

2015 SBA Fact Sheet

Portugal

Key points

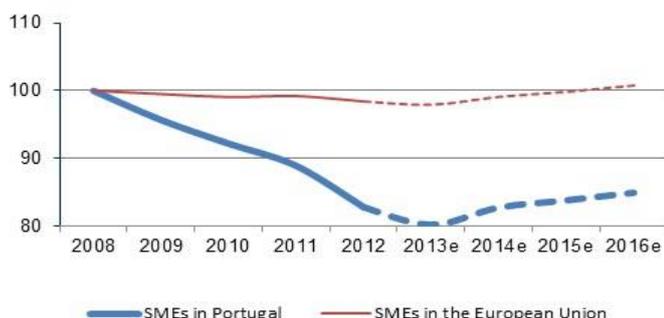
Past & future SME performance¹: SMEs account for 67 % of total value added in Portugal (against 58 % in the EU) and provide almost 79 % of total employment (against 67 % in the EU). The economy has not yet recovered from the crisis. Since 2008, SME value added has fallen by more than 18 % and SME employment by over 17 %. However, there are signs of a turnaround. Value added grew by roughly 2 % in each of the last two years, and SME employment increased by 3 % from 2013 to 2014. The outlook is positive as well. In 2014-2016, SME employment and the number of SMEs are both projected to grow by over 2 % in total, and SME value added by nearly 8 %.

Implementing the Small Business Act for Europe (SBA): Portugal's SBA profile is solid and broadly in line with the EU average. Portugal's score on entrepreneurship is the second best in the EU. Its performance on state aid & public procurement and access to finance is below the EU average but has improved over recent years. Recent policy measures have focused on boosting youth self-employment and reforming the public administration. Strong measures have been taken to cut red tape.

SME policy priorities: Significant public funds are available for SME financing, but the lack of private investment and venture capital is still a key issue. This is partly due to SMEs' high level of indebtedness. Business liquidity continues to be hampered by long delays in payments. Efforts to reduce the complexity of environmental licensing need to be kept up, particularly by ensuring the measures taken are implemented in practice. Shortage of qualified labour is another problem. Cooperation between businesses and science in R&D also needs to be strengthened and knowledge transfer improved. The 'one-in, one-out' approach was endorsed to prevent regulatory compliance costs from increasing, but the rules and methodology for implementing it are awaited. Compulsory impact assessments need to be introduced, rather than continuing to use them on a non-obligatory basis.

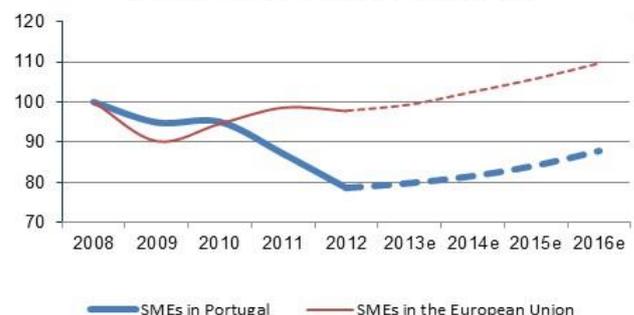
Number of persons employed in SMEs

(Index: 2008=100, estimates as from 2013 onwards)



Value added of SMEs

(Index: 2008=100, estimates as from 2013 onwards)



About the SBA fact sheets

The Small Business Act for Europe (SBA) is the EU's flagship policy initiative to support small and medium-sized enterprises (SMEs). It comprises a set of policy measures organised around 10 principles ranging from entrepreneurship and 'responsive administration' to internationalisation. To improve the governance of the SBA, the 2011 review of it called for better monitoring. The SBA fact sheets, published annually, aim to improve the understanding of recent trends and national policies affecting SMEs. Since 2011, each EU Member State has appointed a high-ranking government official as its national SME envoy. SME envoys spearhead the implementation of the SBA agenda in their countries.

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1. SMEs — basic figures

	Number of enterprises			Number of persons employed			Value added		
	Portugal		EU-28	Portugal		EU-28	Portugal		EU-28
	Number	Share	Share	Number	Share	Share	Billion €	Share	Share
Micro	765 086	95.4 %	92.7 %	1 245 357	42.5 %	29.2 %	15	22.7 %	21.1 %
Small	31 170	3.9 %	6.1 %	596 402	20.3 %	20.4 %	15	22.3 %	18.2 %
Medium-sized	4 827	0.6 %	1.0 %	470 012	16.0 %	17.3 %	15	22.0 %	18.5 %
SMEs	801 083	99.9 %	99.8 %	2 311 771	78.8 %	66.9 %	45	67.0 %	57.8 %
Large	742	0.1 %	0.2 %	620 812	21.2 %	33.1 %	22	33.0 %	42.2 %
Total	801 825	100.0 %	100.0 %	2 932 583	100.0 %	100.0 %	68	100.0 %	100.0 %

These are estimates for 2014 produced by DIW Econ, based on 2008-2012 figures from the Structural Business Statistics Database (Eurostat). The data cover the 'non-financial business economy', which includes industry, construction, trade and services (NACE Rev. 2 sections B to J, L, M and N), but not enterprises in agriculture, forestry and fisheries and the largely non-market service sectors such as education and health. The advantage of using Eurostat data is that the statistics are harmonised and comparable across countries. The disadvantage is that for some countries the data may be different from those published by national authorities.

SMEs are an essential part of the 'non-financial business economy' in Portugal and the EU generally. Portuguese SMEs' share of total value added is around 67 % and they account for almost 79 % of total employment. These shares are well above the respective EU averages of roughly 58 % and 67 %, respectively. As in most of Europe, the two main contributors to SME value added and SME employment are *manufacturing* as well as the *wholesale and retail trade* sectors.

The 'non-financial business economy' has not yet recovered from the crisis. Since 2008, SME value added fell by over 18 % and SME employment by more than 17 %. However, there are signs of a turnaround. In both 2012-2013 and 2013-2014, SME value added grew by roughly 2 %. In the latter period, SME employment also increased by 3 %.

Although in most sectors SME value added has not yet recovered from the crises, *manufacturing* has been one of the better performing sectors. This may be due to government initiatives implemented under the 2014-2020 industrial development

strategy for growth and employment. Also of relevance for this sector are the specific initiatives taken on food and beverage manufacturing, with top-down strategies for collective efficiency implemented to foster innovation and thus competitiveness.² In terms of value added, *wholesale and retail trade* has also been recovering over the last two years.

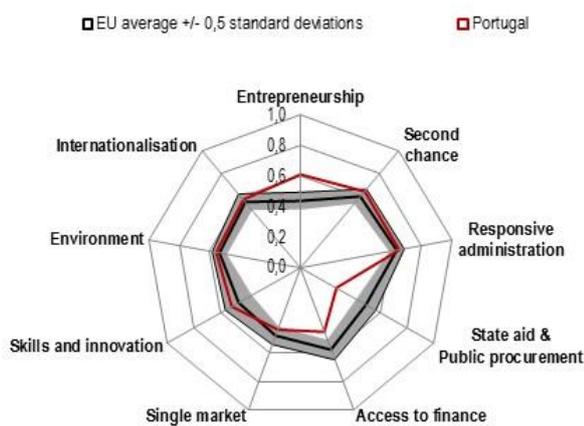
However, most sectors were hit hard by the crisis. In *accommodation and food services*, SME value added dropped by 25 % and SME employment by close to 9 % between 2008 and 2014. Micro businesses with 0-9 employees even saw value added fall by more than 36 %. As from 2012 value added tax for restaurants, cafes and bars was increased from 13 % to 23 %.³ This, combined with much weaker consumer purchasing power, resulted in higher prices, reduced demand and lower business margins.

