RECOVERY AND RESILIENCE SCOREBOARD

Thematic analysis

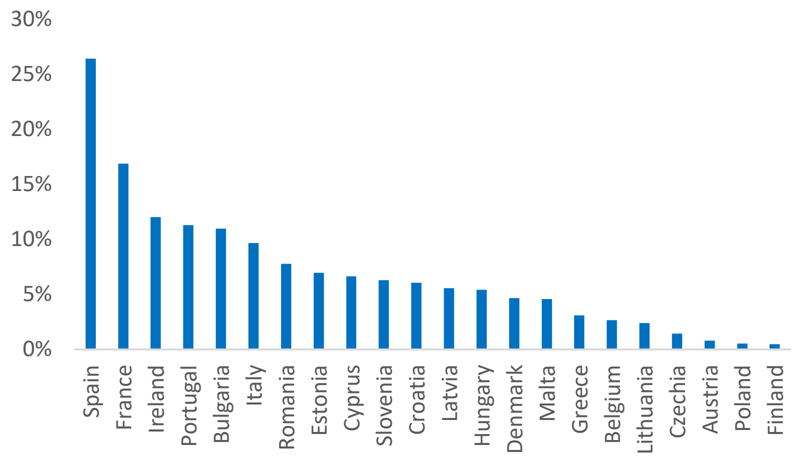
SME Support

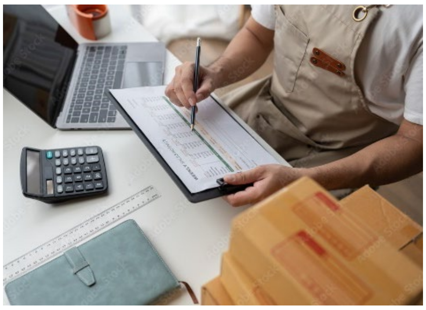
April 2024

This paper is part of a series of thematic analyses undertaken by the European Commission to illustrate the impact of the Recovery and Resilience Facility (RRF). The RRF is the European Union's largest ever funding instrument and is intended to support European economies and societies to recover from the Covid-19 pandemic and build resilience against future shocks. EU Member States commit to implement ambitious reforms and investments and receive funds from the RRF when they achieve these commitments.

Highlights

Supporting SMEs
Expenditure directly supporting SMEs in % of Member State RRP





Overall, total estimated expenditure directly aimed at SME support amounts to EUR 78 billion, across 22 member states, which corresponds to 12% of the total expenditures in the plans. Considering all measures relevant to SMEs, this expenditure rises to at least EUR 152 billion or 23% of total expenditures across 27 member states, matched with 168 reforms.

168
REFORMS

577
INVESTMENTS

Some key reforms and investments

Business environment

Specific reforms in the RRPs on improving the business environment and reducing red tape are benefitting SMEs. Additionally, the RRF is supporting SMEs' access to finance through investments to strengthen their capitalization and measures improving the framework for private investments. Measures to modernise public administration also reduce SMEs' administrative burden.

Digitalisation

The RRF is supporting the digitalization of SMEs, enabling them to increase the efficiency of their production processes and adopt advanced technologies. A significant number of investments are helping SMEs design, implement, and scale up digitalization efforts. SMEs also benefit from broader investments in digital infrastructure, such as the deployment of high-capacity networks.

Skills & entrepreneurship

RRPs are boosting SME growth by investing in reskilling, upskilling, and vocational training for employees, focusing on the acquisition of green and digital skills and the strengthening of life-long learning frameworks. In addition, many measures are fostering entrepreneurship through various initiatives and programmes supporting individuals looking to start a business.

Policy Overview

Small and medium-sized enterprises (SMEs) are the backbone of Europe's economy, representing 99% of all businesses in the EU, employing two thirds of the EU workforce and accounting for more than half of the value added. They are adding value and innovation in every sector of the economy, from services to manufacturing, and are central to the EU's twin transitions toward a green and digital economy.

SMEs face specific challenges due to their size: higher costs to comply with rules and regulations and barriers to expand market opportunities and to access finance. SMEs have also lower time and financial resources for training, management and development of their activities. SMEs are very diverse in terms of size and business models. They range from liberal professions and microenterprises in the services sector to middle-range industrial companies, from traditional crafts to high-tech start-ups.

SMEs were particularly affected by the Covid-19 crisis. Lockdowns forced many small businesses to close temporarily and SMEs' value added declined by 7.6% in 2020 compared to 2019[1], considerably more than the contraction in the economy as a whole (that declined by 5.9%). Public support measures such as short-time employment support schemes helped mitigate some of the damage, employment in SMEs declined only by 1.7%. However, the drop in employment was larger than the one observed in the economy as a whole (that declined by 1.4%).

The situation for the EU SMEs is perilous and will remain so in the foreseeable future. EU SMEs' business has suffered in the past years, with value added declining by 1.4% in 2022 and estimated to decline similarly in 2023. Employment increased in 2022 by 2.4%, but a stagnation is estimated for 2023[2]. The lack of skilled workers has also emerged as a prime obstacle for SMEs throughout the EU.

Besides the EU SME Strategy which remains the compass for the recovery of SMEs, the recently adopted SME Relief Package will also provide much needed support. The priorities of the EU SME Strategy (digitalisation, sustainability, and resilience) have gained importance and have been further strengthened by the update of the EU Industrial Strategy in May 2021. Actions in the EU SME Strategy related to capacity-building, access to finance and improving market access have not only helped provide immediate crisis support to SMEs during the pandemic but have also been key to supporting SMEs' recovery. Meanwhile the SME Relief Package adopted in September 2023 takes the right steps towards short-term relief to SMEs which have more recently faced major uncertainties from high energy costs and raw material prices, and reduced access to finance due to rising interest rates. It will also help to provide a boost in long-term competitiveness and resilience and create a fair and SME-friendly business environment.

