



# Supporting SMEs in Europe overcoming barriers to investments

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# Ex post evaluation state of play and results of SME study

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# Objectives of the evaluation

## RELEVANCE

- ✓ Relevance of ERDF investments to achieve growth and jobs objectives
- ✓ Impact of COVID-19 on ERDF relevance
- ✓ Alignment of ERDF investments with S3 priorities
- ✓ Relevance of delivery mechanisms to achieve intended objectives

## COHERENCE

- ✓ Fit of ERDF support into the national policy mix
- ✓ Coherence with other EU interventions with similar objectives



## EFFECTIVENESS

- ✓ Intended and unintended effects of different policy interventions
- ✓ Degree of achievement of objectives
- ✓ Potential bottlenecks reducing ERDF support effectiveness
- ✓ Effects on innovation and technological upgrade of supported SMEs
- ✓ Effects on increased access to global markets and international value chains

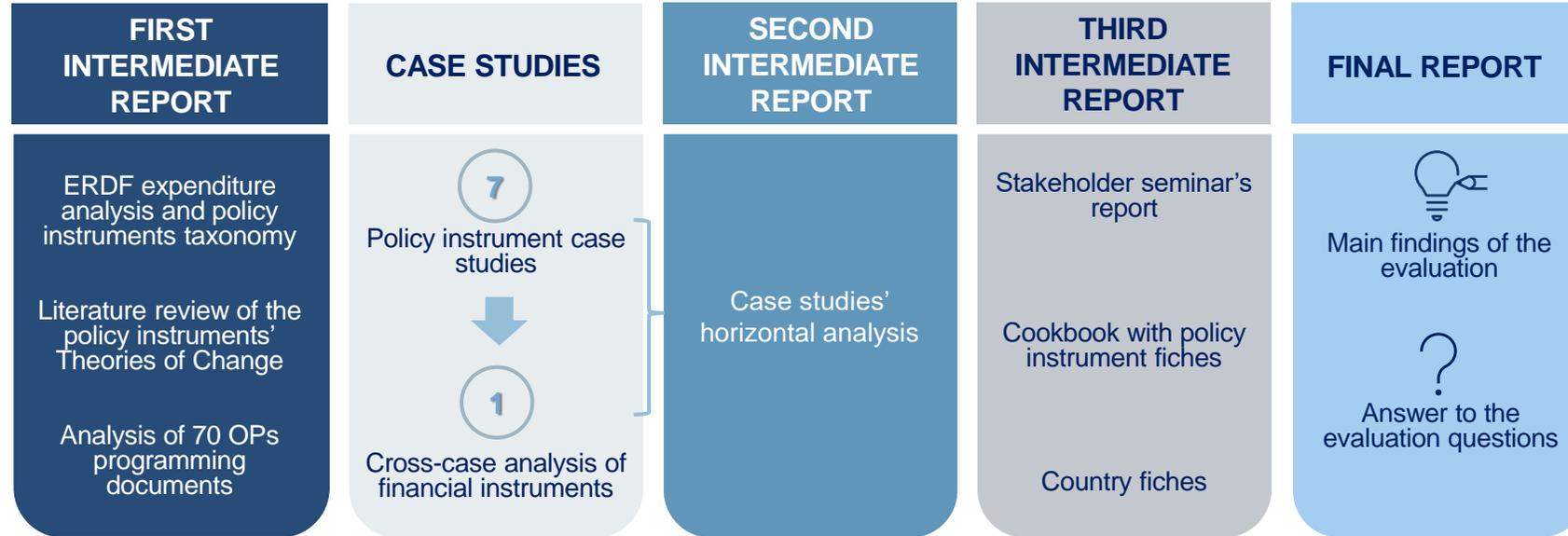
## EFFICIENCY

- ✓ Underlying factors and drivers influencing implementation
- ✓ Inefficiencies and obstacles
- ✓ Results of grants compared to financial instruments
- ✓ Circumstances increasing ERDF support effectiveness and relevance

## EU ADDED VALUE

- ✓ What would have happened in the absence of ERDF support
- ✓ Contribution of ERDF to the reduction of regional disparities
- ✓ Implications of extending ERDF support to the use of working capital and to support undertakings in difficulty