Company closures fell to 13 952 in 2014 from 16 081 in 2013.⁴ This is the lowest number since 2007. New business

registrations in 2014 were 2.5 times higher than business closures, the highest ratio since 2007. The business environment is thus showing signs of recovery. This may reflect several factors, including tax incentives to stimulate hiring and the low level of capital required to set up a new company. The latter was reduced to EUR 1 in 2011 and has significantly lowered the barrier to creating businesses. The rising trend in the number of insolvency proceedings was reversed for the first time in 2013 and the decline accelerated in 2014, falling to 4 401 from 5 545 in 2013. *Real estate activities* sector saw the biggest increase in the number of start-ups in 2014, with a rise of 25 % from 2013.

The moderately positive trend in Portugal's business demography mirrors the good outlook for the 'non-financial business economy' for 2014 to 2016. SME employment and the number of SMEs are both projected to grow by over 2 % in total, creating 59 700 new jobs. The outlook for SME value added is even more optimistic, with expected growth of nearly 8 % over the period 2014-2016, more than double the projection for large enterprises.

2. SBA profile⁵



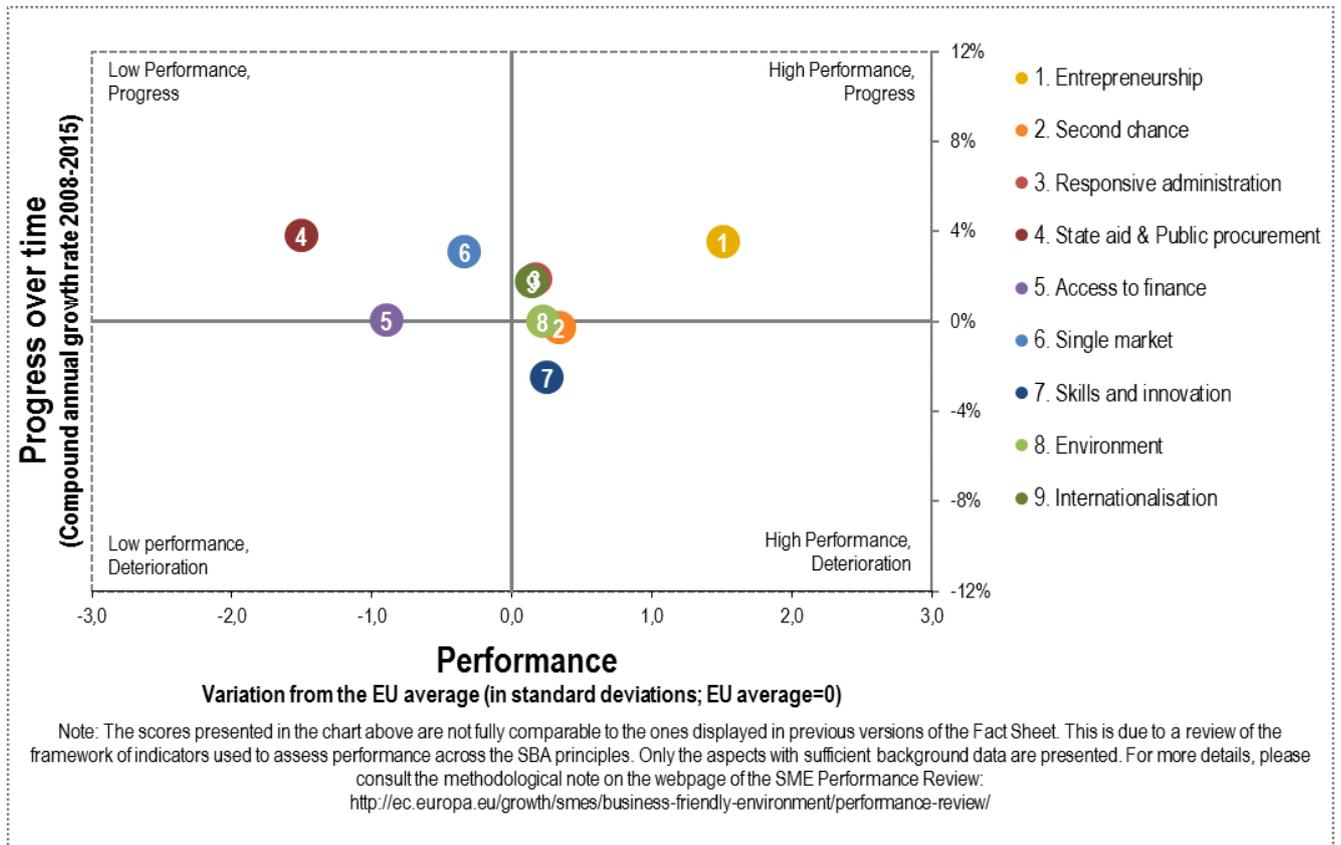
Portugal's SBA profile is balanced and its performance on most of the principles is in line with the EU average. Its score on entrepreneurship is the second best in the EU, but on state aid & public procurement and access to finance it still trails the average.

Overall, since 2008 Portugal has made a good progress in implementing the SBA despite the financial and sovereign debt crises. All the SBA-related policy measures announced in 2013 and the first quarter of 2014 have been adopted.

The policy focus in 2014 and the first quarter of 2015 was on boosting youth self-employment and on public administration reforms, including reforming the tax system to attract private investment. The government adopted the national youth guarantee implementation plan, which includes measures to foster self-employment opportunities among people under 30.

Various new programmes are providing support for business creation by unemployed young people, stimulating social entrepreneurship and the inclusion of disadvantaged population groups. Significant public funding is available, but the lack of private investment and venture capital is still a key issue. This is partly due to SMEs' high level of indebtedness. Business liquidity continues to be hampered by long delays in payments. Access to finance remains costly and difficult for most SMEs, even though credit conditions have gradually improved over the past two years. Portugal is setting up a specialised 'Development Finance Institution' to make the management of financial instruments for supporting SMEs more efficient and more effective. It will also tackle market failures which hamper access to funding. Two major credit lines ('SME Growth 2014' and 'SME Growth 2015') will provide EUR 2 billion and EUR 1.4 billion, respectively, to SMEs for working capital, investments and exports. Significant measures have been taken to cut red tape. The government is continuing its efforts to make the administration more efficient by making greater use of online platforms, among other things. On the regulated professions not subject to public professional associations, the new regime for gaining access to and exercising professions and professional activities tries to simplify the rules further and remove some unjustified barriers. It remains to be seen how effective this new regime will be. Weaknesses remain in further reducing licensing complexity and in the shortage of qualified labour. Furthermore, cooperation between businesses and science in R&D need to be strengthened and knowledge transfer improved. SMEs have been consulted on new legislative proposals and this has been helpful for cutting red tape and reducing compliance costs, but there is still room for further improvement. The 'one-in, one-out' approach was endorsed to prevent regulatory compliance costs from increasing, but the rules and methodology for implementing it are awaited. Non-compulsory *ex ante* regulatory impact assessments are carried out on legislative proposals affecting competitiveness.

