2022 SME COUNTRY FACTSHEET'S EVIDENCE BACKGROUND DOCUMENT

Germany

This document faithfully reproduces evidence from various relevant sources, thus providing SME-focused "pure facts" in the form of concise facts. This factual information arises from national evidence, data and insights, such as the SME-relevant recent national studies, surveys, publications, policy measures, etc. (including those published only in the national language) as well as relevant international studies and other relevant sources, indicators and statistics.

Table of contents of the SME-focused topics

Factual SME-related evidence	Source
KEY NOWCASTS & FORECASTS	KEY NOWCASTS & FORECASTS
German SMEs recovered in terms of value added in 2021: SME value added rose by 5.5% after falling by 2.2% in 2020. However, SME employment continued to decline in 2021, by 1.1%.	Estimates produced by JRC, based on figures from the Structural Business Statistics Database as well as provisional data for 2020-2021 from the National Accounts Database and the Short-Term Business Statistics Database.
While SMEs in most ecosystems experienced a decline in value added in 2020, SME value added in the *construction* ecosystem grew in both 2020 and 2021, by 3.1% and 7.9%, respectively. Employment in these two ecosystems SMEs also increased in 2021, by 1.0%, after falling by 4.6% in 2020.	Estimates produced by JRC, based on figures from the Structural Business Statistics Database as well as provisional data for 2020-2021 from the National Accounts Database and the Short-Term Business Statistics Database.
Compared to 2020, most ecosystems in Germany recovered in 2021. In particular, SME value added in the *mobility - transport - automotive* ecosystem and the *retail* ecosystem grew by 6.7% and 7.8%, respectively, after declining by 4.5% and 4.0% in 2020. Employment in SMEs grew marginally by 0.3% and 1.0% respectively, after a sharp decline of 11.1% and 11.5% in 2020.	Estimates produced by JRC, based on figures from the Structural Business Statistics Database as well as provisional data for 2020-2021 from the National Accounts Database and the Short-Term Business Statistics Database.
Based on data from early 2022, it was expected that SME value added and employment in Germany would continue to grow by 9.0 % and 2.9 % respectively, but Russia's war of aggression against Ukraine will affect these estimates.	Estimates and forecasts produced by JRC, based on figures from the Structural Business Statistics Database, provisional data for 2020-2021 from the National Accounts Database and the Short-Term Business Statistics Database and forecasts from the AMECO database.
In 2021, SMEs in Germany generated 58.2% of employment and 47.4% of value added, slightly below the corresponding EU averages of 64.4% and 51.8%.	Estimates produced by JRC, based on figures from the Structural Business Statistics Database as well as provisional data for 2020-2021 from the National Accounts Database and the Short-Term Business Statistics Database.
ENVIRONMENTAL ASPECTS OF SUSTAINABILITY	ENVIRONMENTAL ASPECTS OF SUSTAINABILITY
42% of reforms and investments within Germany's national recovery and resilience plan (Deutscher Aufbau und Resilienzplan – DARP) support climate objectives. The plan includes 1.5 billion euro for green hydrogen, 2.5 billion euro for electric cars and 2.5 billion euro for energy efficiency in residential buildings.	European Commission, Factsheet on Germany's recovery and resilience plan, 2021. https://ec.europa.eu/info/system/files/germany-recovery-resilience-factsheet_en.pdf
On 1 November 2021, two new funding guidelines of the Federal Ministry of Economics and Technology came into force: "Federal funding for energy and resource efficiency in business - grant and loan" and "Federal funding for energy and resource efficiency - funding competition". Both funding guidelines improve and expand the efficiency funding for the economy and thus adapt the funding to the increased energy and climate policy goals of the Federal Government. In addition to energy efficiency, resource efficiency will also be promoted in the future. The funding conditions will be improved, especially for SMEs.	BMWI, Bundeswirtschaftsministerium erweitert Effizienzförderung für die Wirtschaft: Bessere Förderbedingungen für Klein- und Mittelständler und neuer Förderschwerpunkt Ressourceneffizienz, 2021. https://www.bmwi.de/Redaktion/DE/Pressemitteilungen/2021/10/20211011-bundeswirtschaftsministerium-erweitert-effizienzforderung-fuer-die-wirtschaft.html
According to the Green Start Up Monitor 2021, 76% of all start-ups in Germany see their environmental and social impact as relevant to their strategy. The	Fichter, K. & Olteanu, Y., Berlin: Borderstep Institut, Bundesverband Deutsche Startups e.V., Green Startup Monitor 2021, 2021.

