Key points

Past & future SME performance:

SMEs play an important role in Belgium’s ‘non-financial business economy’. In 2014-2018, SME value added in the information and communication sector increased by 28.5%, and SME employment in the same sector rose by 6.8%. Forecasts for 2018-2020 are 6.4% growth in SME value added and 1.8% growth in SME employment.

Implementing the Small Business Act for Europe (SBA):

Belgium’s SBA profile is in line with the EU average. The country performs strongly in access to finance and in skills & innovation, being one of the top performer among all EU Member States in these two principles. Belgium also scores above the EU average in ‘second chance’ and in single market. It remains in line with the average for environment and internationalisation and performs below the EU average for ‘responsive administration’. Its weakest scores are for entrepreneurship (despite several measures taken in this area) and State aid & public procurement, where the country is one of the worst performers, although some progress has been made in these areas. The impact of recent measures in entrepreneurship are not yet reflected in the indicators.

SME policy priorities:

Belgium regularly launches new measures to support SMEs. Areas requiring greater efforts include State aid & public procurement, where SME access to public procurement could be improved, and entrepreneurship, where a stronger entrepreneurship culture could be developed. The administrative burden on SMEs should be minimised, especially for business transfers, where it is particularly heavy, or by creating more one-stop shops where SMEs can meet all administrative requirements and ask for guidance. The number of single market directives not yet converted into national law as well as the average transposition delay should also be reduced.

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.
SMEs play an important role in the non-financial business economy of Belgium. They generate 63.3% of total value added and 68.8% of total employment, exceeding the respective EU averages of 56.4% and 66.6%. On average, SME productivity, calculated as value added per person employed, is around €73,100, much higher than the EU average of €44,600. Belgian SMEs employ an average of 3.2 people, which is slightly lower than the EU average of 3.9.

In 2014-2018, SME value added rose substantially, by 17.9%, surpassing the growth of large firms, where the increase was only 11.4%. Small firms generated the highest value added growth, with a rise of 24.6%. However, in the same period, the picture for employment was very different. SME employment growth was much slower than that of large firms, at only 1.9% against 6.2%. A contributing factor was employment stagnation in small firms, at 0.1%. Most recently, in 2017-2018, SME value added maintained its upward trend, increasing by 4.0%. Small firms recorded the highest growth, with a 7.3% increase. In 2017-2018, SME employment increased by 1.5%, contributing the most to overall SME employment growth in 2014-2018.

SMEs in the wholesale and retail trade sector generated 23.4% of overall SME value added in the Belgian non-financial business economy in 2018. In 2014-2018, SME value added in this sector rose by 10.3%. However, in the same period, SME employment
dropped by 3.4%, whereas in large firms employment increased by 2.5%. The root of this divergent growth pattern for SME value added and employment lies in the sector’s structure. The main growth drivers of SME value added are the sub-sectors wholesale and retail trade including automobiles and wholesale trade excluding automobiles, which both have relatively high labour costs. To reduce these costs, SMEs, particularly in these two sub-sectors, have tended to invest in automated labour solutions. As a result, labour productivity has increased as workers have been replaced by technology, thereby boosting value added.

In 2014-2018, SME value added and SME employment in the information and communication sector increased by 28.5% and 6.8% respectively. The value added of large firms grew more slowly, by 8.4%, whereas employment fell by 2.6%. These divergent trends for SMEs and large firms are due to contrasting developments in the different sub-sectors. For example, the strong growth in SME value added was driven by the telecommunications sub-sector, in which SME value added increased by 59.5% and SME employment by 5.8% in 2014-2018. Conversely, during the same period, the value added of large firms in this sub-sector increased only slightly by 3.2%, while employment fell by 6.5%. As a further example of this performance variation, in the information service activities sub-sector, the value added of large firms dropped by 17.5%, whereas SME value added increased by 12.8%. Moreover, in the information and communication sector as a whole, the growth of SME value added and employment has been helped by a political environment that is actively working to develop the sector by implementing the national ‘Digital Belgium’ plan. Further schemes that support SMEs in particular have also been implemented at regional level.