SBA performance of Portugal: state of play and development from 2008 to 2015⁵



3. SBA principles⁷

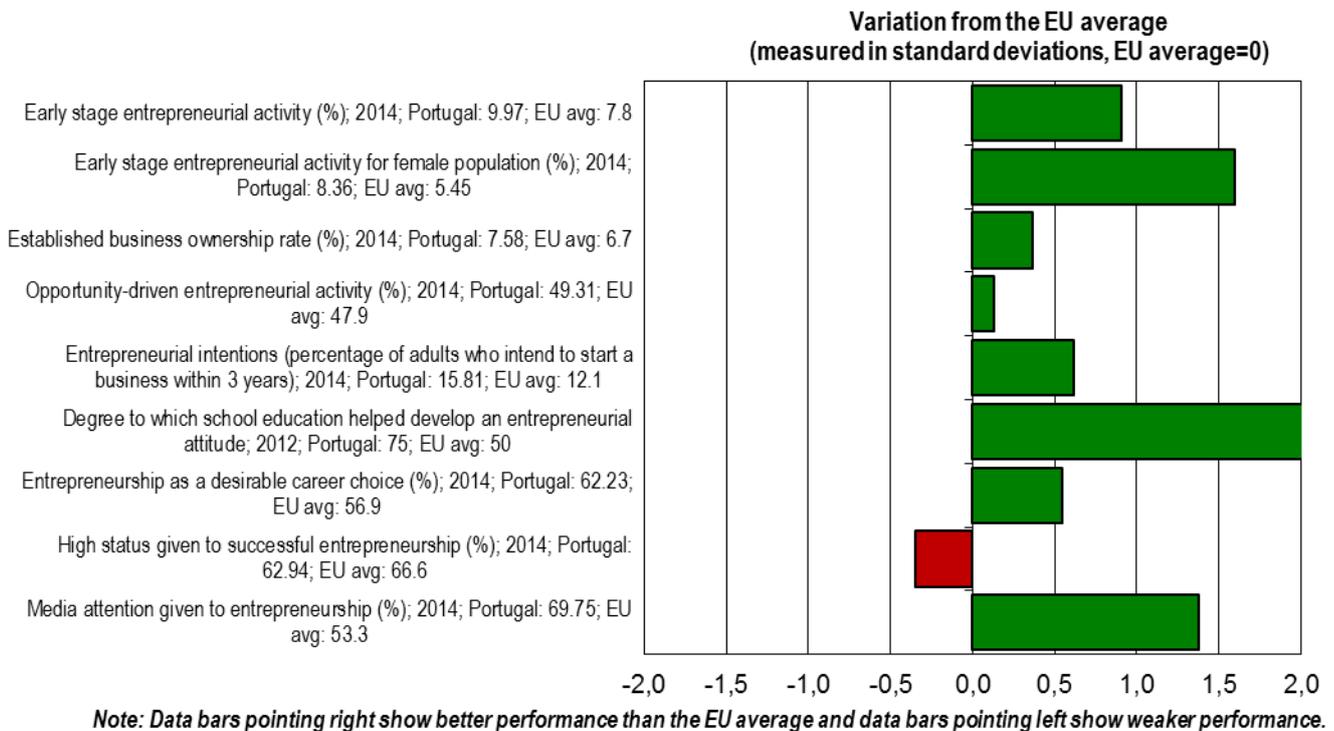
3.0 'Think Small First'

The 'think small first' principle is meant to be a guiding principle for all policy- and law-making activities. It requires policy-makers 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.

Although some key aspects of the 'think small first' principle are still to be put in place, progress was made in 2014. The Interministerial Network for Administrative Modernisation (*Rede Interministerial de Modernização Administrativa*) was set up to assess the impacts of new acts on SMEs in a holistic way. Effective implementation of the 'SME test' is pending. SME stakeholders participate in the main Portuguese business associations and are therefore consulted on new legislative

proposal. Their inputs are taken into account to some extent but more could be done to listen to SMEs' needs. The 'one-in, one-out' approach was endorsed to prevent regulatory compliance costs from increasing, but the rules and methodology for implementing it are awaited. Non-compulsory *ex ante* regulatory impact assessments are carried out on legislative proposals affecting competitiveness. The SME envoy is the bridge between SMEs and government bodies. Through the umbrella initiative 'Simplex' the time and costs of creating businesses and obtaining permits have been reduced, for example with introducing easier conditions for setting up tourist facilities. Simplified corporate tax procedures for SMEs were also introduced. The government is continuing its efforts to make the administration more efficient by making greater use of online platforms, among other things.

3.1 Entrepreneurship

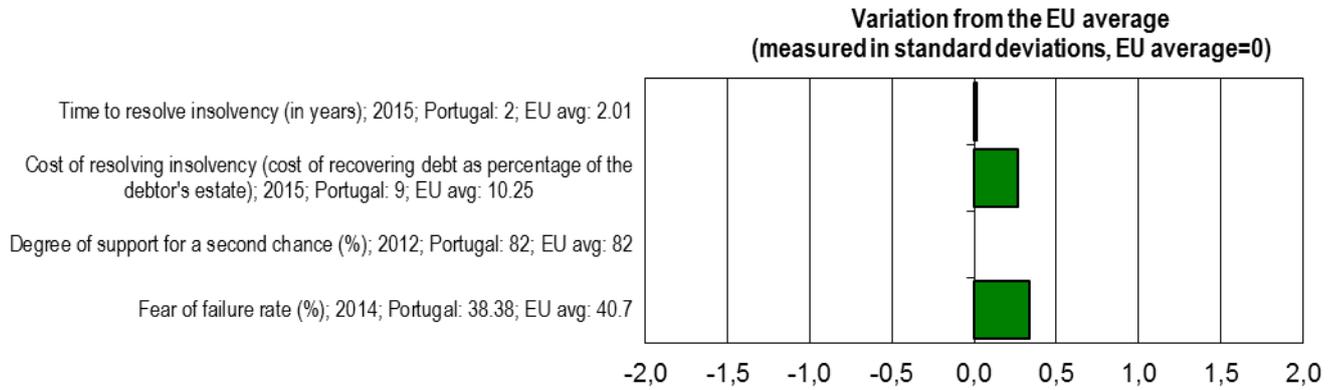


Portugal performs well above the EU average on entrepreneurship, with the second-best score of all EU countries. Entrepreneurship is the strongest area of the Portuguese SBA profile, as it was last year, and the country has made significant progress since 2008. School education in Portugal helps develop an entrepreneurial attitude more than in any other EU Member State. Early-stage entrepreneurial activity rose from 8.2 % in 2013 to nearly 10 % in 2014 (while this activity slightly fell in the EU). Among women, early-stage entrepreneurial activity increased from less than 6 % in 2013 to nearly 8.4 % in 2014. The entrepreneurial intentions of those not involved in any entrepreneurial activity followed the same scenario, increasing in Portugal (from 13.2 % to 15.8 %) while falling in the EU (from 13.5 % to 12.1 %). These good results go hand-in-hand with strong media attention to entrepreneurship, featuring stories about successful new businesses. Nevertheless, whereas successful entrepreneurs in Portugal were previously given higher status than in the rest of the EU (71 % against 65.5 % in 2010), this dropped to roughly 63 % in 2014, four percentage points below the EU average.

