awarded in 2017, a significant improvement compared to 25% in 2013. SMEs in Poland also appear to be quite successful in bids. Although the proportion of applications is lower than the EU average, the percentage of awards for which the winner was an SME is higher than the EU average.

As for policy developments, the continuous introduction of e-procurement is generally considered a success. On the other hand, the public procurement law from 2004 is, after many amendments, considered by stakeholders and government alike to be unclear and dated.

To address the latter issue, a new public procurement law (*Projekt ustawy – Prawo zamówień publicznych*,) is at an advanced stage of the government legislative procedure. Its aim is to improve regulation of the entire public procurement process (including preparation and preparatory consultations), exclude abusive clauses from public contracts, increase the number of offers to improve competitiveness and potentially to facilitate higher participation of SMEs in proceedings. Finalising the legislative process and successful implementation will be a challenge in the next few quarters. In the meantime, other relevant changes are also proceeding, such as a shorter period for public sector entities to pay SMEs from 60 to 30 days as part of the act on the prevention of late payment.

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.

Access to finance for SMEs in Poland continues to be above the EU average in general, with substantial progress since 2008.

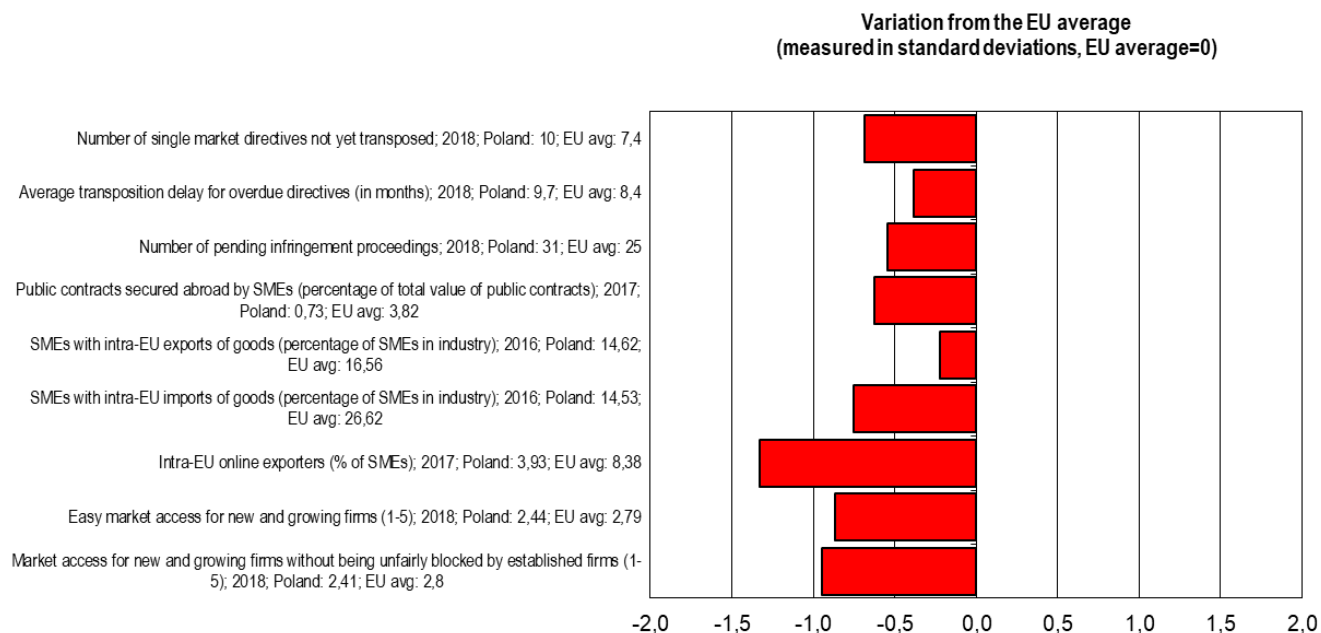
In 2018, the cost of borrowing for small loans in Poland was lower than for large loans, and was the only such favourable situation in the EU. On the other hand, the situation in equity is not clear. Although the country performs well for the indicator on equity funding for new and growing firms, venture capital investments are below the average.