The latest available statistics for Belgium show that in 2017, a total of 93,682 new businesses were registered, 2.4% more than in the previous year. Despite deregistrations increasing by 4.2% in the same period, totalling 57,594, there was still net growth of 36,088 firms. Bankruptcies increased by 8.7% in 2016-2017, but were still at a low level of 9,968 in 2017.

As per the data collected by the European Startup Monitor 2019 project, 82% of the Belgian startups that responded to the online questionnaire were set up by one male founder or an all-male team of founders. 5% were set up by one female founder or an all-female team of founders. The remaining 14% were set up by at least one man and one woman. In terms of their stage of development, 23% are in the pre-seed or seed stage, 39% in the start-up stage, 5% in the steady stage and 34% in the growth stage. Regarding financial aspects, 61% are operating at a loss, 25% currently break-even and 14% are profitable. Of those start-ups that are operating at a loss, 85% expect to break-even in less than 2 years, while 15% expect that it will take them over 2 years to break-even. 80% have a turnover between €1 and €500,000; 14% report having no turnover yet and the remaining 7% have a turnover of over €500,000. They have 6 employees on average, of which around 27% work on a part-time basis. On average, they plan to hire 3.5 people within a year.

In 2016, 2,641 firms – 8.6% of all firms in the ‘business economy’ with at least 10 employees – were high-growth firms, a total lower than the EU average of 10.7%. The largest share of high-growth firms was in the administrative and support services sector, at 17.7%. In the non-financial business economy, specialised SMEs in the knowledge-intensive services and high-tech manufacturing sectors, which usually entail high R&D expenditure, accounted for 34.2% of SME value added and 27.7% of SME employment in the manufacturing and service sectors in 2018. This is higher than the respective EU averages of 33.0% and 26.0%.

In 2018-2020, SME value added is forecast to grow by 6.4% and SME employment by 1.8%. An estimated 35,000 new SME jobs are therefore likely be created by 2020.
Belgium’s SBA profile is broadly in line with the EU average. The country is one of the best performers in the access to finance and skills & innovation areas, and performs above the EU average on ‘second chance’. Nevertheless, it needs to improve in ‘responsive administration’ but also in entrepreneurship and State aid & public procurement, where it performs poorly and below the EU average. On environment and internationalisation, it is in line with the EU average.

Since 2008, Belgium has lent significant importance to SMEs’ interests and developments, resulting in progress in almost every principle.

In recent years, it has put measures in place for entrepreneurship, creating an environment conducive to self-employment and business creation in order to develop an entrepreneurial culture. Similarly, the programmes introduced to increase access to finance aim to boost the growth of SMEs in Belgium. A substantial number of policy measures to develop and support the skills & innovation principle have also been launched at regional level.

While Belgium has been performing well overall, further efforts are needed to strengthen the entrepreneurial culture and reduce the stigma of business failure. Reducing the administrative burden on SMEs should be considered a top priority, for instance by aligning the administrative systems better and developing one-stop shop information centres for SMEs. Access to public procurement for SMEs should be improved further, e.g. by increasing the number of big tenders that are cut into smaller lots so that small SMEs can also apply, and by providing SMEs with opportunities for collective bidding.

In 2018 and the first quarter of 2019, which is the reference period for this year’s fact sheet, Belgium implemented numerous policy measures and programmes. These addressed 9 out of the 10 SBA principles, targeting entrepreneurship, access to finance and skills & innovation in the main.
SBA performance of Belgium: state of play and development from 2008 to 2019

Performance

Variation from the EU average (in standard deviations; EU average=0)

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.