Portugal has put a lot of emphasis on boosting entrepreneurship over recent years. Support measures were introduced under the 'Programa +E+I', including stronger support for launching

technology-based companies, tax incentives for hiring and promotion of entrepreneurship among immigrants. The 'passport for entrepreneurship' (*Passaporte para o Empreendedorismo*) initiative combined technical assistance with closer contacts between experienced professionals and entrepreneurs. Ongoing measures are brought together in a consistent policy framework called '+Enterprises' (*+Empresas*). During 2014 and the first quarter of 2015, new policy measures focused primarily on young entrepreneurs. The government adopted the 'national youth guarantee implementation plan' (*Plano Nacional de Implementação de uma Garantia para a Juventude*) which includes measures to strengthen self-employment opportunities among people under 30. Several new programmes were adopted under the plan. The 'youth investment programme' (*Programa Investe Jovem*) provides financial and other support for business creation by unemployed young people. The 'active youth employment' (*Emprego Jovem Ativo*) initiative promotes socio-professional integration of young people into the labour market, especially those with low skills and living in disadvantaged situations. In addition, the 'employment stimulus' (*Estímulo-Emprego*) initiative provides financial support to employers if they recruit unemployed and provide them training. Programmes to stimulate social entrepreneurship were implemented as well.

3.2 'Second chance'



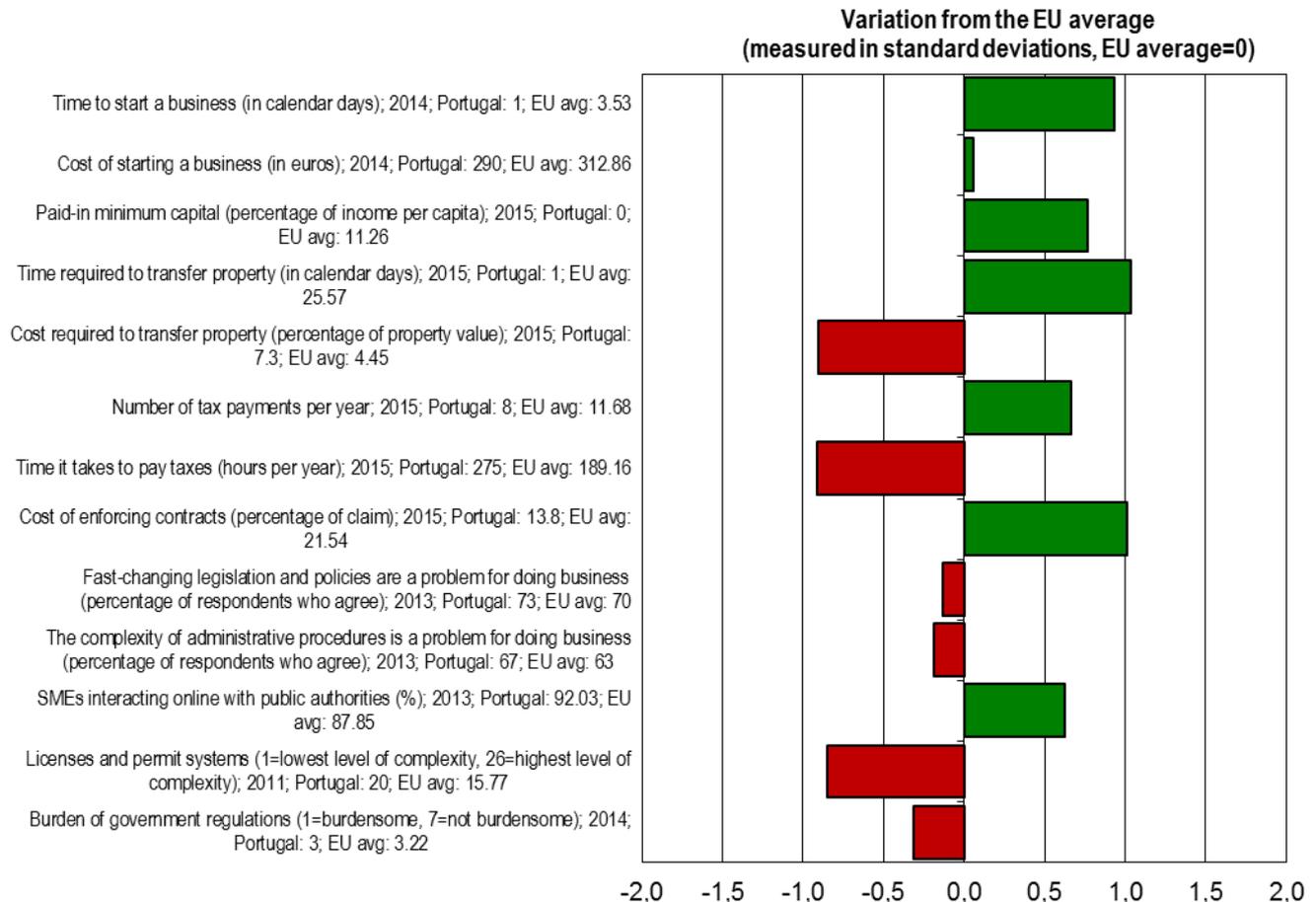
Note: Data bars pointing right show better performance than the EU average and data bars pointing left show weaker performance.

'Second chance' refers to ensuring that honest entrepreneurs who have gone bankrupt get a second chance quickly. Portugal's performance is broadly in line with the EU average. The proportion of the population with perceived opportunities who indicate that the fear of failure would prevent them from setting up a business has fallen slightly (from 40 % in 2013 to 38.4 % in 2014), whereas the EU average has slightly increased (from 40 % to 40.7 %).

The main policy measures taken in recent years to apply the 'second chance' principle include the 'Revitalise programme' (*Programa Revitalizar*) set up in 2012 which makes it easier to save businesses which are economically sound but facing insolvency. Changes in the insolvency regulation reduced the discharge time. The Company Restructuring Simplification Act aims not only to strengthen the influence of creditors and shareholders but also aids the self-administered restructuring of companies through the 'special revitalisation process' (*Processo*

Especial de Revitalização). In 2014, the government implemented changes to the 'extrajudicial business recovery system' (*SIREVE — Sistema de Recuperação de Empresas por via Extrajudicial*) and to the Insolvency and Corporate Recovery Code (*CIRE — Código da Insolvência e da Recuperação de Empresas*) introducing an early warning mechanism that aims to facilitate timely signalling of financial difficulties. Furthermore, there is a new 'pre-executive extrajudicial procedure' (*Procedimento extrajudicial pré-executivo*) which gives creditors prior knowledge about the attachable assets of debtors, thus enabling better decisions to be taken on further action. The discharge process in Portugal is automatic and rather swift. However, there remains a stigma associated with failure which could be countered through information campaigns showcasing successful entrepreneurs who previously faced bankruptcy.