The Recovery and Resilience Facility (RRF) will boost the implementation of the EU SME Strategy, the SME Relief Package and the updated EU Industrial Strategy. It will ensure that SMEs not only recover, but make the transition towards a greener, more digital and more resilient economy. A coordinated implementation and proper monitoring of all the actions at the EU and national levels will be necessary to make sure that the available funding reaches SMEs effectively.

[1] Source: Annual Report on European SMEs 2020/2021, https://ec.europa.eu/growth/smes/sme-strategy/sme-performance-review_en
[2] Source: Annual Report on European SMEs 2022/2023, https://ec.europa.eu/growth/smes/sme-strategy/sme-performance-review_en

SMEs in the recovery and resilience plans

Overview of the plans

In the architecture of the RRF, reforms and investments targeting SMEs are a priority policy area to achieve smart, sustainable and inclusive growth. The Commission has encouraged Member States to target SMEs in their Recovery and Resilience Plans (RRPs) and to use recovery funds to address priority needs of SMEs.

Overall, all 27 plans endorsed by the European Council include measures to support SMEs. Across these 27 plans, a significant number of reforms and investments either target specifically SMEs or are deemed to have a significant impact on SMEs. Measures supporting SMEs are spread across the plans and are often included as part of larger measures. For this reason, there can be different approaches to summarise the measures, and the related estimated expenditure, that will benefit SMEs.

Among the measures that contribute to the policy pillar of Smart, sustainable and inclusive growth, there are 22 plans that contain investments and reforms worth €78 billion directly supporting SMEs, representing approximately 12% of the total estimated RRF expenditure (covering the 27 endorsed RRPs).[3]

However, SMEs will also benefit from a larger pool of measures that have a wider policy focus. For example calls for projects supporting R&I in the green and digital areas, financial instruments open to all companies, reforms of the business environment, or broad measures like the digitalisation of public administration services will have a positive impact on the operations and costs of many SMEs but will not be exclusive to SMEs.

Accounting for these additional measures, it is estimated all 27 plans contain measures that are relevant for SMEs with a total estimated expenditure of at least €152 billion or 23% of the total estimated RRF expenditure (covering the 27 endorsed RRPs).[4]

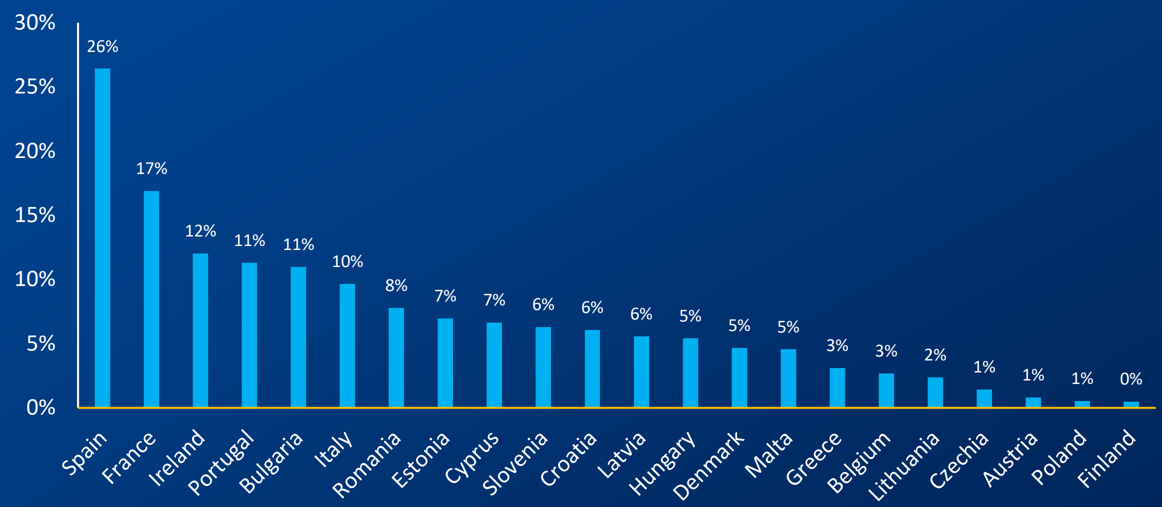
[3] The figure is based on the pillar tagging methodology for the Recovery and Resilience Scoreboard and corresponds to the measures allocated to the policy area "Support to SMEs" as primary or secondary policy area.

[4] This figure is based on the pillar tagging methodology for the Recovery and Resilience Scoreboard and corresponds to the measures allocated to the policy area "Support to SMEs" as primary or secondary policy area, further expanded taking into account the additional policy areas of: Business Environment/ Entrepreneurship', 'Research, Development and Innovation' and 'Digitalisation of Businesses', in line with the methodology used in the RRF mid-term evaluation.

Support to SMEs
Expenditure in EUR millions per Member State

Note: This chart shows estimated expenditure based on the pillar tagging methodology for the Recovery and Resilience Scoreboard and corresponds to the measures allocated to the policy area "Support to SMEs" as primary or secondary policy areas. Other measures can also be relevant for SMEs. See also the Country Overview section.

Support to SMEs
Expenditure directly supporting SMEs in % of Member State RRP



Overall, the scope of the SME measures included in the RRPs covers a wide range of areas, from improvement of the business environment and access to public procurement, to digitalisation of SMEs and improvement of their environmental sustainability. A number of measures also improve SMEs' growth and resilience through better access to finance, reskilling and upskilling of their employees or strengthening their research and development capacities. Besides the measures which target SMEs explicitly - and exclusively in some cases – a number of RRPs measures are also expected to indirectly benefit SMEs. This is the case for the large investments supported by the RRP in sectors with high share of SMEs like construction and tourism or the call for projects for R&D activity to which innovative SMEs can participate.