Legend:
1. Entrepreneurship
2. Second chance
3. Responsive administration
4. State aid & public procurement
5. Access to finance
6. Single market
7. Skills & innovation
8. Environment
9. Internationalisation
3. SBA principles

3.0 ‘Think Small First’

The ‘think small first’ principle is meant to be a guiding principle for all policy- and law-making activities. It requires policymakers to take SME interests into account at the early stages of the policy-making process. The principle also calls for newly designed legislation, administrative rules and procedures to be made simple and easy to apply.

Since 2008, there has been some progress on this SBA principle. Whereas the country makes significant efforts to apply the Think Small principle, there is still room for improvement, mainly in enforcing regulatory impact assessments (RIAs). While RIAs are applied due to legal requirements, their use has not had any real impact and is often seen as a simple administrative formality. This is mainly due to the fact that the committee in charge of assessments lacks the mandate to force administrations to take the results of assessments into account. It therefore remains difficult to assess whether the results are effectively used to change the proposed legislation. The ‘think small first’ principle is not applied consistently in legislative and administrative procedures that affect SMEs. Specific targets to reduce the administrative burden on SMEs are not set or achieved. Belgium also continues to lack ‘common commencement dates’ for new legislation and amendments to existing legislation that affect SMEs.

During the reference period, one significant measure was implemented at regional level. Flanders reformed the certificate for basic business management knowledge. As of September 2018, entrepreneurs starting a business no longer have to submit a certificate for basic business management knowledge. From January 2019, the Flemish government also abolished the certificate required for 11 building-related professions. As of now, entrepreneurs can carry out professional activities in the construction sector in Flanders without having to submit a certificate or prove they have the required practical experience. The aim is to reduce possible barriers to entrepreneurship.
3.1 Entrepreneurship

Belgium performed below the EU average on this SBA principle in 2015, and was one of the three worst performers in the EU. However, the country has been on an upward trend since 2008. Although post-secondary school education does more to develop an entrepreneurial attitude than in other EU countries, entrepreneurship is not really considered as an attractive career choice in Belgium, with few entrepreneurial intentions. The new indicator, which reflects the high job creation rate, is in line with the EU average. It shows that 19.5% of all early or budding entrepreneurs in Belgium, against 21.5% for the EU average, expect to create six or more jobs in 5 years. No updated data were available for most of this principle’s indicators. The impact of recent measures is therefore not reflected in these indicators.

From a policy perspective, Belgium has been particularly active in the entrepreneurship principle since the SBA was introduced in 2008. Several measures have been implemented both at regional and federal level to help develop an entrepreneurial culture. Efforts have been made particularly in recent years to develop entrepreneurship measures in education, taxation for business transfers and for disadvantaged groups (such as women, migrants or jobseekers). One example is the specific tax status implemented for student entrepreneurs. These are subject to favourable tax conditions to promote youth entrepreneurship. In addition, measures favouring the social and solidarity economy have been under the spotlight.

During the current reference period, five measures to boost entrepreneurship in the country have been implemented at federal and regional level. At federal level:

- A social contribution and tax exemption entered into force in February 2018 for occasional or non-professional work, including work carried out via an agreed platform of the collaborative economy.
- As of April 2018, reduced social security contributions (during the first year of their activity) apply to ‘starters’ who fulfil certain conditions. The aim is to reduce the social burden on self-employed people who often have a low income when they start out.
- An amendment was made to a ministerial decree that has been in force since 1978: from 1 January 2019 onwards, the same social contribution exemption during the quarter in which self-employed people retire is now available, regardless of whether they retire before or after the state pension age.

The Brussels Capital Region launched the ‘premium for independents’ measure and the ‘Yet Award’. The first aims to get jobseekers back to work by providing those who become self-employed with an income for a maximum of 6 months. The second rewards schools and associations that offer a framework for young people in Brussels to develop their entrepreneurship (target group 12–18 years old).
3.2 ‘Second chance’

‘Second chance’ refers to ensuring that honest entrepreneurs who have gone bankrupt get a second chance quickly. Belgium continues to perform above the EU average in this area, even if it has been on a slight downward trend since 2008. Although the country performs well above the EU average in terms of the time and cost of resolving insolvency, the fear of failure remained an important issue in access to ‘second chance’.