topic of how sustainability can be integrated into strategies and processes is, however, still associated with big question marks for many start-ups.	https://deutschestartups.org/wp-content/uploads/2021/03/GreenStartupMonitor2021.pdf
According to the German Start-Up Monitor (DSM) 2021, in a year-on-year comparison, sustainability remains relevant: more than four out of ten DSM start-ups agree (fully and completely) with the statement that their products and services are in line with the Green Economy (42.8%; compared to 43.4% in 2020) or Social Entrepreneurship (38.4%; compared to 43.4% in 2020). This means that the share of DSM start-ups that specifically contribute to environmental, climate and resource protection remains high, while the value in the area of social responsibility falls by 4.2 percentage points compared to the previous year.	Bundesverband Deutsche Startups e. V. & PwC Deutschland, Deutscher Startup Monitor 2021, October 2021. https://deutschestartups.org/wp-content/uploads/2021/10/Deutscher-Startup-Monitor_2021.pdf
With the amendment of the Climate Protection Act, which came into force on 31 August 2021, the Federal Government has tightened the climate protection targets and anchored the goal of greenhouse gas neutrality by 2045. The amended Climate Protection Act raises the targets for lower CO2 emissions. The reduction target for 2030 increases by 10 percentage points to at least 65% compared to 1990. Moreover, to foster greenhouse gas neutrality by 2045, a reduction target of at least 88% applies for the year 2040. On the way there, the law provides for specific annual reduction targets in the 2030s. By 2045, Germany is to achieve greenhouse gas neutrality, meaning that there must then be a balance between greenhouse gas emissions and their reduction. After 2050, the German government aims for negative emissions. Germany should then sequester more greenhouse gases in natural sinks than it emits.	Federal Government, Climate Protection Act 2021, 2021. https://www.bundesregierung.de/breg-de/themen/klimaschutz/klimaschutzgesetz-2021-1913672
In 2021, the proportion of SMEs with a turnover share of more than 50% generated by green products or services was higher in Germany (31.7%) than the EU-27 average (23.30%).	European Commission, Eurobarometer on SMEs, resource efficiency and green markets, 2022.
SOCIAL ASPECTS OF SUSTAINABILITY	SOCIAL ASPECTS OF SUSTAINABILITY
According to the Green Start-Up Monitor 2021, green start-ups in Germany continue to stand out due to a significantly higher rate of female founders amounting to 19%. This is three percentage points higher than the German rate of 16% (Hirschfeld et al., 2020), and five percentage points above the rate for non-green start-ups. The consistently higher rate of female founders among green start-ups over the years indicates that the Green Economy, with its clear impact orientation, is fundamentally an attractive field for female entrepreneurs - a potential that has not yet been sufficiently exploited.	Fichter, K. & Olteanu, Y., Berlin: Borderstep Institut, Bundesverband Deutsche Startups e.V., Green Startup Monitor 2021, 2021. https://deutschestartups.org/wp-content/uploads/2021/03/GreenStartupMonitor2021.pdf
The German Social Entrepreneurship Monitor (DSEM) provides a yearly overview of the potential and challenges of social enterprises in Germany. Over 400 social enterprises were analysed for the	Social Entrepreneurship Netzwerk Deutschland e. V., Deutscher Social Entrepreneurship Monitor 2020 – 2021, 2021.

2020/2021 edition. The main findings included that 74.8% of social enterprises analysed for the period reinvest or donate most of their profits to the social purpose of the organisation. Moreover, the average proportion of women on the management boards of the DSEM Social Enterprises is 52.7%.	https://www.send-ev.de/wp-content/uploads/2021/03/DSEM-2020-21.pdf
DIGITALISATION	DIGITALISATION
The COVID-19 pandemic has triggered a surge in digitalisation in 2020. By January 2021, every third SME had expanded their digitalisation (33%). This shows how important digitisation measures are for companies in coping with the acute crisis. Only 5% of SMEs have reduced their digitisation efforts. This means that the balance of companies with increased minus those with decreased digitisation activities for digitisation activities for 2020 is plus 28 %.	KfW, KfW Digitalisierungsbericht Mittelstand 2020, March 2021. https://www.kfw.de/PDF/Download-Center/Konzernthemen/Research/PDF-Dokumente-Digitalisierungsbericht-Mittelstand/KfW-Digitalisierungsbericht-2020.pdf
Digitalisation is still not a top priority for many German SMEs, with more than a third of them still not engaging in digitalisation activities. Companies are also likely to concentrate on measures that can be implemented quickly and are effective in the short term, while long-term projects have been postponed more frequently.	KfW, KfW Digitalisierungsbericht Mittelstand 2020, March 2021. https://www.kfw.de/PDF/Download-Center/Konzernthemen/Research/PDF-Dokumente-Digitalisierungsbericht-Mittelstand/KfW-Digitalisierungsbericht-2020.pdf
In the European Union's Digital Economy and Society Index (DESI) 2021, Germany ranks 11th among the 27 Member States.	DESI, European Analysis 2021, 2021. https://digital-strategy.ec.europa.eu/en/policies/desi