SMEs benefit from reforms improving the business environment and reducing red tape. These reforms are present in many RRPs such as Cyprus, Spain, or Portugal. Greece has put forward in its RRP a reform to simplify the procedures for obtaining credit, electricity connection, construction permit or registering a property. Ireland committed to implement the SME Test[5], the objective of which is to remove unnecessary regulatory barriers for SMEs. Reforms in the Hungarian plan are expected to improve the business environment by reinforcing the anti-corruption framework, including by establishing an Integrity Authority and an Anti-Corruption Task Force and developing comprehensive anti-corruption strategies.

Investments and reforms to digitalise public administration also benefit SMEs reducing their administrative burdens. Several Member States have committed to measures to implement the Single Digital Gateway by establishing one-stop shops and modernising and digitalising business registers. Germany, for instance, is taking steps to cut red tape and lower compliance costs for SMEs by creating a single infrastructure for citizens and companies to register their data. Instead of submitting their data multiple times to several authorities, citizens and companies will be required to submit it only once.

A large number of investments will support the digitalisation of SMEs. Digitalisation can enable SMEs to increase the efficiency of their production processes and adopt advanced technologies or innovate. Whilst some SMEs are frontrunners in the digital transformation, many more traditional SMEs lack the financial resources and/or skills to reap the benefits of digitalisation. Thus, a significant number of investments in the RRPs are dedicated to assisting SMEs in designing, implementing and scaling up digitalisation. For instance, Portugal has taken the initiative to create 25 local, regional or sectorial digital commerce accelerators as well as a system of financial incentives to help SMEs digitalise their business models. Around 25,000 SMEs are expected to benefit from this initiative.

SMEs also benefit from investments in digital infrastructure. Investments in connectivity bring broadband to rural areas, particularly beneficial to local SMEs. For example, the Czech plan contains a call for tenders to deploy very high-capacity networks (VHCN) to maximise access to online services for citizens, enterprises, public administrations and institutions, especially in rural areas.

Many investments also support SMEs in their green transition. The transition towards more sustainable business practices is key for SMEs' continued competitiveness and growth. A large number of measures in the RRPs fund investments to improve waste management and the recycling of critical raw materials. Czechia finances projects for the development of circular solutions in industrial enterprises. Measures to support decarbonisation through investments in innovative green solutions or alternative production methods are also present in many RRPs. For instance, Latvia plans = a combined financial instrument (a repayable loan and a capital discount) to encourage businesses to increase their energy efficiency by introducing renewable energy technologies and investi in sustainable transport.

Supporting SMEs' access to finance is another area with a significant number of measures across RRPs. These include investments to strengthen the capitalisation of SMEs and provide direct financing through dedicated financial instruments (guarantees, loans or equity from financial institutions). Other measures improve the framework for private investments like venture capital and other innovative forms of financing. Croatia for instance, foresees a number of financial instruments to provide more favourable financing conditions, namely distributing 1,300 loans/interest rates subsidies to SMEs. Many RRF investments incentivise SMEs to build their research and development capabilities. In Slovakia, for example, companies with significant technological and

[5] The SME Test analyses the possible effects of legislative proposals on SMEs - SME Test (europa.eu).

innovative potential have access to a dedicated investment aimed at encouraging SMEs to participate in green and digital projects. Cyprus foresees to establish a National Promotional Agency that improves SMEs' access to finance by facilitating access to loans, guarantees and equity financing and enhance the absorption capacity of EU financing through EU tools.

Other investments focus on boosting SME growth through reskilling, upskilling and vocational training for their employees. Reforms and investments improving the acquisition of skills (green and digital) for SMEs employees and strengthening life-long learning frameworks are high on the Member States' agenda with Belgium, Spain, Portugal, Slovakia, Estonia, Greece, or Malta putting forward such reforms. A measure in Lithuania's plan for example promotes vocational training for almost 4 000 individuals in the form of apprenticeships in SMEs, oriented towards the development of digital skills.

Reforms and investments also include measures to foster entrepreneurship. For example, Spain is planning to adopt a new start-up law which will create favourable conditions for the creation and growth of innovative start-ups. This is complemented with actions to support at least 6,100 entrepreneurs through the Entrepreneurship Skills Programme and at least 800 entrepreneurs through the 'Women Talent Programme'. Austria also includes a start-up package tailored to the needs of start-ups, innovative SMEs and social entrepreneurship. Croatia is investing in the management capacity of SMEs by providing them with business consultancy support.

Other initiatives also support the internationalisation of SMEs. Estonia, as part of a reform of the digital transformation of enterprises, is creating better conditions for exporting companies to operate in foreign markets. In the same area, Portugal is helping enterprises to develop new sales channels abroad via online sales through the programme 'Internationalisation via E-commerce' Czechia is supporting the international expansion of start-ups via consulting, mentoring business advisory services and accelerator programmes.

SMEs are benefitting from the many RRF funding opportunities and increase in demand in areas like construction and building renovation, culture, tourism and social sectors. SMEs active in these sectors like service providers, manufacturing companies, construction companies can leverage their local expertise and presence to provide their services**.** Many RRPs include investments in these SME intensive sectors.

Finally, SMEs are benefitting from the increase in public spending or public call for projects, for example for R&D projects. Public procurement rules already foresee and encourage the splitting of contracts into lots to facilitate access for SMEs. In some cases, MS have received recommendations on public procurement and improving the business environment, which they have included in their plans. The Hungarian plan for instance facilitates the participation of SMEs in public procurement procedures by providing a training scheme free of charge to at least 2200 SMEs, as well as a support scheme providing compensation to at least 1 800 SMEs for their costs associated with their participation in public procurement procedures.