Since 2008, Belgium has made efforts in this area to promote a ‘second chance’ for businesses. Thanks to the revised ‘Economic Law’ (2017), entrepreneurs can now assess their financial situation more quickly and therefore create a new company faster. Although re-starters are treated on an equal footing with new start-ups, more still needs to be done to reduce the stigma of business failure.

During the reference period of this fact sheet, one new measure was introduced at federal level. As of January 2019, self-employed people who are struggling to make ends meet can ask for total or partial exemption from social contributions for a certain period. This measure helps entrepreneurs in difficult financial situations to reduce their costs.
3.3 ‘Responsive administration’

‘Responsive administration’ refers to public administration being responsive to the needs of SMEs. While Belgium performs below the EU average in this area, the country has made moderate progress since 2008. Belgium is the worst performing country among its peers in the time required to transfer property – 56 days – and the second worst performer in the cost required to transfer property, with costs totalling 12.7% of the property value. On a more positive note, the paid-in minimum capital decreased from 16.8% in 2018 to 16% in 2019 and the perception of burden of government regulations declined somewhat (from 3.05 to 3.1 on the rating scale of 1-7).

At policy level and since 2008, Belgium has been making a greater effort to simplify administrative procedures and government regulations in order to reduce the overall administrative burden imposed on SMEs. Numerous measures have been implemented both at federal and at regional level. The databases of the different public administrations are now sufficiently connected, which means companies only need to provide information once (‘once-only’ principle). The ‘business counters’ (‘guichets d’entreprises’) are becoming key contact points for SMEs and also take care of some administrative requirements for SMEs, for instance registration with the Crossroads Bank for Enterprises14. The counters can also process the authorisations needed to carry out business activities and have created websites for online applications, based on the ‘once-only’ principle. However, cross-border implementation of this principle has not yet been implemented in Belgium.

At federal level, three significant measures were introduced during the reference period.

- Directive 2011/98/EU on a single application procedure for a single permit was converted into Belgian law and became applicable from January 2019. However, since the regions have regulatory competence for these matters, different rules apply to employment in the Flemish Region, the Brussels-Capital Region or the Walloon Region. A single permit (residence and work) for workers from non-EU countries aims at making it easier to get a job.

- The new Company Code, which aims to create a flexible, simple and predictable company law
framework while taking into account EU law requirements, was adopted in February 2019.

- In March 2019, the Council of Ministers approved an online platform for artists as a next step in the implementation of the provisions of the 2002 programme law. The platform will enable artists to meet certain administrative requirements electronically, such as applying for an artist card, visa or declaration of their independent activities. At regional level, the Walloon government and more specifically SOWALFIN (a public interest institution set up in 2002 to streamline public funding for SMEs and provide better access to it), set up the '1890.be' counter. It is the first point of contact for anyone wanting to start or grow a business in Wallonia.

### 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 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.

Belgium performs well below the EU average in State aid & public procurement and ranks among the three worst countries in the EU. The percentage that SMEs account for in the total value of public contracts awarded declined from 37% in 2013 to 32.2% in 2017, while the average delay in payments made by public authorities increased further from 19 days in 2017 to 21 days in 2018. During the last two quarters of 2018, the federal government paid less than 40% of invoices on time, while 30% were paid at least 90 days later than the agreed payment term. Flanders and Brussels reveal similar figures. This is detrimental to the cash flow of SMEs.

The introduction of new indicators to measure performance in this area has not improved the country’s score: in 2018, Belgium had the fifth lowest proportion of bids coming from SMEs and the second lowest share of public procurement awards where the winner was an SME. This shows that more still needs to be done in order to incentivise Belgian SMEs through better communication and tailored procedures.