According to the European Innovation Scoreboard in 2021, performance for the indicator "Use of information technologies" in Germany decreased relative to EU-average in 2014 for the period 2014 to 2021 by -13.8 percentage points.	European Commission, European Innovation Scoreboard 2021, 2021. https://ec.europa.eu/docsroom/documents/45915
The COVID-19 crisis has accelerated digital innovations by German SMEs. 30 to 50% stated they have been using digital technologies more compared to pre-pandemic levels.	OECD Berlin, COVID-19 als Innovations-Booster für KMU?, 2021. https://blog.oecd-berlin.de/covid-19-als-innovations-booster-fuer-kmu
Germany's novel Digitisation Index stands at 108.0 for the year 2021. The Digitisation Index measures the state of digitisation of the economy in Germany with the help of 37 indicators. Each of these indicators depicts different dimensions of digitisation. They thus show a comprehensive picture of the status quo of the digitisation of companies and the environment in which they are active. Aggregated, the indicators produce an index value for the digitisation of the economy in Germany as a whole. In the first year under review, 2020, the digitisation index for Germany is normalised to the value 100.	Federal Ministry of Economics and Climate Protection, Digitisation Index 2021, 2021. https://www.de.digital/DIGITAL/Navigation/DE/Lagebild/Indikatorentool/indikatorentool.html
INNOVATION	INNOVATION
The COVID-19 crisis has dampened the investment mood of SMEs in 2020. Never did so many SMEs abandon their investment plans.	KfW Bankengruppe, KfW Mittelstandspanel 2021, October 2021. https://www.kfw.de/PDF/Download-Center/Konzernthemen/Research/PDF-Dokumente-KfW-Mittelstandspanel/KfW-Mittelstandspanel-2021.pdf

	Most recent publication by ZEW that is also focussing SMEs: https://ftp.zew.de/pub/zew-docs/mip/21/mip_2021.pdf?v=1643623456.
According to the 2021 edition of the European Innovation Scoreboard published by the European Commission, Germany is a strong innovator. However, its performance relative to the EU average has decreased over time from 125% of EU-average in 2014 to 123% of EU-average in 2021. In absolute numbers, the innovation score increased over the last years. Concerning SME innovation performance, Germany is still high above the EU average for SMEs: 1. SMEs which are considered product innovators (147.3 % of EU average) 2. SMEs which are considered business process innovators (score: 156.5 % of EU average) 3. Innovative SMEs collaborating with others (score: 124.6% of EU average)	European Commission, European Innovation Scoreboard 2021, 2021. https://ec.europa.eu/info/research-and-innovation/statistics/performance-indicators/european-innovation-scoreboard_en
In December 2021, KfW Research published the findings of a study conducted among German SMEs that participated in waves 11 to 19 of the KfW SME Panel. The study aims to assess the effects of innovation projects on SMEs within two years of completion of the projects. The study covers the period from 2010 to 2020, with SME innovation activities being analysed up until 2018 and the effects of those activities being analysed up until 2020. The main finding of the study is that innovation has a significant impact on SMEs in Germany. On average, the turnover of SMEs who engage in innovation projects increases by 24.2 % within two years of completing the project innovation phase. This percentage is one third higher than the turnover increase that can be seen in comparable SMEs not engaging in innovation projects (18 %). Moreover, the number of employees in innovative SMEs increases by 9.1% over the same 2-year period, almost twice as much as in their non-innovative counterparts. It is predominantly higher-skilled jobs that are created: The share of employees with a university degree increases by around 11% in innovative SMEs within 2 years of completing an innovation project.	Dr. V. Zimmermann, KfW Research, Innovationen steigern Wachstum und Produktivität und verbessern die Qualifikationsstruktur der Beschäftigten in mittelständischen Unternehmen, 2021. https://www.kfw.de/PDF/Download-Center/Konzernthemen/Research/PDF-Dokumente-Fokus-Volkswirtschaft/Fokus-2021/Fokus-Nr.-361-Dezember-2021-Innoeffekte.pdf
The COVID-19 pandemic initially led to a surge in innovation. However, the longer the crisis lasted, the more the financial burden on companies caused them to curb their innovation activities. Especially small companies and companies that were heavily affected by COVID-19 are acting cautiously. By May 2021, 27 % of German SMEs had scaled back their innovation efforts while only 12 % of them increased their innovation efforts.	KfW, KfW-Innovationsbericht Mittelstand 2020, 2021. https://www.kfw.de/PDF/Download-Center/Konzernthemen/Research/PDF-Dokumente-Innovationsbericht/KfW-Innovationsbericht-Mittelstand-2020.pdf
SKILLS	
In October 2021, 43 % of all companies were affected by a shortage of skilled workers, compared to 23.7% in October 2020. Since the summer 2021,	Kfw Research, KfW-ifo-Fachkräftebarometer Q4 2021, 19 November 2021. https://www.kfw.de/PDF/Download-

a lack of skilled workers has thus become a far more frequent obstacle to production than before the pandemic.	Center/Konzernthemen/Research/PDF-Dokumente-KfW-ifo-Fachkr%C3%A4ftebarometer/KfW-ifo-Fachkraeftebarometer_2021-11.pdf