Good practices

Greece's plan contains a reform to reduce the administrative and regulatory burden on businesses. The reform reduces the complexity, cost and length of procedures such as getting credit, obtaining an electricity connection, registering property, and getting a construction permit.

Portugal's plan includes a comprehensive investment package with €480 million support for the digital transition of SMEs. It contains actions on digital skills, entrepreneurship, internationalization, support in the adoption of digital technologies, and focuses on supporting start-up creation and growth.

Slovakia is incentivising SMEs to build their research and development capabilities by introducing innovation, digital and patent vouchers to stimulate SMEs' cooperation with research organisations, boost the uptake of digital technologies in SMEs and promote the protection of intellectual property rights

Country overview

The figures provided in the Country Overview are based on the pillar tagging methodology for the Recovery and Resilience Scoreboard, with the lower bound corresponding to the measures allocated to 'Support to SMEs' as primary or secondary policy area, while the upper bound additionally takes into account 'Business Environment/ Entrepreneurship', 'Research, Development and Innovation' and 'Digitalisation of Businesses' as primary or secondary policy area, in line with the methodology used in the RRF mid-term evaluation. For all Member States, the listed relevant components are based on the Council Implementing Decision.

Austria

Allocation: EUR 32 million - 379 million. Relevant components from the CID annex 2.C, 2.D, 4.D.

The plan includes a robust package of measures supporting and facilitating the digitalisation of companies. In particular, the plan contains targeted investments to help SMEs adopt digital technologies, which has proven to be a bottleneck for productivity growth. The plan also includes an investment premium of 14% for all companies investing in certain digital technologies, notably advanced ones. This investment premium is intended to stimulate private investment related to the green and digital transitions and to increase companies' competitiveness and resilience.

The proposed reforms are expected to address weaknesses of the business environment and to improve the framework conditions for start-ups. In particular, the legal proposal for the 'once-only principle' seeks to reduce the administrative burden and decrease the compliance costs caused by incompatible IT systems, and to encourage investment, particularly towards SMEs, notably in the services sectors. These reforms will contribute to better framework conditions for potential growth.

Belgium

Allocation: EUR 141 million - 406 million. No specific component from the CID annex, measures supporting SMES spread across all components.

The plan includes a comprehensive package of reforms and investments for the benefit of SMEs. The proposed investments will support SMEs' green and digital transitions with measures in the field of cybersecurity, improvement and streamlining of administrative procedures through digitalisation, as well as transitioning to the circular economy. Measures will also enable the development of research and innovation in SMEs and provide training opportunities to improve the digital skills of the workforce.

At the federal level, the proposed reforms will aim at fully digitalising the procedures for the creation, modification and dissolution of business activities and legal persons, make bids easier through e-tendering procedures, support businesses in offering alternatives to company cars to their staff. In Flanders, support tools in research and innovation will be adapted to better target SMEs and the environmental permits procedure will be made easier.
Overall, it is expected that the investments and reforms will improve the situation of SMEs, their digital and cyber awareness and facilitate their green transition.

Bulgaria

Allocation: EUR 624 - 929 million. Relevant components from the CID annex: C2.I1, C3.I2.

The plan includes several measures supporting SMEs. In particular, the Economic Transformation Programme fosters the innovation and growth of Bulgarian businesses through guarantee and equity instruments, often in cooperation with the European Investment Fund, as well as grant schemes. It offers portfolio guarantees and equity growth instruments to alleviate financing difficulties for SMEs, enabling quicker recovery from COVID-19 and facilitating business expansion. It foresees grants to enhance production efficiency, reduce costs, and optimize production chains, fostering higher productivity and competitiveness. It also supports SMEs in adopting digital technologies and cybersecurity measures, essential for Industry 4.0 readiness and digital transformation. It supports the SME's green transition by funding renewable electricity projects with local storage for private sector use, and by providing financing support for energy efficiency and renewable energy investments. It also supports manufacturing businesses in adopting circular economy practices, focusing on circular production, waste recycling, and the use of bio-based products. Finally, it enhances infrastructure development in renewable energy, digital infrastructure, urban regeneration, and social infrastructure. Via the programme to accelerate economic recovery and transformation through research and innovation, the RRP finances projects designed by highly innovative Bulgarian SMEs awarded with the "Seal of Excellence" label.

Croatia

Allocation: EUR 610 – 1,026 million. Relevant components from the CID annex 1.1 and 1.6.

The plan includes a robust package of reforms and investments that benefit SMEs. Component 1.1 takes a broad, horizontal approach in addressing some of the structural weaknesses of the Croatian economy. It proposes reforms for further reduction of the administrative and parafiscal burden on businesses, further liberalisation of regulated professions and digitisation of services provided by state and public administrations to businesses, which substantially benefits SMEs. It also facilitates access to finance for SMEs through targeted grants, concessional loans and equity instruments, notably for the green transition of SMEs in several energy-intensive industries. The plan includes measures to further develop the capital market and the sustainable finance framework to diversify sources of financing available to the SMEs. Furthermore, tailored support is provided to innovative start-ups and SMEs to substantially increase the innovation capacity of Croatian businesses and stimulate private R&D investment. Finally, the plan contains measures to enhance the productivity and competitiveness of SMEs in the tourism sector through a combination of measures, grants and financial instruments supporting investments and employment, with particular focus on the green and digital transitions.

Cyprus

Allocation: EUR 81 million – 221 million. Relevant components from the CID annex 3.1, 3.2, 3.3, 5.1.