3.3 'Responsive administration'



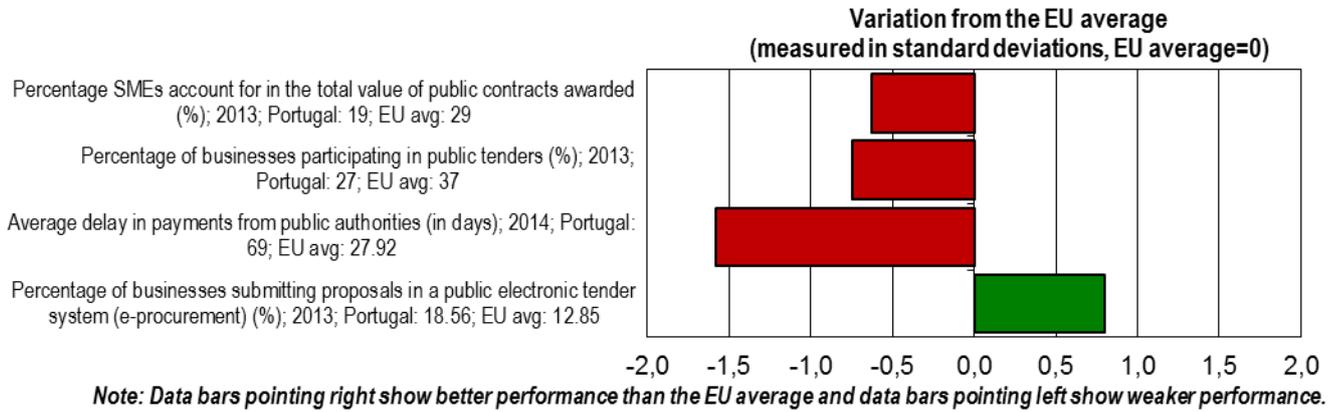
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'Responsive administration' refers to public administration being responsive to the needs of SMEs. Portugal is in line with the EU average in this area. Its performance on the individual indicators was largely the same as in the previous year. The cost of enforcing contracts rose slightly from 13 % of the claim in 2014 to 13.8 % in 2015, but remained below most other EU countries. The burden of government regulation has fallen constantly since 2011 in Portugal and elsewhere in the EU. Portugal is among the five EU Member States in which a business can be established within one day.

Administrative procedures have been simplified in recent years, not least by significantly broadening the use of online platforms. The 'enterprise portal' (*Portal da Empresa*) works as a single point of contact for all company's legal obligations. The 'Simplex programme' (*Programa SIMPLEX*) and the 'zero licensing system' (*Licenciamento Zero*), applied also to the tourism sector, have helped cut red tape and reduce compliance costs. From 2015 the new legal regime for accessing and exercising commerce, services and food and beverage activities (*Regime jurídico de acesso e exercício de atividades de comércio, serviços e*

restauração) has introduced some additional measures to revitalise small commercial establishments and the urban centres where they are located. The measures further simplify acts regulating the opening hours of trade and service establishments and retail sales at reduced prices. Portugal has also introduced a 'strategy for the reorganisation of public administration support services' (*Estratégia para a reorganização dos Serviços de Atendimento da Administração Pública*) which improves access to the physical network of the contact points. The 'responsible industry system amendments' (*Alteração do Sistema da Indústria Responsável*) aim to further simplify the procedures and reduce related costs. As for future policies, the 'single environmental licence' (*Regime Jurídico do Licenciamento Único Ambiental*) has been announced, which will consolidate various licensing schemes in the environmental field into a single regime. Despite the recent measures taken, however, structural weaknesses remain in key areas, including in further reducing licensing complexity and in reforming services markets.

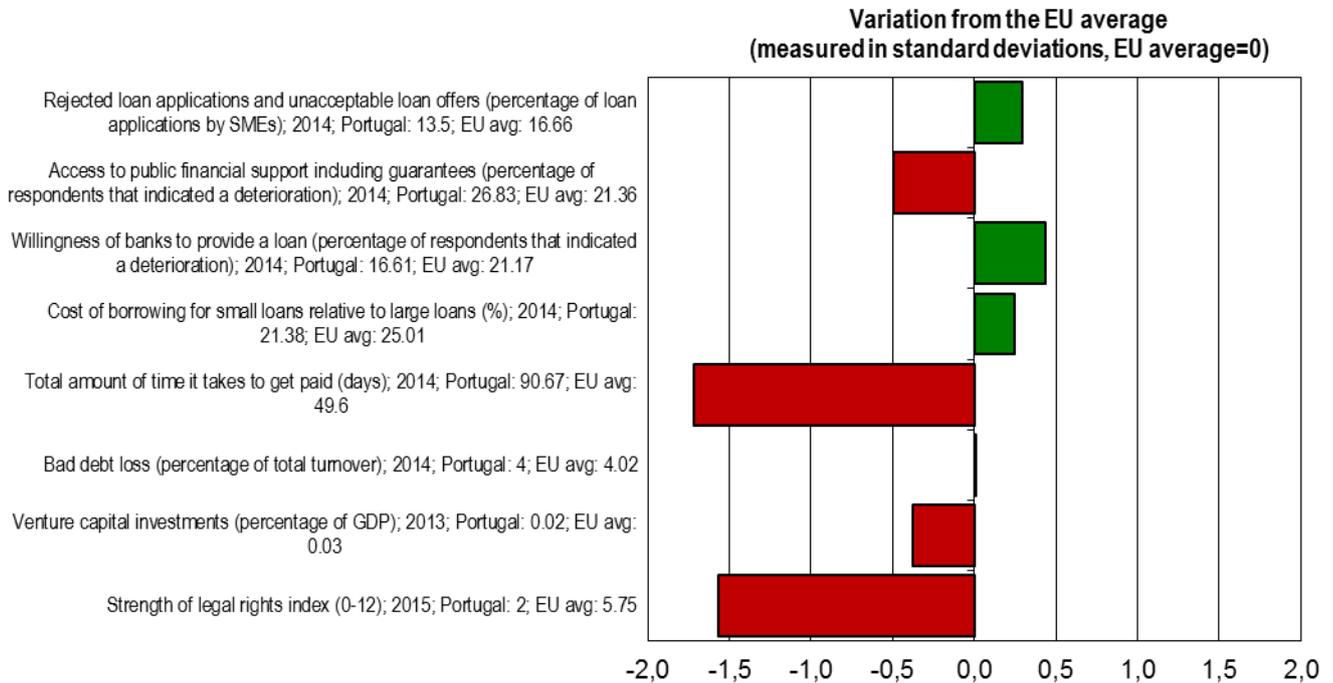
3.4 State aid & public procurement



Portugal performs below the EU average on state aid & public procurement, doing better than only two other EU Member States. It is one of the two EU Member States with the lowest share of public contracts awarded to SMEs, at 19 % against the EU average of 29 %. The average delay in payments by public authorities is the fourth longest in the EU, but fell from 73 days in 2013 to 69 days in 2014, thus continuing the slow improvement seen in recent years. Portugal has kept its above-average position on SMEs using e-procurement, but the percentage of Portuguese SMEs participating in public tenders in general remains relatively low.