The service sector (including care and crafts) is the most affected by the shortage of skilled workers. 47.8% of the service companies reported impediments to business activity due to a lack of skilled workers. This means that the share of service providers with a shortage of skilled workers has almost doubled compared to the previous year (2020).	Kfw Research, KfW-ifo-Fachkräftebarometer Q4 2021, 19 November 2021. https://www.kfw.de/PDF/Download-Center/Konzernthemen/Research/PDF-Dokumente-KfW-ifo-Fachkr%C3%A4ftebarometer/KfW-ifo-Fachkraeftebarometer_2021-11.pdf
In October 2021, 43.2% of SMEs reported that skills shortages were hindering their business compared to 42.5% for the large companies. However, in the manufacturing sector, SMEs (42.9%) are far more likely than large companies (26.9%) to be hampered by a lack of skilled workers. In the service sector considerably more large companies are affected by the lack of skilled workers- (54.7%).	Kfw Research, KfW-ifo-Fachkräftebarometer Q4 2021, 19 November 2021. https://www.kfw.de/PDF/Download-Center/Konzernthemen/Research/PDF-Dokumente-KfW-ifo-Fachkr%C3%A4ftebarometer/KfW-ifo-Fachkraeftebarometer_2021-11.pdf
ADMINISTRATIVE BURDEN	
Since 2015, the Federal Government has been using the bureaucracy brake to ensure that the ongoing compliance burden for the economy, which is covered by the one in, one out rule, does not increase. The one in, one out principle states that if a new regulation increases current compliance burdens, these must be eliminated elsewhere - at the latest by the end of the legislative period. The Federal Government succeeded in relieving the administrative burden of the economy in the review period from 14 March 2018 to 31 December 2020. In this period, the compliance burden on businesses relevant for one in, one out has fallen by around EUR 1 275 million. In total, there were 201 regulatory projects of the Federal Government falling under the bureaucracy brake. These included 121 initiatives that burden the economy with EUR 542 million per year. In contrast, there were 80 projects that led to a reduction in current compliance burdens of EUR 1 816 million.	Federal Chancellery, Division 613 - Better Law-making and Bureaucracy Reduction Office, Annual report of the Federal Government on the reduction of bureaucracy and further development in the area of better law-making for the year 2020, 2021. https://www.bundesregierung.de/resource/blob/975232/1962044/924b36971893bd19e3f9c04d29013f2c/2021-09-22-jahresbericht-2020-barrierefrei-data.pdf?download=1
In November 2020, the state government of Lower Saxony, following the example set by North-Rhine Westphalia in 2013, set up a clearing house at the chamber of industry and commerce, which can, if necessary, review draft laws and other regulations at the drafting stage to ensure they do not generate an additional bureaucratic burden, especially for SMEs. As in previous years, the state government in Bavaria is working to this end with a commissioner for bureaucracy reduction who, among other things, carries out practice checks for planned state regulations.	Federal Chancellery, Division 613 - Better Law-making and Bureaucracy Reduction Office, Annual report of the Federal Government on the reduction of bureaucracy and further development in the area of better law-making for the year 2020, 2021. https://www.bundesregierung.de/resource/blob/975232/1962044/924b36971893bd19e3f9c04d29013f2c/2021-09-22-jahresbericht-2020-barrierefrei-data.pdf?download=1
In April 2021, the Federal Cabinet approved a comprehensive package of measures to reduce bureaucracy. With this, the Federal Government is implementing a mandate from the coalition committee of 25 August 2020. The bureaucracy relief package contains 22 concrete measures to	Federal Government, Press Release, Federal Cabinet approves 22-point package to reduce bureaucracy, 13 April 2021. https://www.bundesregierung.de/breg-de/aktuelles/bundeskabinett-beschliesst-22-

relieve companies, government agencies and citizens of bureaucracy. The central point is the establishment of a basic register for business master data in connection with a uniform national business number. The basic register will not only noticeably relieve the burden on SMEs, but also on the administration. The package of measures also includes faster binding information on tax issues and improvements in planning and approval procedures. Other measures included are aimed at shortening existing procedures and making them more transparent - for example, by speeding up and digitising status determination procedures for self-employed persons, but also making it easier for young companies to apply for procurement procedures. Ten of the 22 measures have been successfully implemented. For the remaining 12 measures concrete milestones have been set. It is expected that the implementation of these measures will be completed in 2022 and partly in 2023 as planned.	punkte-paket-fuer-buerokratieerleichterungen-1889056
REGULATORY OBSTACLES	REGULATORY OBSTACLES
In 2020, the number of pending infringement procedures in Germany was higher (48) than the EU-27 average (31).	European Commission, Single Market Scoreboard, 2021.