More than 10% of the total allocation of the Cypriot plan is composed of measures supporting the resilience, innovativeness and competitiveness of SMEs. Resilience is addressed through measures improving the business environment, such as the reform of the Companies' Law and the creation of an integrated information system for the Registrar of Companies. Innovativeness is supported through innovation funding programmes and funding schemes for digital technology in SMEs. Competitiveness benefits from: investments to diversify the economy and enhance the added value of the tourism sector; the creation of a "Regulatory Sandbox" to enable FinTech to experiment new products in a supportive regulatory environment, the establishment of a National Promotional Agency; and financial support for industrial manufacturing and food processing activities.

Overall, the Plan is expected to diversify and make Cypriot businesses more competitive, thanks to more resilient, innovative and better funded SMEs.

Czechia

Allocation: EUR 132 million – 1,194 million. Relevant components from the CID annex 1.1, 1.3, 1.4, 1.5, 1.6, 2.3, 2.4, 2.7, 3.3., 4.2, 4.5, 5.2, 7.1 and 7.3.

To increase the competitiveness and innovativeness of the business sector, the plan includes a comprehensive package of measures providing direct or indirect support to businesses, with a particular focus on SMEs. The goal is to facilitate the digitalisation, the green transition and adoption of new technologies by companies, including SMEs. The plan supports the collaboration of SMEs and public research organisations in research, development and innovation. In addition, the investments foster access to finance for innovative start-ups and SMEs, support the digital transformation mainly of SMEs and state administration (including the digitalisation of the construction permitting process), and provide Czech SMEs and start-ups with training, advisory and consulting services in management skills.

The plan also supports reskilling and upskilling in SMEs as well as SMEs in creative sectors. Finally, the investments and reforms will boost the uptake of renewables (photovoltaic power and its storage in particular), electric and hydrogen vehicles and charging points as well as water-management solutions by SMEs.

Denmark

Allocation: EUR 76 million – 563 million. Relevant components from the CID annex 3, 4, 6, 7.

The Danish plan contains several measures which benefit the recovery and resilience of SMEs. For instance, the digitalisation component contains a measure to foster the digital transformation of SMEs by prolonging the existing "SME:Digital" initiative, which provides subsidies for digital projects to SMEs. This scheme helps small businesses overcome barriers to investment and expand the use of new and advanced technology as well as e-commerce solutions, while stimulating their economic recovery given that SMEs have been hardest hit by the economic crisis. These measures can help businesses, in particular SMEs, grow and export goods and services in the internal market. In addition, the plan supports a modernised and interoperable digital infrastructure which gives businesses better access to public-sector digital infrastructure. Expanding access to high-speed internet broadband in rural areas where such connections have not existed before has the capacity to better link SMEs into the digital economy. Furthermore, the Danish plan provides support for SMEs to invest in green R&D activities and projects. This contributes to accelerating the green transition (especially in the agricultural sector and transport sectors) and to broadening the innovation base. Investments in R&D have a positive spill-over effect on productivity. The REPowerEU chapter of the Danish plan supports the capture and geological storage of biogenic or atmospheric CO2 along an identified value chain, with expected benefits for the sustainable growth of Danish SMEs. Finally, the construction projects envisaged under the plan (such as building renovations) support SMEs and local jobs.

Estonia

Allocation: EUR 66 – 142 million. Relevant components from the CID annex 1, 2, 3.

The Estonian plan includes a comprehensive package of measures supporting SMEs. The plan has several investments related to the green transformation of SMEs: green technology development programmes, boosting energy efficient production, helping Estonian enterprises to decarbonise and providing labour force with green skills. Almost a third of the plan will support investment towards a 'Green Fund' providing capital for the development of innovative green technology companies. Further investments support the digital transformation of SMEs and increase digital skills. Several reforms directly improve the business environment for SMEs and increase their competitiveness on foreign markets, including with the establishment of business centres and the development of strategies.

Finland

Allocation: EUR 10 - 480 million. Relevant components from the CID annex include but are not limited to P2C2, P3C3, P3C4.

One investment in the Finnish plan specifically targets SMEs by focusing on accelerating the growth of Finnish micro and small enterprises, as well as boosting their internationalisation capabilities by providing business development grants. The investment focuses on the promotion of new digital solutions and overall, it will support at least 110 SMEs by 2026.

Other investments are indirectly supporting SMEs. For instance, some investments acceleratethe data economy (by facilitating data-driven innovation and securing the value chain of semi-conductor production) and promote international growth (including growth and export of water expertise, promotion of low-carbon, circular economy and digital renewal). These investments benefit SMEs by supporting the business environment and the digitalisation of the industry. SMEs may also benefit from investments in research, development and innovation supporting the green transition.

France

Allocation: EUR 6,802 million. Relevant components from the CID annex 1, 2, 3, 4, 6, 7, 8.

The French plan includes a reform and a package of investments to foster SMEs growth, innovation

performance and green and digital transitions.
These investments support the digital upgrade of SMEs, the energy renovation of their buildings, especially for innovative businesses and help to preserve employment in R&D. In addition to those investments, some measures also benefit SMEs indirectly, such as the support for the development of green and digital technologies, the sectoral plans (e.g., aeronautics, cultural sector), the support for vocational training and the hiring subsidies.

In terms of reforms, the plan includes a law on accelerating and simplifying public action ("ASAP law"). which simplifies administrative procedures. For instance, the law foresees that if regulations should be amended during the examination of an industrial project, the project application shall be subject to the same regulatory provisions in force at the time of submission of the application.

Germany

Allocation: up to EUR 7,010 million. Relevant components from the CID annex 1.1, 1.2, 2.1, 2.2, 6.1.