On the policy side, the online centralised platform for public procurement launched by the government in 2009 has resulted in easier access as well as in savings for SMEs. Nevertheless, late payments remain a particular obstacle for SMEs and discourage them from taking part in public procurement. Proportionate requirements on financial stability and qualifications are lacking, hindering micro SMEs' participation in public tenders. No significant new policy measures on state aid & public procurement were introduced in 2014 and the first quarter of 2015. However, Portugal is reviewing the BASE portal, the online platform that provides detailed data on all public procurement contracts. This should enable the Court of Auditors and the General Inspectorate of Finance to step up and streamline their scrutiny of public tenders.

3.5 Access to finance



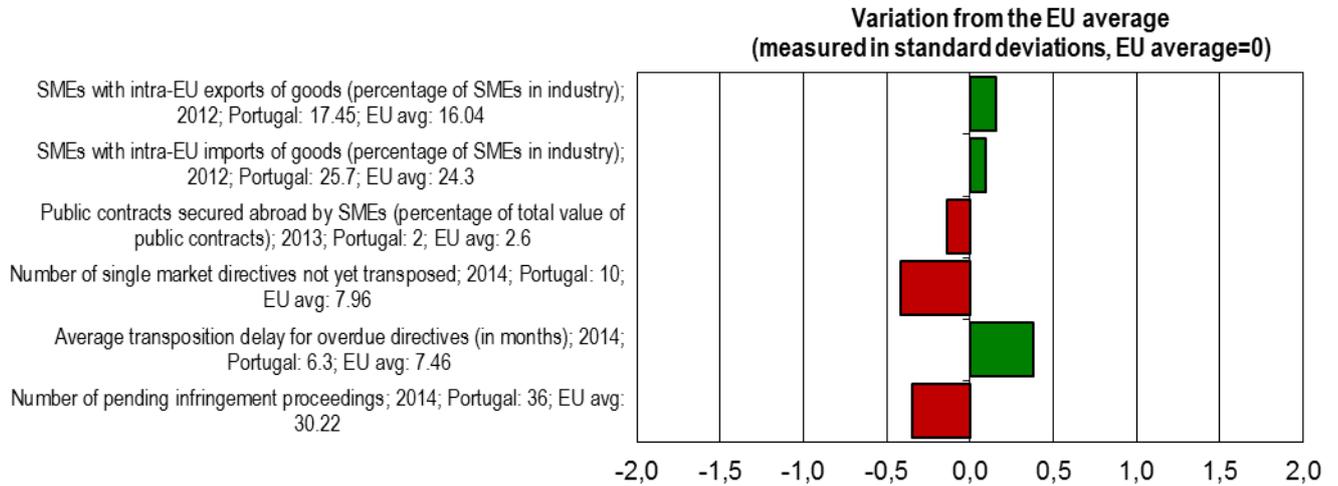
Note: Data bars pointing right show better performance than the EU average and data bars pointing left show weaker performance.

Access to finance is the area where Portugal scores below the EU average. Access to public financial support including guarantees deteriorated particularly sharply: nearly 27 % of respondents reported worse access in 2014, almost double the 2013 rate of 14 %, while the EU average rose from 17 % in 2013 to 21 % in 2014. The time it takes to get paid in Portugal has fallen slowly over recent years but is still 80 % above the EU average and among the four longest in the EU. Venture capital investments doubled from 0.01 % of GDP in 2012 to 0.02 % in 2013, thus getting closer to the previous shares of 0.03 %-0.05 % seen in 2008-2010. Since 2012 fewer respondents have reported unwillingness by banks to provide loans, but SMEs continue to face big difficulties in accessing credit.

Portugal has made significant efforts to facilitate SMEs' access to finance since 2008 despite the difficulties caused by the financial and sovereign debt crises. Public support schemes such as guarantees and credit lines have been introduced. Some measures have been taken to tackle late payments, such as the minimum legal rate of interest for late payments. Easing the rules on value added tax (VAT) for SMEs with annual turnover of up to EUR 500 000 has resulted in these SMEs paying VAT only after receiving corresponding payment. The government has also

applied a reduction in the corporate income tax rate, with particularly low rates for SMEs. The new investment tax code (*Novo Código Fiscal ao Investimento*) was adopted in autumn 2014 and increased various tax benefits, especially for creating and maintaining jobs in less developed regions. The Development Finance Institution (*Instituição Financeira de Desenvolvimento*) was set up to act as a 'wholesaler' of public financial instruments and to help address market failures which hamper access to finance. Portugal also launched two major credit lines, 'SME Growth 2014' and 'SME Growth 2015', (*PME Crescimento 2014* and *PME Crescimento 2015*) to provide EUR 2 billion and EUR 1.4 billion, respectively, to SMEs for working capital, investments and exports. Furthermore, to attract private investors, the 'new line of business angels' (*Nova linha de Business Angels*) provides public funding of up to 65 % of the total amount invested. However, while public funds are available, and policy measures such as the review of the regime on investment activity in venture capital (*Revisão do regime aplicável ao exercício da atividade de investimento em capital de risco*) are in place, the lack of private investment and venture capital is still a key issue. This is partly due to SMEs' high level of indebtedness.