In policy terms, progress in this SBA area has been limited since 2008. Although public procurement has been better tailored over the years to meet the needs of SMEs, the use of the e-procurement system should be enforced more consistently. Especially at local level, administrations only use it on a voluntary basis. Progress was also made thanks to the ‘charter on the access of small and medium-sized enterprises (‘SMEs’) to public procurement procedures’, which helps federal authorities boost SME access to public procurement. Nevertheless, there is still room for improvement when it comes to dividing big tenders into smaller lots and enabling SMEs to apply, and providing them with opportunities for collective bidding.

Over the current reference period, no new measures have been implemented at federal or regional level.
3.5 Access to finance

Belgium continues to perform well and is the best performer in access to finance among all EU Member States. 7 out of the 10 indicators are above the EU average. Belgium is the forerunner in business angel funding for new and growing firms. The ratio of rejected loan applications and unacceptable loan offers is also low, down from 7% in 2017 to 2% in 2018. Respondents indicating a deterioration in the willingness of banks to provide a loan also decreased, down from 13.6% in 2017 to 9.9% in 2018. However, the time to get paid increased slightly, from 39.7 days in 2017 to 40.3 days in 2018.

Since the SBA was introduced in 2008, Belgium has been performing well and has made significant progress. In recent years, measures have been implemented at federal and regional level to make it easier for SMEs to access finance. The country improved access to credit by implementing the new Pledge Act. This allows security interest to be added automatically to the proceeds of the original asset and out-of-court enforcement of the security interest. Belgium also created a unified and modern collateral registry. These measures have resulted in a doubling of the score for the strength of legal rights indicator.

The main challenge for the country lies in increasing the visibility of the existing financing programmes for SMEs and improving the uptake.

Over the reference period, four initiatives were implemented at federal and regional level.

- In May 2018, the Brussels-Capital Region adopted a decree on aid for the economic development of enterprises. The implemented decrees aim to reform the system of aid to enterprises – mainly SMEs – in the Brussels-Capital Region. The objectives of the new initiative are to (i) refocus and strengthen support to meet the needs of SMEs; (ii) update the system by tailoring it to promising projects; (iii) create synergies and coherence between economic, employment and training policies; and (iv) support new business models and industrial reconversion linked to the circular economy, social entrepreneurship or digital transition.

- At federal level, the Code of Conduct for the financing of SMEs, which dated back to 2014, was updated and applies from September 2018. The adaptations should ensure that enterprises looking for financing get more targeted help and information.

- In addition to the current range of financing options available in Flanders, a new product was launched by PMV/z (Participatiemaatschap Vlaanderen voor zelfstandige ondernemers) in November 2018: Cofinancing+. It provides co-financing to existing
companies and allows them to borrow up to four times their own capital, with a minimum of €350,000 and a maximum of €700,000.

- In Flanders, the Flemish government concluded a new grant agreement in January 2019 with the non-profit organisation BAN Vlaanderen. As a business angel network, it connects SMEs with individuals looking to invest their personal capital. In doing so, it does not act as an investor itself, but acts as a marketplace for companies and potential investors so that they can find each other more easily.

3.6 Single market

Belgium performs well overall in this area and scores above the EU average. Some progress has been made since 2008. Belgium is also the forerunner in intra-EU imports of goods by SMEs. However, there is a clear gap between the scores on trade and market access and the score on single market directives. The average transposition delay for overdue directives increased compared to last year's SBA fact sheet, from 8.6 to 10.4 months. Nevertheless, there were some improvements in the single market indicator scores. The number of single market directives not yet converted into national law decreased from 16 in 2017 to 13 in 2018, as did the number of pending infringement proceedings, which decreased from 35 to 31 over the same period. On the trade and market access indicators, both intra-EU imports and exports largely increased, from 22.9% to 25.4% for exports and from 43.8% to 72.8% for imports compared to last year.