# Evidence basis and outputs



Literature review and documentary analysis



155 interviews

255 interviews

138 participants

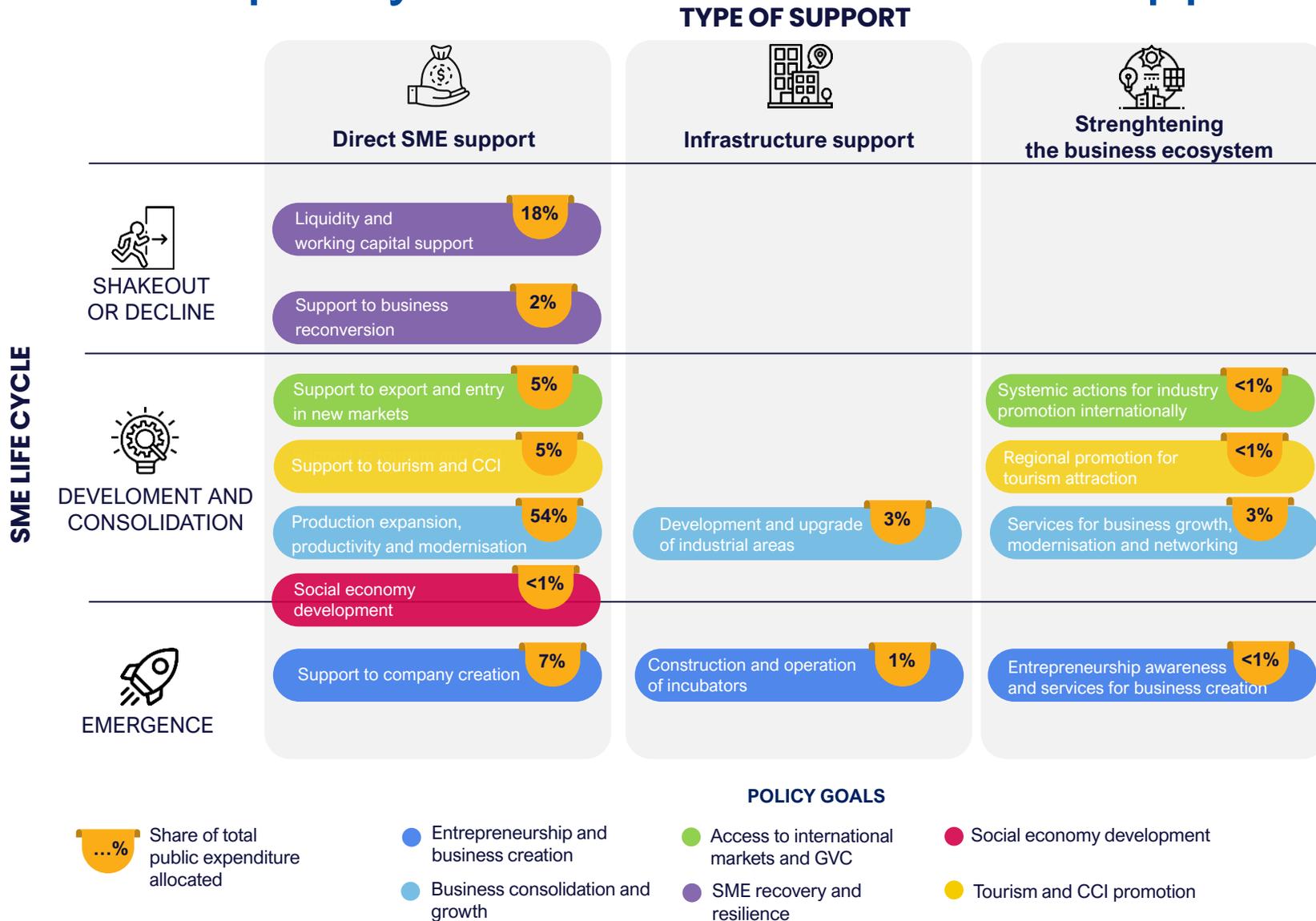


Descriptive statistical analyses

Econometric analyses

Additional descriptive and econometric analysis on beneficiary data

# ERDF policy instruments for SME support



 **268,919**  
Operations mapped

 **69.92 B€**  
Total expenditure mapped

Funding for liquidity and working capital support significantly increased towards the end of the programming period in response to the COVID-19 pandemic.

Based on WP2 expenditure data at operation level, as of end 2020 (allocations to selected operations)

# Main outputs and outcomes - in relative terms



ERDF measures under Thematic Objective 3 has reached **almost 1.8 million SMEs** by the end of 2022 (**7% of total active SMEs; EUR 35k of average of EU+national resources**).



About **70%** of these firms received **direct financial incentives** in the form of both **non-repayable grants** and **financial instruments**.



Thematic Objective 3 contributed to support around **500,000 newly established enterprises** by the end of 2022 (**3% of newborn enterprises over 7 years**).



Expenditure under Thematic Objective 3 led to the creation of **more than 320,000 jobs** by the end of 2022 (**<1% of total SME employment**).

# Key findings

More ambitious and long-term investment strategies facilitate positive and durable effects

Higher and more durable effects associated with...