The compliance burden represents the total direct time and costs incurred by citizens, businesses, and public administration in complying with federal regulations. According to the 2021 annual report on the reduction of bureaucracy in Germany, regulatory projects adopted by the Federal Government in 2020 caused EUR 343 million in annual recurring compliance costs for businesses. 75 regulatory projects had a burdening effect and 44 a relieving effect. The digitisation of various data transmissions had the greatest burdening and relieving influence on the current compliance expenditure. For example, the electronic transmission of incapacity to work data relieved employers of 114 million euros in compliance costs. However, the digitisation of patient files increased compliance costs for clinics, doctors and pharmacies by 117 million euros per year.	Federal Chancellery, Division 613 - Better Law-making and Bureaucracy Reduction Office, Annual report of the Federal Government on the reduction of bureaucracy and further development in the area of better law-making for the year 2020, 2021, page 68. https://www.bundesregierung.de/resource/blob/975232/1962044/924b36971893bd19e3f9c04d29013f2c/2021-09-22-jahresbericht-2020-barrierefrei-data.pdf?download=1
ACCESS TO FINANCE	ACCESS TO FINANCE
In view of the current pandemic situation, the Federal Government and KfW are prolonging the KfW Special Programme, including the KfW Fast Loan (KfW-Schnellkredit), until 30 June 2022 (application deadline: 30 April 2022) in order to continue to provide businesses with reliable liquidity. Furthermore, the loan ceilings are again increased in line with the Fourth Amended Federal Small Grants Regulation. The KfW Special Programme was launched on 23 March 2020 and has enabled corporate financing with a total volume of EUR 55 billion up to the end of 2021 to cushion the impact of the Corona crisis. SMEs were the main	Federal government & KfW, Press Release, Antragstellung im KfW-Sonderprogramm bis 30. April 2022 verlängert – Kredithöchstbeträge werden erneut angehoben, 03 December 2021. https://www.bmwi.de/Redaktion/DE/Pressemitteilungen/2021/12/20211203-antragstellung-im-kfw-sonderprogramm-bis-30-april-2022-verlangert-kredithochstbetrage-werden-erneut-angehoben. https://www.ueberbrueckungshilfe-unternehmen.de/UBH/Redaktion/DE/Downloa

beneficiaries. KfW assumes a share of the credit risks of the financed company. The financing structures are tailored to the individual needs of the borrower.	ds/corona-wirtschaftshilfen-bilanz-zum-jahresende.pdf?__blob=publicationFile&v=8
According to the 25th round of the Survey on the Access to Finance of Enterprises (SAFE) in the euro area, which was conducted between 6 September and 15 October 2021 and refers to the period April to September 2021, the profitability and vulnerability indicators for SMEs showed improvements across all the largest euro area economies, with Germany's percentage of vulnerable companies at 3% in the survey period April to September 2021 down from 7.2% in the survey period March to September 2010.	European Central Bank, Survey on the Access to Finance of Enterprises (SAFE), 24 November 2021. https://www.ecb.europa.eu/stats/ecb_surveys/safe/html/ecb.safe202111~0380b0c0a2.en.html
According to the 25th round of the Survey on the Access to Finance of Enterprises (SAFE) in the euro area, which was conducted between 6 September and 15 October 2021 and refers to the period April to September 2021, SMEs demand for bank loans and credit lines moderated in most countries and even decreased in Germany (-9% in the survey period April to September 2021 down from 3% in the survey period October 2017 to March 2018). The sample comprised 10,493 enterprises in the euro area, of which 9,554 (91%) had fewer than 250 employees.	European Central Bank, Survey on the Access to Finance of Enterprises (SAFE), 24 November 2021. https://www.ecb.europa.eu/stats/ecb_surveys/safe/html/ecb.safe202111~0380b0c0a2.en.html
According to the 25th round of the Survey on the Access to Finance of Enterprises (SAFE) in the euro area, which was conducted between 6 September and 15 October 2021 and refers to the period April to September 2021, fewer SMEs in Germany felt that the general economic outlook had negatively affected the availability of external financing: -3% in the period April to September 2021 down from -28% in the survey period October 2017 to March 2018. The sample comprised 10 493 enterprises in the euro area, of which 9 554 (91%) had fewer than 250 employees.	European Central Bank, Survey on the Access to Finance of Enterprises (SAFE), 24 November 2021. https://www.ecb.europa.eu/stats/ecb_surveys/safe/html/ecb.safe202111~0380b0c0a2.en.html
LATE PAYMENTS	LATE PAYMENTS