Since 2008, progress in this area and on a policy perspective has been limited. While the government has been trying to enact EU laws on time, most of the measures implemented at federal and regional level relate to the creation of a single contact point, the electronic application for patents and the promotion of internationalisation and trade.

During the reference period, one significant measure was adopted at federal level. Parliament and the federal government adopted an act to amend the Economic Code for abuses of economic dependence, unfair terms and unfair market practices between companies. The law aims to set up a general legal framework to guarantee regulation of certain practices that result from predatory behaviour abusing the balance of power between companies. It aims to prohibit four practices in business-to-business relations: (i) abuse of position of economic dependence; (ii) unfair terms; (iii) aggressive market practices; and (iv) deceptive market practices.
3.7 Skills & innovation

Belgium performs well in the area of skills & innovation and remains the second best performer among the Member States. In addition, the country has been improving in this area since 2008. The updated indicators on the proportion of SMEs innovating in-house, collaborating with others and introducing products or process innovation showed a slight decline. On the other hand, the share of SMEs selling and purchasing online increased, turnover from e-commerce did not follow this trend. On information & communication technology (ICT) skills, Belgium ranks as the second best performer in the percentage of enterprises employing ICT specialists (26.3%) and in the percentage of enterprises providing ICT skills training to their employees (34.1%).

Since 2008, numerous measures have been implemented in this area. Especially in recent years, significant measures have been put in place to boost skills and innovation in the country. These recent initiatives focus on (i) boosting the introduction of new technologies; (ii) developing eco-friendly innovation; (iii) enabling prototyping; (iv) encouraging participation in innovation partnerships and research programmes; (v) implementing innovation vouchers; (vi) expanding training and mentoring for innovation; and (vii) helping meet future labour market needs.

In addition, under ‘Digital Belgium’ created in 2015, the country implemented a national action plan defining its long-term digital vision and the main priorities in terms of digital ambition. Regions also launched their own digital action programmes, for example Wallonia with its Digital Strategy 2019-2024 (with a budget of €500 million). It aims to transform Wallonia digitally by focusing on five themes: (i) the digital sector; (ii) digital business; (iii) digital territory; (iv) public services; and (v) skills and education. Flanders also launched a programme to speed up the digitalisation of businesses and the implementation of AI in the business world with a total budget of €15 million per year. Similarly, the policy plan on cybersecurity in Flanders contains an annual investment of €20 million in research, implementation and training. The Brussels-Capital Region also launched bedigital.brussels. This initiative brings together all three strategies to support digital development in the region: (i) the Regional Innovation Plan (research into health, environment and ICT); (ii) the Smart City strategy (smart cities and regional IT); and (iii) the NextTech Plan (ICT entrepreneurship in three key
technological sectors: the internet of things, virtual reality, big data management and artificial intelligence).

During the reference period, new measures were adopted at regional level. In the Walloon Region, three main measures were implemented.

- The companies infrastructure programme implemented in July 2018 aims to finance collective research infrastructures between companies. It is open to SME-SME or large company-SME consortia and promotes technological, scientific and technical SME developments.

- The Horizon 2020 Award, financial support that covers the preparation, filing and negotiation of research, development or innovation projects in the context of international partnerships. The proposed scheme, introduced in September 2018, helps cover the costs incurred by SMEs during the preparation, filing and negotiation phase of European research and innovation projects.

- The Industry 4.0 demonstrator programme approved by the government in December 2018 focuses on creating an industrial demonstrator and two mini-factory demonstrators. The goal is to raise awareness among companies by highlighting the potential of digital technologies to improve their productivity, profitability and the quality of their products, as well as link these technologies with training needs.

In the Brussels-Capital region, two measures were also implemented.

- ‘START – Proof of Business’, launched by Innoviris, the regional institute for research and innovation, in October 2018, focuses on the proof of concept and proof of business of future projects and innovative services launched by start-ups. The programme also enables them to exchange their working hypotheses with experts in the field.