3.6 Single market

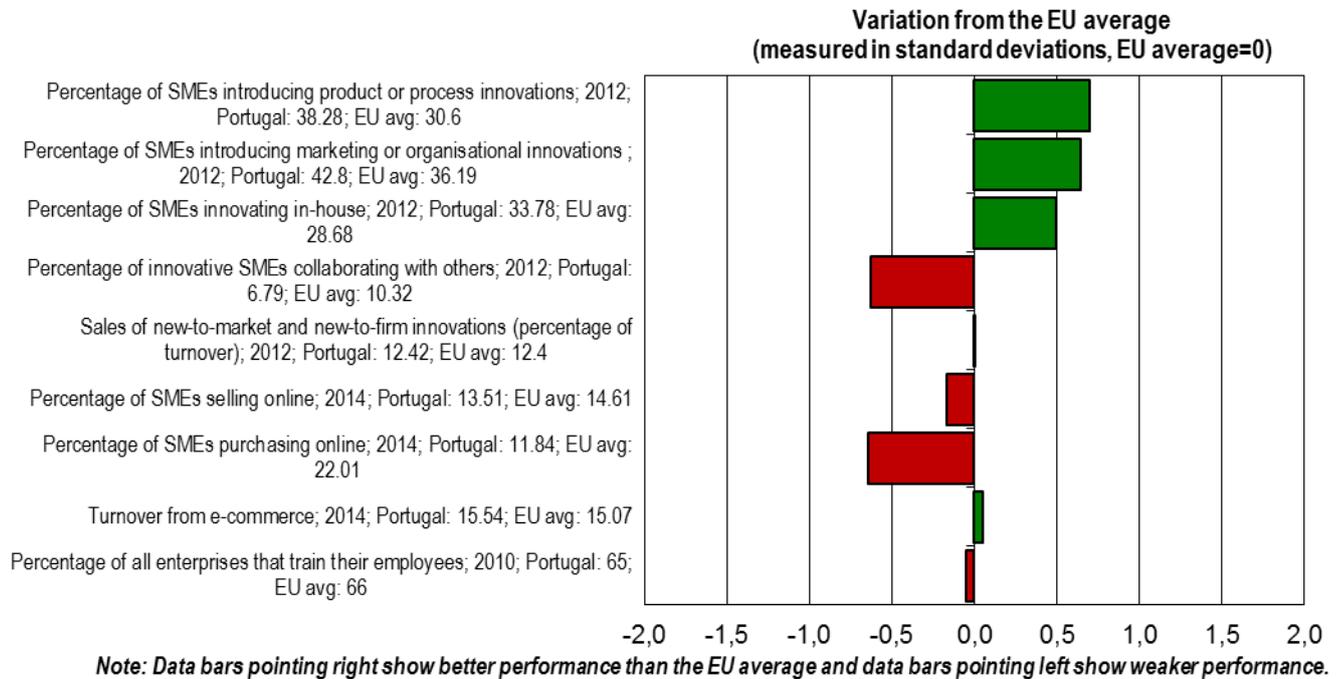


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Portugal's performance on the single market matches the EU average. The number of single market directives not yet transposed and the number of pending infringement proceedings fell slightly in 2014 from 2013 (from 11 to 10 and 37 to 36, respectively). The average delay in transposing legislation rose from 5 to 6.3 months but remained below the EU average.

Policy measures taken to help Portuguese SMEs take advantage of the single market include the establishment and successful operation of the SOLVIT centre and of the portal 'Business opportunities in the EU'. In 2014 the government revised the legal regime on the provision of postal services (*Regime Jurídico aplicável à prestação de Serviços Postais*) to ensure effective competition. It also revised the public telecommunications service (*Serviço público de telecomunicações*) to properly transpose into national law the rules for selecting universal service providers of electronic communications.

3.7 Skills & innovation

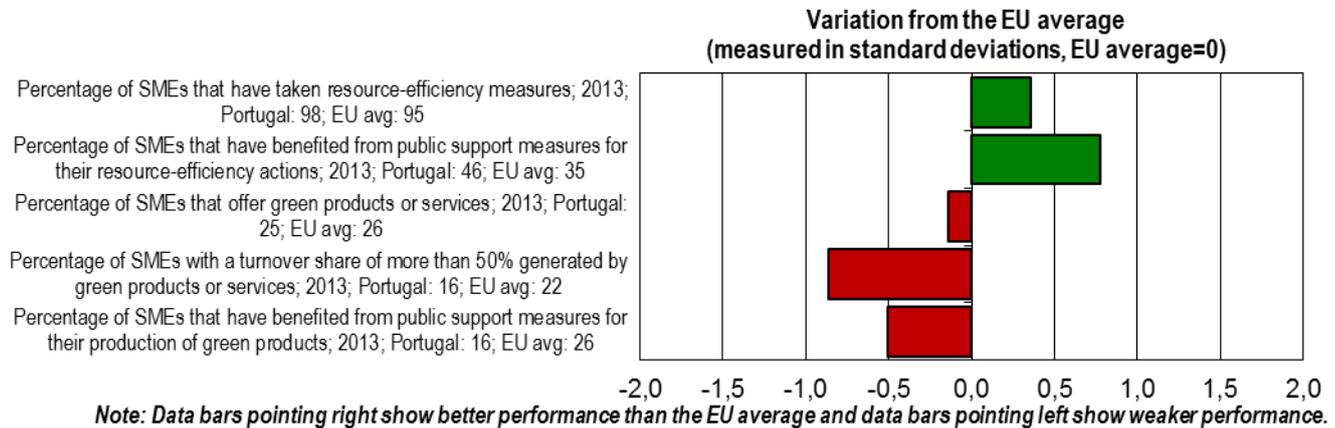


On skills & innovation Portugal performs broadly in line with the EU average. Turnover from e-commerce increased from close to 12 % in 2013 to over 15 % in 2014, while in the EU it rose from 14 % to 15 %. The percentage of Portuguese SMEs introducing product, process, marketing or organisational innovations fell in 2010-2012 but remained above the EU average.

In recent years Portugal has introduced 'innovation vouchers' (*Vales Inovação*) for SMEs to buy relevant know-how and consulting services. Measures have been taken to foster collaboration among SMEs on large technological projects. The national strategic reference framework (*Quadro de Referência Estratégica Nacional*) promoted scientific knowledge, innovation and modernisation, focusing on higher value added activities. However, there is still a need to implement stronger incentives for public-private cooperation and cooperation between businesses and science in R&D. More effective mechanisms for transferring and commercialising knowledge are also needed. Together with the shortage of qualified labour, these are

important challenges. In 2014 the government adopted the 'COMPETE 2020' programme (*Programa Operacional Competitividade e Internacionalização*) under the 'Portugal 2020' partnership agreement. COMPETE 2020 invests in smart growth and in developing an economy based on knowledge and innovation, in particular in the fields arising from the research and innovation strategy for smart specialisation. The '+Superior programme' (*Programa +Superior*) was also launched, encouraging people who normally live elsewhere to do their university studies in certain disadvantaged regions, stay in these regions and contribute to their development. The 'Portugal social innovation initiative' (*Iniciativa Portugal Inovação Social*) also started in 2014 and provides EUR 150 million for financing projects related to innovation and social entrepreneurship. In addition, the '+Innovation +Industry' (*+Inovação +Indústria*) programme was set up by the public venture capital fund Portugal Ventures to boost entrepreneurship and strengthen venture capital investments in traditional sectors.