Several measures in the German plan benefit SMEs. Investments in research and innovation, for example, under the planned IPCEIs on renewable hydrogen are likely to benefit SMEs active in that sector. The programme to support research and development of vehicle manufacturers and suppliers is also particularly relevant for SMEs. The plan also includes measures on education and training, such as the programme on building training networks, particularly targeted at SMEs. Many measures, in particular those that include call for projects, positively factor in the involvement of SMEs. Other measures are expected to benefit SMEs, such as the implementation of the Online Access Act and the modernisation of registers, which reduce the administrative burden for companies and constitute a noticeable improvement especially for SMEs. These reforms pave way for the introduction and effective application of the 'once-only principle' through digital means across all levels of the administration, which reduce administrative burden and compliance costs for businesses.

Greece

Allocation: EUR 1,116 – 19,772 million. Relevant components from the CID annex 1.2, 2.2, 2.3, 3.2, 4.2, 4.5, 4.6, 4.7.

The Plan includes several investments promoting access to finance for Greek firms, including for SMEs. Firstly, the Loan Facility scheme – with an overall envelope of EUR17.7 billion - provides for very favourable financing terms compared to market-based alternatives, and increases available funding, including for SMEs. Within this scheme, an equity platform provides a dedicated €0.5 billion equity financing to start-ups, scale-ups and dynamic and fast-growing SMEs and mid-caps. Secondly, the plan envisages financing schemes exclusively for SMEs investments in digital technologies, including to deploy state-of-the-art smart technologies in manufacturing. Such schemes are combined with tax incentives for the green and digital transformation of these companies, as well as incentives to scale up and become more competitive on international markets, and reforms to make public procurement more accessible to SMEs. Additional investments included in the plan increase the innovation capacity of businesses in general, and support vocational training programmes. Furthermore, the plan envisages the energy efficiency renovations of 105,000 private residencies, which will require services from the private sector and SMEs in particular, in terms of purchase of equipment and installation.
Moreover, the Greek plan creates an attractive business environment conducive to investment, including for SMEs. The goal is to establish a more stable and predictable legislative framework and reduce the administrative and regulatory burden for businesses in the country. More precisely, the Plan includes the completion of the national cadastre, and reforms to simplify procedures and requirements relating to business activity, for instance, by simplifying investment licensing procedures, codifying fragmented licensing legislation, and improving the market surveillance framework by reviewing quality policy on standardisation, accreditation and conformity. Additionally, a series of actions are envisaged to reduce the complexity of processes, costs, and time involved in several business-related areas: getting credit, connecting to electricity, registering property, and getting a construction permit. These reforms are also accompanied by significant investments in

digitalisation of public services which make interactions between the state and citizens and businesses easier, including SMEs.

Hungary

Allocation: EUR 566 – 1,909 million. Relevant components from the CID annex: C9.R14, C9.R35, C10.I3, C10.I10, C10.I12, C10.I15.

The plan includes various measures, which can improve the business environment. They include reforms that are expected to contribute to reinforcing the anti-corruption framework, including by establishing an Integrity Authority and an Anti-Corruption Task Force and developing comprehensive anti-corruption strategies. Measures in the plan also increase competition in the field of public procurement and ensure the transparency and public oversight over public procurements. A dedicated reform is included in the plan, which facilitates the participation of SMEs (with a focus on micro- and small enterprises) in public procurement procedures by providing a training scheme free of charge to at least 2200 SMEs. Hungary also sets up and implements a support scheme to provide lump-sum compensation to be paid directly to at least 1 800 SMEs (with a focus on micro- and small enterprises) for their costs associated with their participation in public procurement procedures. SMEs also benefit from the measure simplifying the tax system by reducing the number of taxes. In addition, SMEs can take advantage of measures aiming at building green economy production capacities, boosting companies' uptake of battery-electric vehicles, purchasing of battery-electric vehicles by fleet providers as well as improving companies' energy efficiency.

Ireland

Allocation: EUR 110 – 182 million. Relevant measures from the CID annex 1.2., 2.2, 3.

The plan contains a set of reforms and investments directly relevant for SMEs. The most relevant reform (measure 3.4) for SMEs concerns the implementation of the SME test, removes unnecessary regulatory hurdles and initiates steps towards a single SME portal, providing access to assistance and support for SMEs. Several relevant investments concern the decarbonisation of the enterprise sector (measure 1.2), where SMEs, although not exclusively targeted, are the main beneficiaries of the grants; the digital transformation of enterprises (measure 2.2), where most eligible beneficiaries are SMEs and start-ups, and substantial investments in green and digital skills (measure 3.3).

Italy

Allocation: EUR 18,789 – 33,442 million. Relevant components from the CID annex M1C1, M1C2, M2C1, M2C2, M7.

The Italian plan contains both measures directly targeting SMEs and measures that, while not specifically designed for SMEs, can have a relevant positive impact on them.

Some of the measures directly targeting SMEs are financing for innovative start-ups, including those active in the green transition; support for the internationalisation of SMEs; and initiatives to promote the competitiveness of the numerous small firms active in the tourism sector. The revised plan further strengthens support to SMEs which will be able to access direct grants for investments in self-production from renewable energy sources, with the goal of long-term energy and cost savings. SMEs in the agricultural sector benefit from a new fund to incentivise private investment and improve access to finance for their environmental and digital investments.