Suppliers and lenders in Germany recorded an increase in late payments in the 1st half of 2021. Based on more than 3.9 million invoice documents from the Creditreform Debitorenregister Deutschland (DRD), the average payment delay in B2B business amounted to 9.97 days in the second half of 2021 (Q1 2021: 10.23 days). There was a significant increase in late payments, especially in the construction sector. The payment terms for customers tended to be shortened in recent months to an average of 30.71 days (Q1 2021: 31.98 days).	Verband der Vereine Creditreform e.V., Creditreform Zahlungsindikator Deutschland – Sommer 2021, Wirtschaftsforschung Pressemitteilung, 29 July 2021. https://www.creditreform.de/aktuelles-wissen/pressemeldungen-fachbeitraege/news-details/show/creditreform-zahlungsindikator-deutschland-sommer-2021
According to the European Payment Report 2021 published by Intrum, 61 % of German SMEs would like to see an introduction of new legislation to solve the problems with late payments.	Intrum, European Payment Report 2021, 2021.https://www.intrum.com/publications/european-payment-report/european-payment-report-2021/
According to the European Payment Report 2021 published by Intrum, 43 % of German SMEs believe that the widening gap between payment terms and	Intrum, European Payment Report 2021, 2021. https://www.intrum.com/publications/european-payment-report/european-payment-report-2021/

duration of pay is a real risk to the sustainable growth of their business.	
ACCESS TO MARKETS	
The Federal Government has extended the 5-point package of measures ("5-Punkte Maßnahmenpaket") to strengthen the German export industry during the COVID-19 pandemic until 31 December 2021. A number of these measures have been extended to mid-2022 (further extension under discussion) or are open-ended. The 5-point package of measures aims to improve the liquidity situation of exporters and importers, to improve refinancing opportunities of banks in connection with export transactions and to facilitate the financing of foreign transactions.	Auslandsgeschäfts-absicherung der Bundesrepublik Deutschland (AGA), Exportkreditgarantien Halbjahresbericht 2021, August 2021; Meldung zur Verlängerung des Maßnahmenpakets 15. Dezember 2021. https://www.agaportal.de/news/beitraege/5p massnahmen-20211215
According to the OECD SME and Entrepreneurship Outlook 2021, German SMEs were less exposed to disruptions in global value chains (GVCs) than other OECD countries, since they are less engaged in international trade and long value chains. However, they may face difficulties in sourcing intermediaries if foreign direct investment is durably impacted, and they may miss rebound opportunities stemming from GVCs.	OECD, OECD SME and Entrepreneurship Outlook 2021, 2021. https://www.oecd.org/industry/smes/SME-Outlook-2021-Country-profiles.pdf
START-UP ENVIRONMENT	
Due to the outbreak of the COVID-19 crisis, start-up activity in Germany declined in 2020. The number of start-ups has fallen to 537 000. Full-time and sideline businesses were affected equally. The number of sideline start-ups dropped to 336 000, the number fulltime start-ups slipped to 201 000 and thus to a new record low.	KfW, KfW-Gründungsmonitor 2021, June 2021.https://www.kfw.de/PDF/Download-Center/Konzernthemen/Research/PDF-Dokumente-Gr%C3%BCndungsmonitor/KfW-Gr%C3%BCndungsmonitor-2021.pdf
In 2020, founders became independent more frequently to take advantage of a business opportunity rather than out of hardship (because they couldn't find any other options for gainful occupation). Their share rose to 80 %, which means that the number of opportunity start-ups remained relatively stable at 428 000 despite the decline in start-up activity.	KfW, KfW-Gründungsmonitor 2021, June 2021. https://www.kfw.de/PDF/Download-Center/Konzernthemen/Research/PDF-Dokumente-Gr%C3%BCndungsmonitor/KfW-Gr%C3%BCndungsmonitor-2021.pdf
According to the German Start-up Monitor (DSM) 2021, the German start-up ecosystem produced a wide variety of start-ups and created cross-sector innovation in 2021. This can be seen above all in the broad spectrum of industries represented. Information and communication technology continue to dominate (30.5%). Additionally, in a year-on-year comparison, there has been relative growth in the medical and healthcare sector (+1.4 percentage points) and in the textile sector (+1.1 percentage points). As losers of the COVID-19 crisis, the tourism industry declined by 1.1 percentage points year-on-year and now accounts for only 1.6% of DSM start-ups.	Bundesverband Deutsche Startups e. V. & PwC Deutschland, Deutscher Startup Monitor 2021, October 2021. https://deutschestartups.org/wp-content/uploads/2021/10/Deutscher-Startup-Monitor_2021.pdf
Just under two-thirds of the start-ups surveyed for the purpose of the German Start-up Monitor classify themselves as having a digital business model	Bundesverband Deutsche Startups e. V. & PwC Deutschland, Deutscher Startup Monitor 2021, October 2021.