Since 2008, Polish SMEs' access to capital has been recognised as an important issue affecting their development. The matter is as diverse as small and medium enterprises themselves. The stable banking sector provides viable borrowing possibilities for enterprises, while the public Bank Gospodarstwa Krajowego supports more risky undertakings such as international expansion. A business environment for start-ups and scale-ups is developing, based also on programmes by the Polish Development Fund. However, the prevalence of venture capital funds and business angels remains lower than in more

innovative economies. Public administration is continuing its active policy of supporting prospective enterprises, mainly through the programmes of the Polish Development Fund (PFR) group (established in 2016). This includes PFR Ventures, fund that invests in other funds (the fund of funds formula) and provides funding in cooperation with venture capital funds or business angels. Funding programmes by PFR form an important part of the 'Start in Poland' approach to support the development of a start-up ecosystem in Poland.

For the majority of small businesses, payment delays, often from larger companies, have been an important risk factor for financial liquidity that could escalate in the event of an economic slowdown. During the current reference period, a comprehensive law to prevent late payments was in the making (*Projekt ustawy o zmianie ustaw w celu ograniczenia zatorów płatniczych*). It includes measures regulating payment periods between SMEs and larger companies, harsher sanctions for delays in payment and changes to the tax code to lessen the harm this problem can cause to businesses.

3.6 Single market



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

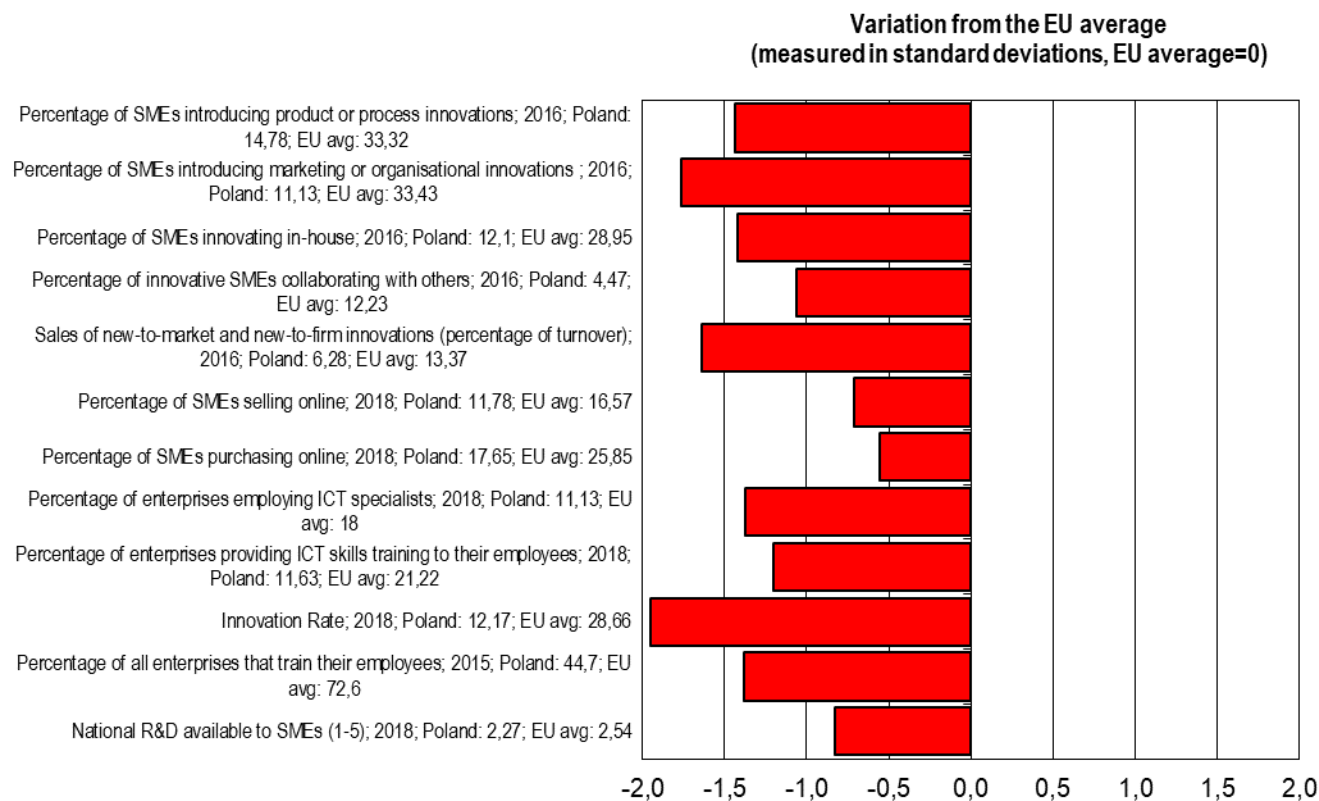
Poland continues to perform below the EU average for the single market. The country's profile shows mixed developments, with some indicators improving, while others have deteriorated. For instance, the easy market access for new and growing firms scored below the EU average, down from the previous fact sheet. Furthermore, Poland was among the bottom performers for market access for new and growing firms without being unfairly blocked by established firms, with its position deteriorating compared to the previous reference period. On the other hand, there were positive developments between 2017 and 2018 for decreases in the number of single market directives not yet transposed and in the average delay for transposing them.