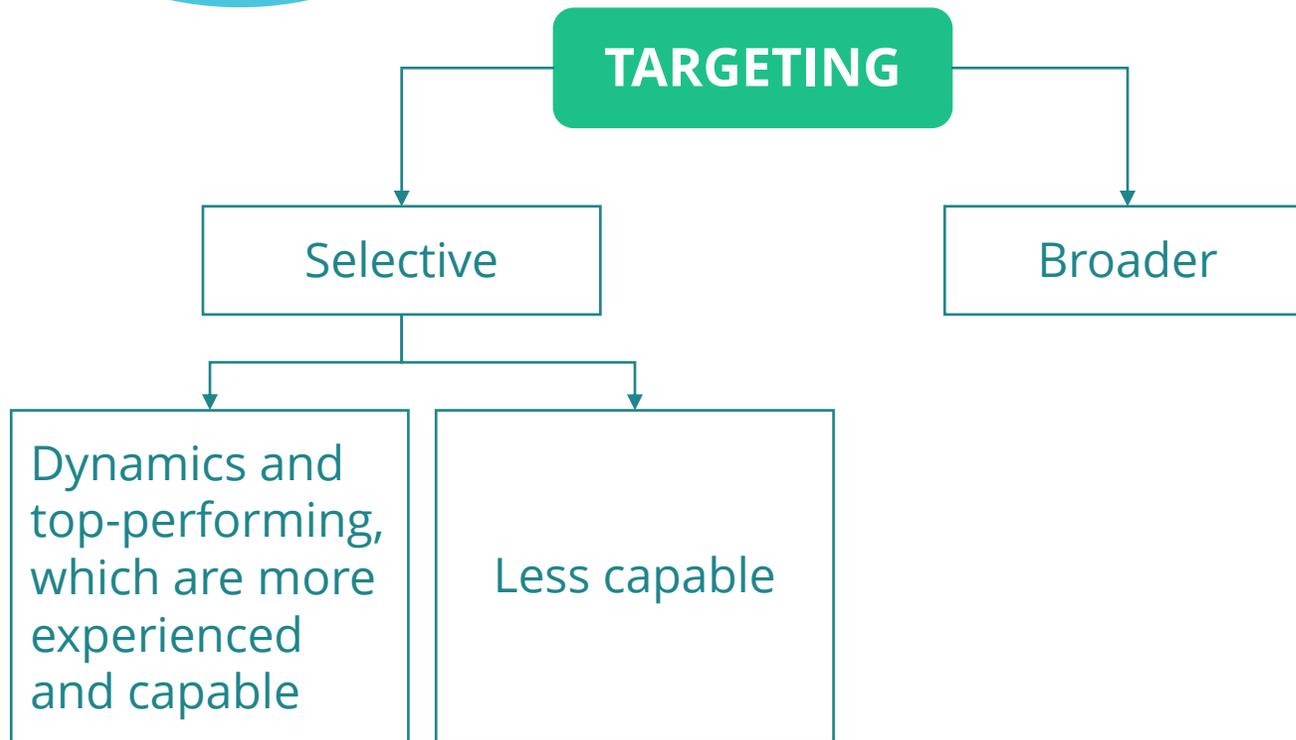
- SMEs with necessary managerial capacity already able to undertake structured and long-term oriented investments
- In less experienced (and smaller) SMEs, capabilities can be increased through instruments providing business advice

The higher the investment size, the higher the growth rates

Competitive selection procedures are more effective in selecting high-quality projects

# Key findings

## Place-based approach and targeting strategies



- Qualitative evidence indicate good targeting, **aligned with local needs expressed by SME.**
- **Intermediaries** helped achieve place-based strategies.
- Alignment with **S3 sectors** (although not mandatory) was frequently more nominal than substantial.
- Some (weak) indications of higher performance when expenditure aligned with S3 sectors.

# Key findings

Striking a balance between path dependency and experimentation

## THE ADDED VALUE OF THE ERDF



**Continuity and security of funding over a relatively long period**



**Room for experimentation**

- Particularly important for infrastructure development investments.
- Beneficial for enhancing the capability among Managing Authorities.

- A learning-by-doing process: updating instruments to align them with evolving SME needs and address observed drawbacks.
- A trial-an-error approach: it inherently involves risks and may lead to failures, but these setbacks are essential for the learning process.

# Key findings

Systemic effects demand integrated design in public support, yet evidence of instrument synergy is limited

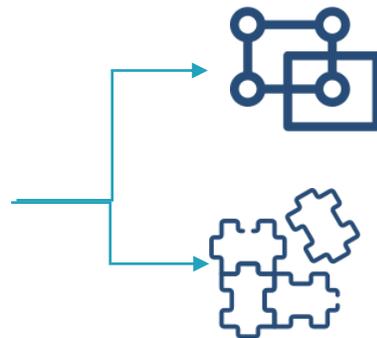
Achieving structural change necessitates thinking in systemic terms



- Beyond the design of individual policy instruments addressing the specific needs of SMEs, there is a need for considering how various forms of support can synergise and collectively contribute to systemic effects on regions.
- Some complementary forms of ERDF support, especially between R&D and SME competitiveness objectives.

**BUT**

Evidence of synergies between different instruments is still limited



General application of demarcation lines, but sporadic synergies.

In general, lack of a deliberate strategy to ensure complementarity and synergies between instruments.