- The mechanism for financing the secondment of experts, implemented by Innoviris in March 2019. SMEs in Brussels can access this programme, enabling them to benefit from the provision of highly qualified personnel from a research organisation or a large company to carry out research, development and innovation tasks, without replacing other staff members.

Finally, Flanders also introduced two new initiatives.

- As of December 2018, the government decided to grant additional funds (€280 million) for research and development. The extra funds will be allocated to emerging research fields (such as artificial intelligence or cybersecurity), to scientific research funds and foundations, to universities or to specific R&D projects. The goal is to achieve the EU’s 3% target for R&D spending by 2020;

- As of March 2019, a new digital platform makes it easier for Flemish higher education institutions (hogescholen) and companies to share knowledge. The platform will complement other instruments run by Flanders Innovation & Entrepreneurship such as the SME e-wallet.
3.8 Environment

Belgium performs in line with the EU average in this area. None of the indicators diverge much from the EU average. The only indicator below the EU average is the percentage of SMEs with a turnover share of more than 50% generated by green products or services.

Since 2008, significant progress has been made in Belgium to help SMEs turn environmental challenges into opportunities. Measures have been introduced to increase energy efficiency and the use of renewable energies.

During the reference period, three significant measures were introduced in the Brussels-Capital Region, Flanders and Wallonia:

- In Brussels, the ecodynamic enterprise label was introduced in March 2018. The label promotes approaches to eco-management, particularly in terms of waste management and prevention, rational use of energy, management of worker mobility, etc. The efforts of companies are rewarded with one to three stars.

- Since March 2019, MVO Vlaanderen has been offering the Sustatool for free in Flanders. This practical tool analyses a company’s sustainability policy. It is based on academic research, management literature and good practice and advises companies on how to become more sustainable.

- In Wallonia, SPW Economie (Public Service of Wallonia) and Sowalfin introduced circular economy checks in March 2019. This initiative aims to support sustainable SME initiatives and enable them to implement innovative circular economy projects in order to add value to the company.
3.9 Internationalisation

Belgium is in line with the EU average in this area. The percentage of SMEs exporting online and extra-EU has dropped since 2015, from 5% to 3.9% in 2017. Greater efforts are needed in areas such as border agency cooperation, where Belgium has the second worst performance among its peers, and formalities/procedures, where it has the fourth worst performance.

Since 2008, the country has introduced measures to support export projects, seminars, coaching and workshops on internationalisation for SMEs and to encourage them to take part in visits, partnership agreements and networking events. In addition, while Belgian clusters support the internationalisation of SMEs, one of the major challenges is to improve the visibility of support programmes among SMEs.

For the current reference period, three policy measures in particular stand out, with one in the Brussels–Capital Region, one in Flanders and one in Wallonia. In Brussels, the programme provides subsidies to recruit staff for a specific export project. In place since January 2018, subsidies are granted to micro and small enterprises registered for at least 2 years with the Crossroads Bank for Enterprises so they can hire a new full-time worker to manage a specific project on exporting goods and/or services. The goal is to encourage SMEs to use specialists in order to help them grow and become international.

In Flanders, the initiative consists of a new and unique web platform from Flanders Investment & Trade (organisation that supports the international activities of Flemish companies) in cooperation with different organisations. Flemish companies can either join the events worldwide or organise events related to international business. Entrepreneurs thinking about making their company more international or exporting abroad can go to this online platform to get an overview of group business trips, events and export opportunities.

The Walloon Region launched the Walloon Export Agency (Agence wallonne à l’Exportation) in January 2019. Composed of stakeholders and experts and based on the finding that Walloon exports are still too dependent on large companies and on some key sectors, the Walloon Export Agency is responsible for creating a revitalisation strategy for October 2019. It will also have to provide specific recommendations every year on how to make companies more international and Wallonia more attractive for foreign investors.
4. Interesting initiative

Below are some examples of initiatives from Belgium to show what governments can do to support SMEs.