EU Member States are a major destination for Polish exports. However, the development of Polish SMEs on the single market

is behind compared to the other EU countries. To a large extent, this is rooted in deeper socio-economic factors such as a less diverse offer of innovative goods and services, a less established brand of Polish industry or developing internal market. Still, the area has been a major target of public policy measures, such as financial or consulting support schemes.

In the reference period, no new significant measures were introduced. It was generally a year of continuation and further development of previously introduced measures, such as support programmes by the Polish Agency for Enterprise Development or export credits by Bank Gospodarstwa Krajowego. The Polish Investment & Trade Agency is continuing its sectoral export promotion and economic marketing programmes, with a notable effort to develop Foreign Trade Offices. Those programmes support the export to EU countries, as well as non-EU countries.

3.7 Skills & innovation



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

Since 2008, Poland has struggled with its performance in skills & innovation, continuously performing far below the EU average and currently having the third worst score among the Member States in this SBA area. Some indicators, however, show improvements, while remaining below the EU average, e.g. the share of SMEs selling and purchasing online, the percentage of SMEs innovating in-house and the ones introducing product and process innovations. Regarding skills, despite a slight improvement from 2017, the percentage of enterprises (SMEs with more than 10 employees) employing ICT specialists is the second lowest in the EU. This situation corresponds to the share of SMEs, which is far below average, providing ICT skills training to their employees.

Poland's gross domestic spending on R&D as a percentage of GDP has risen from 0.6% in 2008 to 1% in 2017, but still remains well below the EU average of 2% (source: OECD). Cooperation between institutions of science and higher education and industry has been considered insufficient for a long time, and the start-up ecosystem is still not well developed. Numerous public policy measures were employed in the past decade to support the transformation into a more technically advanced economy, but their impact was constrained by the unwillingness to substantially increase spending in this area.