(65.2%), with software-as-a-service (SaaS) being the most popular (26.5%). An important role is also played by the area of technology development and production (19.6%), which is a hybrid area with both analogue and digital business models, which is particularly relevant for the transfer of (university) research into practice.	https://deutschestartups.org/wp-content/uploads/2021/10/Deutscher-Startup-Monitor_2021.pdf
According to the Global Entrepreneurship Monitor 2020/2021, Germany performs strongly in terms of "Government entrepreneurship programs", ranking 5th out of 45 countries analysed. Moreover, it ranks 12th on "Access to entrepreneurial finance".	GEM, GEM 2020/2021 GLOBAL REPORT, 2021. https://www.gemconsortium.org/report/gem-20202021-global-report
In 2020, the number of startup procedures was higher in Germany than the EU-27 average (9 compared to 5.37).	World Bank Doing Business Report, 2020.
SCALE-UP ENVIRONMENT	SCALE-UP ENVIRONMENT
According to the German Start-Up Monitor (DSM) 2021, the share of venture capital-funded DSM start-ups increased by 1.3 percentage points compared to the previous year. Almost every other DSM start-up that prefers venture capital funding is looking for corporate venture capital (CVC), hoping to gain collaborative opportunities for cooperation and access to distribution channels.	Bundesverband Deutsche Startups e. V. & PwC Deutschland, Deutscher Startup Monitor 2021, October 2021. https://deutschestartups.org/wp-content/uploads/2021/10/Deutscher-Startup-Monitor_2021.pdf
IMPACT OF THE COVID-19 CRISIS	IMPACT OF THE COVID-19 CRISIS
As of January 2022, a total of around EUR 60 billion have been paid out as grants to support German companies during the COVID-19 pandemic. Payments under the Bridging Assistance III alone amounted to around EUR 26 billion at the end of 2021. More than 400,000 solo self-employed had already benefited from an operating cost allowance and about EUR 2 billion had been paid out until end of December 2021 as part of the Restart Aid Assistance ("Neustarthilfe" and "Neustarthilfe Plus").	Federal Ministry of Finance, Monthly report: Corona aid for companies - a preliminary assessment, November 2021. https://www.bundesfinanzministerium.de/Monatsberichte/2021/11/Inhalte/Kapitel-3-Analysen/3-1-bilanz-corona-unternehmenshilfen-pdf.pdf?__blob=publicationFile&v=7 https://www.ueberbrueckungshilfe-unternehmen.de/UBH/Redaktion/DE/Downloads/corona-wirtschaftshilfen-bilanz-zum-jahresende.pdf?__blob=publicationFile&v=8
For businesses, the proven applicable instrument of Bridging Assistance III Plus was continued as Bridging Assistance IV for the months of January to the end of June 2022. Likewise, the Restart Aid Assistance Plus for self-employed persons was continued as Restart Aid Assistance 2022 for the months of January to the end of June 2022.	BMWI, Altmaier zur verlangerung corana hilfen, November 2021. https://www.bmwi.de/Redaktion/DE/Pressemitteilungen/2021/11/20211124-altmaier-zur-verlangerung-corona-hilfen.html https://www.bmwk.de/Redaktion/DE/Pressemitteilungen/2022/02/20220216-corona-wirtschaftshilfen-werden-als-absicherungsinstrument-bis-ende-juni-2022-verlangert-bewahrte-programmbedingungen-werden-fortgesetzt.html
With the extended short-time allowance, the Federal Government stabilized employment. Despite the pandemic, Germany has a low unemployment rate, one of the lowest in the European Union (3.2 percent in December 2021 according to Eurostat). The number of workers receiving short-time allowance reached a peak of	Federal Ministry of Finance, Monthly report: Corona aid for companies - a preliminary assessment, November 2021. https://www.bundesfinanzministerium.de/Monatsberichte/2021/11/Inhalte/Kapitel-3-Analysen/3-1-bilanz-corona-

5.98 million in April 2020, significantly higher than the 1.4 million at the peak of the global financial crisis. In the meantime, approx. EUR 40 billion in short-time allowances have been paid to secure jobs.	unternehmenshilfen-pdf.pdf?__blob=publicationFile&v=7