Among the measures indirectly targeting SMEs, one of the most important is the 'Transition 4.0' investment, which provides a tax credit for firms investing in 4.0 tangible and intangible goods, thereby fostering the modernisation and digitalisation of the production sector. The revised plan includes the measure 'Transition 5.0' to enhance the greening of companies including SMEs through a tax credit for firms investing in digital assets, assets necessary for self-production and self-consumption of electricity from renewable sources (with the exclusion of biomass), training staff in skills for the green transition. Moreover, the plan also includes a series of measures (e.g., digitalisation of public services, administrative simplifications, reduction of payment arrears by the public administration, increasing competition in several sectors), which, by improving firms' relations with the public administration and enhancing opportunities, significantly improve the business environment and to benefit SMEs. Furthermore, the revised plan includes new reforms supporting SMEs in their ability to strive, innovate and invest in the green transition. A new reform simplifies rules to invest in renewables energy installation by streamlining permitting procedures. Another reform streamlines firms' incentives including by creating a new national platform to access relevant information on funding opportunities.

Latvia

Allocation: EUR 109 – 340 million. Relevant components from the CID annex 1, 2, 3, 5.

The Latvian plan contains measures that directly and indirectly target SMEs.
The investments foster the digitalisation of SMEs by supporting digital skills, reskilling and upskilling, as well as innovative digital infrastructure such as Industry 4.0 solutions. In addition, the plan provides investments for the greening of SMEs, investments in public infrastructure (development of business parks), and investments in research, development and innovation. The proposed reforms increase the share of population in adult learning, and create a single platform/ecosystem 'one-stop-shop' for Latvian enterprises.

Overall, the investments and reforms address weaknesses that hamper SMEs growth, such as lack of investment in R&D, a lack of digitally skilled employees and integration of digital technology in enterprises.

Lithuania

Allocation: EUR 92 million-508 million. Relevant components from the CID annex 2, 3, 5, 6, 8.

The Lithuanian plan includes a package of measures directly or indirectly supporting SMEs and the business environment. The proposed venture capital investments fosters the development of start-ups, whereas voucher-based subsidies promote the development of green innovation. New digital tools are available to help businesses strengthen self-control mechanisms when facing insolvency risks. As SMEs are key drivers of all industrial ecosystems, they can also benefit considerably from the measures proposed to support the automotive, construction and energy ecosystems. In addition, the significant shortage in the labour market is addressed by the measures focusing on reskilling and upskilling and on the promotion of vocational training in the form of apprenticeships in SMEs. The Plan also includes measures to support science-business cooperation in smart specialisation and enhance the innovation policy framework. In 2023, the Lithuanian plan was updated by foreseeing two new loan instruments for businesses: loans to enterprises to develop high value-added technologies and loans to legal entities, including SMEs, to develop renewables.

Luxembourg

Allocation: No targeted amount. Relevant components from the CID annex 1A, 2A, 3B.

The plan includes a package of measures supporting SMEs either directly or indirectly. Given the modest size of the Luxembourgish plan, direct support to SMEs is relatively limited. The plan, however, includes investments in the digitalisation of support services offered to businesses, particularly SMEs, introducing new online services to expand the digital offer and simplify different administrative processes. Other investments and reforms are expected to benefit SMEs, such as investments to improve skills amongst the existing and potential workforce should help SMEs, facing increasing skill bottlenecks, to recruit. Another support scheme provides subsidies for companies installing electric vehicle charging infrastructure.

Malta

Allocation: At least EUR 15 million. Relevant components from the CID annex: 1, 3, 6.

The Maltese plan contains several measures supporting SMEs directly or indirectly through improving the business environment and enhancing innovation capacity. The grant schemes (EUR 15 million) aim at promoting the digitalisation of the private sector, with SMEs being targeted specifically. Furthermore, grants for retrofitting of private sector buildings to improve their energy efficiency will also target SMEs.
In addition, various other measures in the plan benefit SMEs. Reforms within the 'Digitalisation' component enhance digital public services, promote digital skills, foster business R&I and strengthen public-private cooperation. Investment projects target the public

administration, providing better customer experience with online services. Among others, several solutions improve data sharing/re-use and property transfer processes. Further, the judiciary system is enhanced through secure digital solutions and tools for better access to justice and strengthened efficiency.

• Netherlands

Allocation: up to EUR 472 million. Relevant components from the CID annex C1.1, C2.1, C2.2. and C5.1.

The Dutch plan creates an attractive business environment for SMEs, by promoting investment opportunities and facilitating participation to the economy. For instance, the digitalisation component of the plan contains measures that facilitate the digitalisation, of the logistics sector and strengthening the transition to a safe, smart and sustainable mobility in the transport sector, including for SMEs. A number of small and medium care-providers already received support during the COVID-19 pandemic for the development and implementation of e-health solutions. The exploitation of AI solutions supports businesses in addressing bottlenecks such as slow innovation, knowledge limitations and data exchange constraints. The measure also provides financial support for the implementation of AI Learning communities, where SMEs can explore practical applications of AI in close partnership with educational institutions and innovation laboratories. The Dutch RRP also includes investments aimed at accelerating and scaling up the development of a green hydrogen ecosystem and Quantum technologies in the Netherlands, among other things by establishing centers to facilitate exchanges between businesses and education or research institutions and pre-seed facility for start-ups.

• Poland

Allocation: EUR 320 - 2,506 million. The relevant measures are spread across the different components of the plan.

The Polish plan contains several measures which benefit the recovery and resilience of SMEs. Firstly, Poland helps SMEs adapt to market challenges by encouraging diversification and upscaling of activities, in particular in the sectors that were affected by COVID. The Plan also supports SMEs active in the agri-food processing sector, by supporting the purchase of machinery and equipment (in particular green technologies), as well as the expansion and modernisation of plant infrastructure. In order to prevent the long-term negative effects of the COVID-19 pandemic and encourage the green and digital transition in the cultural and creative sectors, the Plan foresees the creation of a grant programme as well as a fellowship programme for SMEs in these sectors. Lastly, the Polish RRP supports SMEs in transitioning to sustainable solutions in mobility and energy sectors, by creating a financial instrument for projects developing zero- and low-carbon product solutions. In terms of reforms, the plan includes a legislative package to reduce the regulatory and administrative burden on businesses, as well as a law to combat the unfair use of contractual advantages in the agri-food sector. Finally, SMEs are likely to benefit from actions targeted at specific sectors like renewable energy, energy efficiency, culture, agriculture research and innovation.