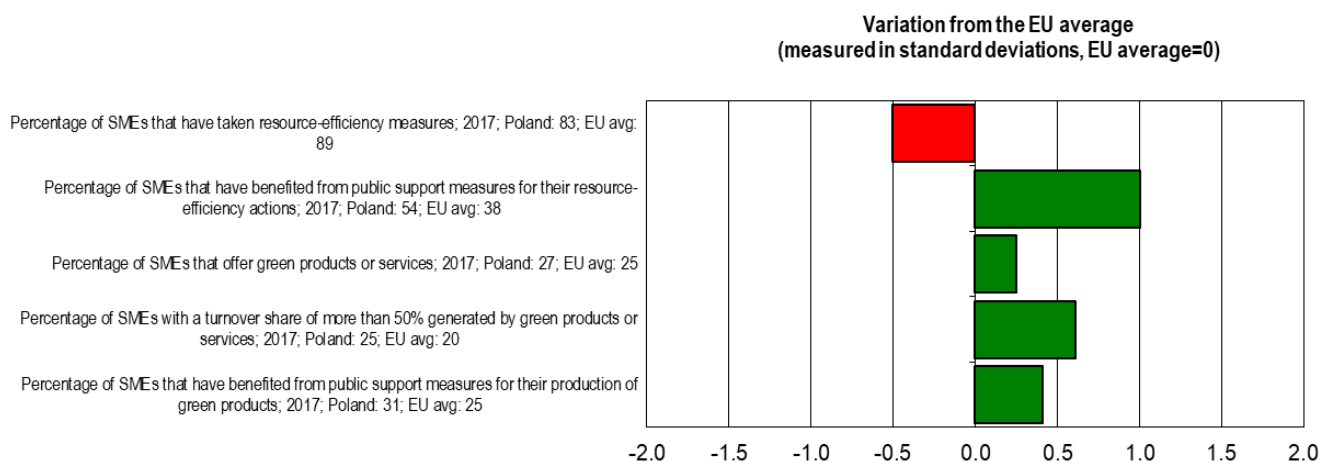
In the reference period, a number of changes were introduced or implemented, mainly to give financial incentives for developing innovative SMEs and other companies.

- Since the beginning of 2019, the 'Innovation box' (*Ustawa o zmianie ustaw podatkowych tzw. Innovation box*) solution lowers the corporate (CIT) and the personal income tax (PIT) on profit derived from the commercialisation of intellectual property rights.
- Furthermore, since the law came into force at the beginning of 2016 (*Ustawa o zmianie niektórych ustaw w celu poprawy otoczenia prawnego działalności innowacyjnej*), R&D costs can be deducted from taxable income. In 2018, the deduction was increased to 100%, and the list of eligible costs was expanded.
- There is also tax relief for industrial automation, which affect mainly the smallest enterprises (*Ulga na robotyzację*).
- The Polish Agency for Enterprise Development as an SME Development Centre (*Centrum Rozwoju MŚP*) has continued its numerous programmes to provide financial and advisory support for innovative enterprises at different stages of development (part of "Start in Poland").

The National Centre for Research and Development supports the development of science and innovative solutions in enterprises as well. Moreover, the recent reform of higher education aims to facilitate the development of practical solutions for industry, improve research standards and support cooperation between research institutions and

enterprises, although there has not been a substantial increase in science spending to match this. Furthermore, the investment support system was reformed in 2018, one of the aims being to enable tax credits for new investments by innovative SMEs.

3.8 Environment



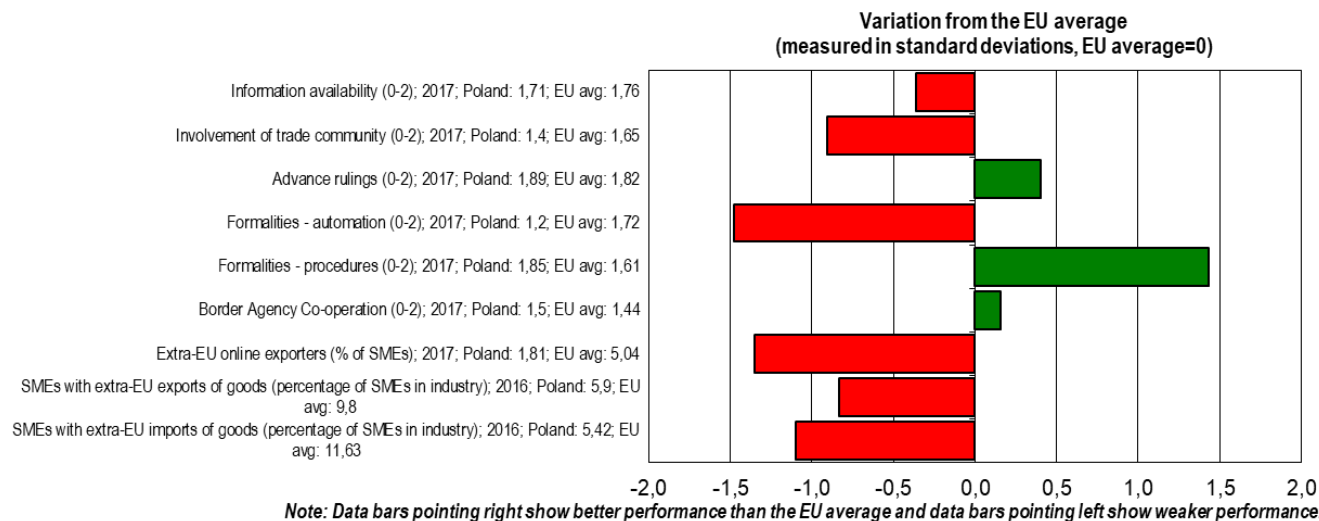
Note: Data bars pointing right show better performance than the EU average and data bars pointing left show weaker performance.