3.8 Environment

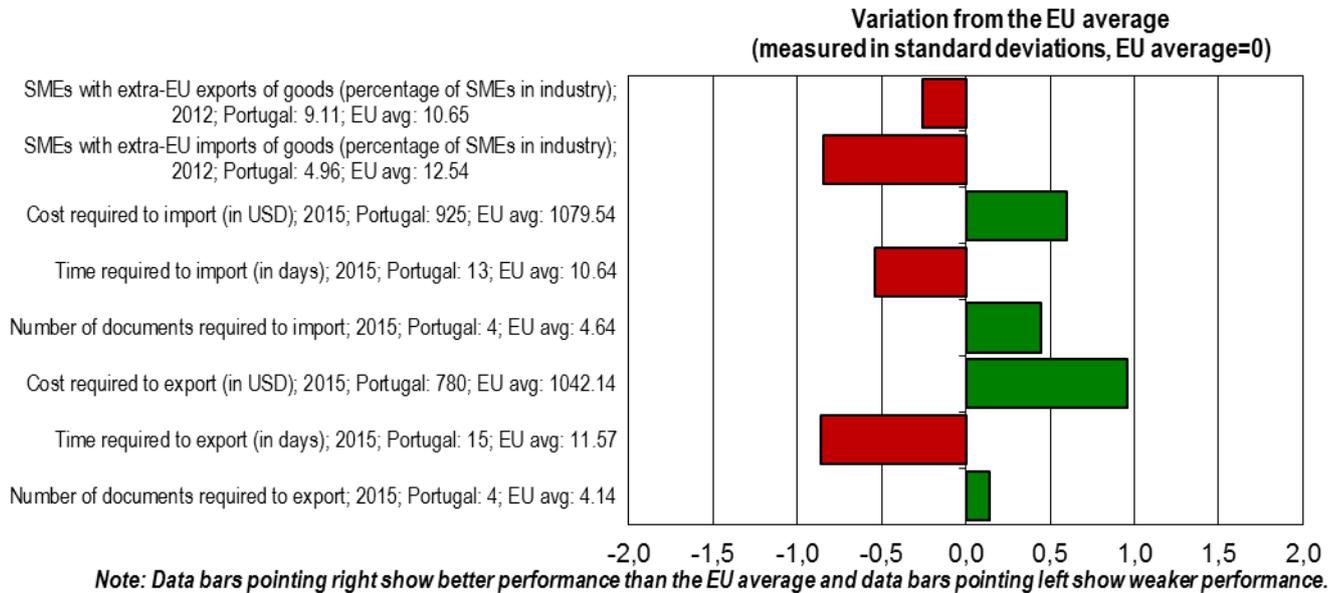


Portugal's performance on the environment is in line with the EU average, according to the most recent data (for 2013). Scores vary for different indicators. A relatively low 16 % of SMEs make most of their turnover from green products or services. By contrast, the share of SMEs that have benefited from public support measures for their action to improve resource efficiency is comparatively high, at 46 % against 35 % in the EU as a whole. The percentage of Portuguese SMEs that have taken measures to use resources more efficiently is among the three highest in the EU (though the spread within this indicator is narrow as nearly all SMEs across the EU have taken such measures).

Several initiatives have been taken in recent years to promote resource efficiency, such as support for investment for reducing emissions, water management schemes, environmental audits

and certifications. In 2014 the environmental taxation reform law (*Lei da Reforma da Fiscalidade Ambiental*) was adopted, introducing tax penalties for use of polluting energy sources and encouraging sustainable production and consumption. The 2014-2020 strategic urban waste plan (*Plano Estratégico para os Resíduos Urbanos*) aims to ensure a high level of environmental and human health protection through the use of appropriate processes, technologies and infrastructure. Portugal also launched the 'commitment to green growth' (*Compromisso para o Crescimento Verde*), which intends to implement an economic growth model based on lower consumption of natural resources, better quality of life and social and territorial cohesion.

3.9 Internationalisation



On internationalisation, as in most areas of the SBA, Portuguese SMEs are in line with the EU average. While the time needed to export a good is longer in Portugal than in the rest of the EU, the cost is among the 10 lowest in the EU. The proportion of SMEs exporting goods to non-EU countries rose continuously in 2008-2012, from 6.7 % to 9.1 %.

Portugal has taken various policy measures in recent years, for instance under the 'national strategic reference framework' programme. This addresses internationalisation, among other things, by providing specific credit lines for SMEs that export. 'One-stop-shops' on internationalisation have been set up and programmes introduced to prepare SMEs for doing business beyond national borders. These programmes provide specialised consulting for developing international marketing plans. In 2014, 'Brand Portugal' (*Marca Portugal*) was established to strengthen the image of Portuguese exports, promote them globally and improve the integration of SMEs into international supply chains.

4. Interesting new initiative

Below is an example of a new initiative from Portugal to show what governments can do to support SMEs:

Financing line for informal investors in venture capital

The 'financing line for informal investors in venture capital' (*Linha de Financiamento a Investidores Informais em Capital de Risco*) was initially launched in 2009 with co-financing from COMPETE, Portugal's operational programme for competitiveness factors. COMPETE's participation was up to 65 % and the total budget available was EUR 10 million. Implementation of this measure included a call for selection of business angels involved in managing innovative SMEs. The main beneficiaries were young SMEs with up to three years of activity and located in specific parts of Portugal. As a result, 153 investments totalling EUR 17.8 million have been made in 95 start-ups, enabling the creation of over 150 jobs for skilled personnel. Investments such as these, provided in recent years by the Portuguese community of business angels, have proved to be particularly important for creating new businesses and bringing to life innovative projects which are in the early stages of development.

Due to the positive impacts of this initiative, in 2014 the government launched a second line of co-funding with business angels, this time with a higher budget of EUR 15 million. This new line reinforces the government's commitment to boosting entrepreneurship and strengthening risk capital instruments.

References:

http://www.pofc.qren.pt/ResourcesUser/Avisos/20090831_AAC05_SAFPRI_business%20angels.pdf

<http://www.pofc.qren.pt/media/noticias/entity/lancada-nova-linha-de-15-milhoes-de-euros-para-apoio-ao-empreendedorismo-atraves-de-business-angels?fromlist=1>

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 for the 28 EU Member States and 7 non-EU countries that also contribute to the COSME programme. Produced annually, they help to organise the available information to facilitate SME policy assessments and monitor SBA implementation. They take stock and record progress. They are not an assessment of Member State policies. Rather, they should be regarded as an additional source of information to improve evidence-based policy-making. For example, they cite only policy measures national SME policy experts consider relevant. They do not and cannot reflect all measures the government has taken over the reference period. There is more policy information on a database accessible from the SPR website.

SME Performance Review:

http://ec.europa.eu/growth/smes/business-friendly-environment/performance-review/index_en.htm

grow-spr@ec.europa.eu

Small Business Act:

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

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 2013, the graphs show estimates of the development over time, produced by DIW Econ on the basis of 2008-2012 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/index_en.htm

² Portugal Foods, <http://www.portugalfoods.org/en/about-us>, last accessed 23.03.2015

³ Tributary and customs authority, Portal das Financas, http://info.portaldasfinancas.gov.pt/NR/rdonlyres/57137E95-EE8E-4865-9249-B568CAC75715/0/INFORMACAO_3052.pdf

⁴ Barómetro Empresarial Informa D&B, Janeiro de 2015, [http://biblioteca.informadb.pt/flipbook/2015/01/?utm_source=201501_barometro&utm_medium=email&utm_campaign=Barometro+janeiro+2015+-+Informa#/,](http://biblioteca.informadb.pt/flipbook/2015/01/?utm_source=201501_barometro&utm_medium=email&utm_campaign=Barometro+janeiro+2015+-+Informa#/) last accessed 11.03.2015

⁵ The 2015 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.

⁶ The quadrant chart combines two sets of information. Firstly, it shows current performance based on data for the latest available years. This information is plotted along the X-axis measured in standard deviations of the simple, non-weighted arithmetical average for the EU-28. Secondly, it shows progress over time, i.e. the average annual growth rates from 2008 to 2015. 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 2015. 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. For more information on the methodology see Saisana and Dominguez-Torreiro 2015 on the webpage of the SME Performance Review: http://ec.europa.eu/growth/smes/business-friendly-environment/performance-review/index_en.htm



⁷ The policy measures presented in this SBA fact sheet are only a selection of the measures the government took in 2014 and the first quarter of 2015. The national SME policy expert that CARSA Spain (DG GROW's lead contractor for the 2015 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.