As of 29 December 2021, KfW has committed about EUR 60 billion in loans in Germany and abroad in its Corona assistance programmes since their launch (on 23 March 2020). In Germany, SMEs, with loan volumes of up to EUR 3 million, continue to be among the main beneficiaries of these aids. As expected, demand is declining, but the Corona assistance programmes continue to account for a significant share of commitments with EUR 8.4 billion (EUR 46.1 billion).	KfW Banking Group, Quarterly report Q3 2021, Third quarter 2021: Exceptional production year continues with significant catch-up effects, 2021. https://www.kfw.de/%C3%9Cber-die-KfW/Service/Download-Center/Finanzpublikationen/Quartalsbericht/?redirect=678081 https://www.ueberbrueckungshilfe-unternehmen.de/UBH/Redaktion/DE/Downloads/corona-wirtschaftshilfen-bilanz-zum-jahresende.pdf?__blob=publicationFile&v=8
According to the OECD SME and Entrepreneurship Outlook 2021, Germany has been slightly less exposed to business disruptions during the pandemic: the most affected economic sectors accounting for 38% of total employment compared to an OECD average of 39.7%. The urban area of Hamburg was the most exposed region with the highest share of jobs at risk (about 31%), due to the regional concentration of wholesale & retail trade, and art & entertainment.	OECD, OECD SME and Entrepreneurship Outlook 2021, 2021. https://www.oecd.org/industry/smes/SME-Outlook-2021-Country-profiles.pdf
NATIONAL RECOVERY AND RESILIENCE PLAN	NATIONAL RECOVERY AND RESILIENCE PLAN
Key measures of Germany's national recovery and resilience plan to reinforce economic and social resilience include notably a joint programme at national and regional level to tackle investment bottlenecks : identifying and implementing concrete proposals to shorten administrative planning and approval procedures, to standardise requirements to request financing subsidies and to increase the number of successful transfers of business ownership to the next generation. The national recovery and resilience plan also includes EUR 725 million to support apprentices during the crisis and a EUR 3 billion programme to modernise hospitals.	European Commission, Factsheet on Germany's recovery and resilience plan, June 2021. https://ec.europa.eu/info/system/files/germany-recovery-resilience-factsheet_en.pdf
52% of reforms and investments within Germany's national recovery and resilience plan support digital objectives. The plan includes EUR 1.5 billion for investment in microelectronics and communication technologies, EUR 750 million for next generation cloud infrastructures and services and EUR 3 billion for digitisation of public services.	European Commission, Factsheet on Germany's recovery and resilience plan, June 2021. https://ec.europa.eu/info/system/files/germany-recovery-resilience-factsheet_en.pdf
NATIONAL INDUSTRIAL ECOSYSTEMS *	NATIONAL INDUSTRIAL ECOSYSTEMS
Destatis analysed the share of total sales generated by SMEs for the country's main industrial ecosystems in 2019. SMEs play a particularly large role in the construction and hospitality industries. Here, they generated around 78% of turnover in 2019 and employed around 88% of the people	Statistisches Bundesamt (Destatis), Small and medium-sized businesses generated around 78% of sales in the construction and hospitality sectors, 2022. https://www.destatis.de/DE/Themen/Branchen-Unternehmen/Unternehmen/Kleine-

working in the industry. They also dominate in real estate and housing and in some services. In contrast, large enterprises generated higher turnover than SMEs in mining, manufacturing, energy supply, trade, transport and storage, and information and communication technologies. The economic sector with the smallest share of SMEs was energy supply for which SMEs accounted only for about 4% of turnover.	Unternehmen-Mittlere-Unternehmen/aktuell-umsatz.html;jsessionid=0C0070B79E1E63A4BCBDA758DB9BF188.live731
OTHER RELEVANT TOPICS	OTHER RELEVANT TOPICS
Destatis conducted an analysis of companies in manufacturing, energy and water supply, trade, hospitality and parts of the other service industries. At just under 2.6 million, the vast majority (99.4%) of enterprises were SMEs in 2019. 2.1 million were considered micro enterprises and around 17,000 large enterprises.	Destatis, 56 % in kleinen und mittleren Unternehmen tätig, July 2021. https://www.destatis.de/DE/Themen/Branchen-Unternehmen/Unternehmen/Kleine-Unternehmen-Mittlere-Unternehmen/aktuell-beschaeftigte.html
According to the spring projection done in April 2022, gross domestic product (GDP) is expected to grow by 2.2% growth in 2022 and 2.5% in 2023. The German government expects inflation rates of 6.1% in 2022 until it normalises at 2.8% in 2023.	https://www.bmwk.de/Redaktion/DE/Artikel/Wirtschaft/Projektionen-der-Bundesregierung/projektionen-der-bundesregierung-fruehjahr-2022.html