Based on the 2017 results, Poland performs in general above the EU average in this SBA area.

Since 2008, the issue of green development in Poland has generally been complex, and the role of small and medium enterprises in this respect has not been considered that much. One notable measure was substantial funding for improving the energy efficiency and thermo-modernisation of buildings (mainly by The National Fund for Environmental Protection and Water Management), although air pollution problems warrant the need

to also ensure both financial incentives and more effective supervision of emissions by businesses (such as small industry or workshops). There are also softer measures on various levels to improve the environmental awareness of entrepreneurs. Until 2015, green technologies in Poland were supported under GreenEvo, an accelerator programme for innovative SMEs. In 2018, a new edition was organised after the hiatus.

3.9 Internationalisation



Based mostly on 2017 results, Poland performs below the EU average in internationalisation.

The international development of Polish SMEs has for a long time been seen as an important factor in the country's overall economic progress. Since 2008, both central and regional public administration has carried out multiple programmes to facilitate such an expansion, providing both financial and advisory support. With the growing experience of both the public and private sectors, the quality of those efforts has been improving. These last couple of years have seen a renewed focus on developing markets outside the EU due to the growing potential and comparative advantages of Polish industry. It must be noted, however, that small enterprises lag behind medium and large companies in economic cooperation outside the EU.

In the reference period, no new measures of greater importance were noted. However, the ones initiated before have been continued and expanded. That includes multiple programmes by member entities of the Polish Development Fund Group: the Polish Agency for Enterprise Development (financial and consulting support), the Polish Investment & Trade Agency (including sectoral economic marketing programmes on markets mostly outside the EU) and Bank Gospodarstwa Krajowego (preferential financial instruments), but also initiatives by regional governments. 2018 saw a significant expansion of the Foreign Trade Offices network, which addressed gaps in Polish foreign economic policy, as assessed by some of the stakeholders. Moreover, the measures to facilitate innovation and technical development in Polish enterprises are also considered to improve the competitiveness of Polish SMEs on international markets.

4. Interesting initiative

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

SME Ombudsperson

The SME Ombudsperson is a new independent institution created in 2018 as part of the 'Constitution of Business' initiative. It is responsible for championing the rights of SMEs, including freedom of enterprise, trust between public administration and entrepreneurs, and fair competition. In close cooperation with SME organisations, the SME Ombudsperson can take part in the consultation of proposed laws and support individual enterprises, in particular disputes with the public administration. The Ombudsperson can also influence the conditions for SMEs by introducing educational initiatives and suggesting improvements to public administration and even state-owned companies.

While the issues concerning the development of SMEs are still actively managed by the respective ministries and institutions, the relatively independent status of the SME Ombudsperson outside the government and its collaboration with SME stakeholders enable this office to serve as the unique voice of the SME environment on both general (legislative) and specific matters. Stakeholders see this as a chance to further implement a 'Think small policy' in the legislative process and facilitate the development of SME-friendly public administration, although it will take more time to assess the extent to which these ambitious goals will be achieved.

Sources:

Jornal of Laws, <http://www.dziennikustaw.gov.pl/du/2018/648/1>

Website of SME Ombudsperson Bureau <https://rzecznikmsp.gov.pl/>

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 www.europeanstartupmonitor2019.eu

³ 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.

⁴ 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/>

⁵ 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.