Portugal

Allocation: EUR 2,510 – 5,626 million. Relevant components from the CID annex C5, C16, C18.

The plan includes both reforms and investments that benefit SMEs. Reforms improve the business environment with actions in the field of licensing and the interoperability between public services, implementing the ‘once-only principle’. Investments in the public administration also create cybersecurity solutions for SMEs. A full component with investment of about EUR 760 million supports the digital transition of enterprises (with about EUR 480 million directly benefitting SMEs) with a comprehensive package of actions on digital skills, entrepreneurship, internationalization, support in the adoption of digital technologies, focused action to support start-ups creation and growth. SMEs are also likely to benefit from the call for projects in the field of research and innovation. Furthermore, SMEs are likely to benefit from actions targeted at specific sectors like culture, renewable energy, social services, construction. Finally, SMEs are also likely to benefit from measures boosting the Portuguese capital market and promoting the capitalisation of companies (including the strengthening of the Banco Português de Fomento that will support viable firms in the form of equity and quasi-equity).

Romania

Allocation: EUR 2,225 – 2,671 million. Relevant components from the CID annex 6, 7 and 9.

The plan includes a comprehensive package of measures supporting SMEs in the green and digital transition process and improving the business environment. It includes a substantial investment package through financial instruments such as portfolio guarantees, venture capital funding and state aid schemes. Important investments are present also in other components, to support SMEs in specific areas, such as digitalisation, energy, etc. Component 9 also includes a reform of the business environment leading to legislative transparency, de-bureaucratisation and procedural simplification for businesses. Other reforms such as the ones to improve the cooperation between business and research, the digitalisation of public services and the development of the tourism sectors are also important for SMEs.

Slovakia

Allocation: up to EUR 956 million. Relevant components from the CID annex 1, 4, 9, 14, 17.

The plan includes a comprehensive package of measures supporting the dual transition of SMEs. The innovation, digital and patent vouchers stimulate SMEs' cooperation with research organisations, the uptake of digital technologies in companies, and promote the protection of intellectual property rights. In addition, the financial instruments foreseen in Component 9 further support innovative businesses, especially for digital and green innovations. The digitalisation of Slovak SMEs is assisted by Digital Innovation Hubs initiatives connected with the EU Digital Innovation Hubs network, the fast grants for hackathons, as well as through support for the development and application of top digital technologies. In addition, SMEs benefit from investments creating renewable electricity sources and reducing greenhouse gas emissions in industry. Moreover, SMEs indirectly benefit from in the growth in demand triggered by broader investments, particularly in the construction and services sectors. The proposed reforms on business environment and e-government, including on administrative burden reduction, insolvency framework, and services to businesses, are supportive to SMEs.

Slovenia

Allocation: EUR 169 – 353 million. Relevant components from the CID annex 6, 9, 13.

The Slovenian plan does not contain measures which are exclusively addressed to SMEs, but at least five components contain investments and reforms to benefit also SMEs. Investments for sustainable renovation in ecosystems like tourism and culture target SMEs directly since they represent around 99% of all companies in these sectors.Investments increasing productivity, resilience and preparation of the twin transition are carried out through incentives to spur innovative ecosystems and to develop tailored digital strategies for the transformation of businesses. Cross-border projects in digitalisation are specifically supported. The proposed reforms to streamline the alternative investment funding, to develop the capital market and to create efficient public institutions support SMEs by easing their access to finance and creating a business-friendly environment. Moreover, the plan contains measures in support of start-ups and SMEs to innovate in the field of low-carbon circular economy and wood processing.

Spain

Allocation: EUR 168 - 62,425 million. Relevant components from the CID annex 12, 13, with additional measures supporting SMES spread across large parts of the plan.

The Spanish plan includes an ambitious package of measures supporting the challenges faced by SMEs to boost the competitiveness of the Spanish economy and promote growth and employment. Measures targeting SMEs in the plan facilitate business/start-up creation, growth and restructuring of firms, improve the business climate (in particular, by strengthening the functioning of the Spanish internal market), increase productivity through digitalisation, improve access to finance, innovation and internationalisation. Investments are significantly focused on digitalisation to provide a basic digitalisation package to a significant share of SMEs (e.g. Digital Toolkit and programmes such as 'Actors of Change'; 'SME 2.0 accelerators'; 'Innovative Business Cluster Support'; and 'Digital Innovation Hubs' (DIH)). New loan investments adopted with the revised plan include a support window of more than EUR 8 billion specifically designed under a financial instrument, managed by ICO as intermediary, targeting SMEs and entrepreneurs to incentivise private investment and improve access to finance.

In terms of reforms, the plan includes several important laws on, for example, reducing temporary contracts and simplifying working contracts (C23.R4). This law simplifies administrative procedures. Other sectorial actions are likely to benefit SMEs active in tourism, culture, agriculture, research and innovation, e-mobility, clean power.

- ## Sweden

Allocation: No targeted amount. Relevant components from the CID annex: C1.

The plan includes measures to support SMEs in their green investments. Swedish SMEs can participate in the call for projects under the programme called “Climate Leap” that receives funding from the Swedish Recovery and Resilience plan and supports local and regional climate investments. For instance, a farm located in Stora Hallebo has benefited from EU funding to produce biogas that can be used as fuel for electricity production.