Progress report and status of the ‘Only Once’ programme (Agency for Administration Simplification)

The Belgian Council of Ministers is calling on all members of the government to urge public services that fall within their scope to speed up implementation of the Only Once Act by the end of the legislature. In parallel, the members of the government call for their public services:

- to apply the ‘one-only’ principle to the entire service operation;
- to communicate to the Agency any measure carried out as part of the implementation of the once-only principle and to cooperate in measuring any possible changes to the administrative burden resulting from this measure;
- to give a favourable response and priority to the proposals formulated by the Agency.

CoopUS, investment fund for social entrepreneurship in Brussels (BRUSOC)

This fund, which was set up in November 2018, enables BRUSOC to finance social enterprises (cooperatives) through equity investments. In 2018, the launch of the call for projects ‘Innovative social enterprises & collaborative platforms in Brussels’ targeted five types of project: (1) starters: innovative projects; (2) scaling up; (3) synergies between companies; (4) formalising the informal economy; (5) collaborative platforms.

Women Entrepreneurs Premium (Walloon government)

This measure offers female business owners support in the form of another entrepreneur (relay management) during maternity leave. This allows her to devote some time to her baby while ensuring that the company still runs smoothly. Managerial support can be provided on a full-time or part-time basis and the entrepreneur can also choose to remain active if she wants to.

An investment programme in innovation and research (‘moonshot’) worth €400 million

The Flemish Minister of Economy and Innovation recently launched ‘moonshot’, an investment programme in innovation and research to promote promising technological innovation. The aim is to help Flanders reach its goal of becoming CO₂ neutral by 2050 and market this technology worldwide. With a long-term investment of €20 million over 20 years, Flanders is challenging promising research to develop state-of-the-art technologies. Innovations that can demonstrate that they can significantly reduce carbon emissions, capture more CO₂ or re-use CO₂ will receive additional support.

References:

http://coopus.be/
https://www.ewi-vlaanderen.be/nieuws/vlaanderen-lanceert-langdurig-investeringsprogramma-voor-co2-neutraliteit
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:

grow-spr@ec.europa.eu

Small Business Act:


European Small Business Portal:

http://ec.europa.eu/small-business/index_en.htm

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/


6 Ibid.


8 www.europeanstartupmonitor2019.eu
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.

In line with 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 year, over a three-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).

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.

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-friendy-environment/performance-review/

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.

Database containing all the basic data on companies and their business units.
https://economie.fgov.be/nl/themas/ondernemingen/kruispuntbank-van

https://www.artistatwork.be/nl

As regards the indicator “SMEs’ share in the total value of public contracts awarded” there is an anomaly which refers to the calculation of the EU average of this indicator. At the time of assembling the database for the SBA country fact sheets 2019, the source data for this indicator did not yet contain a value for the EU average, which necessitated the estimation of this very average. It was only after the deadline for finalisation of the database for the 2019 SBA fact sheets that the value for the EU average was added to the original source data. This was too late to reflect in the fact sheets. Since the estimated value for EU-average is different from the eventual actual value this may affect in individual cases the representation of a country’s performance vis-à-vis the EU average. Belgium is one of the few countries where this is the case. In this case, the use of the estimated value for the EU-average makes Belgium’s performance look worse than if it were benchmarked against the final value of the EU-average. This needs to be taken into account when assessing Belgium’s performance as regards this specific indicator.


http://bedigital.brussels
https://www.digitalwallonia.be/fr
This programme is part of a bigger policy plan that invests around €30 million in AI in Flanders (next to the ‘business programme’, around €12 million is spent on AI research and €5 million on ethics and training).

An approach moving from small-scale prototypes or pilot projects to large-scale near-market projects in which a range of innovative solutions are tested under real-life conditions.

https://www.veroverdewereld.be/