



European
Commission

COHESION POLICY: STRATEGIC REPORT 2013

Factsheet: Other SME and business support



Strategic Report 2013 – Programme implementation 2007-2013

Factsheet: Other SME and Business Support

This factsheet has been produced in support of the Commission 2013 Strategic report on cohesion policy programme implementation (2007-2013). It should be read in conjunction with that report (COM(2013) 210) and the accompanying Staff Working Document (SEC(2013) 129) available on this website:

http://ec.europa.eu/regional_policy/how/policy/strategic_report_en.cfm

1. Overview

Investments in business support cover a wide range of different measures in both convergence and regional, competitiveness and employment Member States and regions and are funded mainly by ERDF with some support also from the ESF.

The following headings are reported under "other support to businesses" (including SMEs and large enterprises):

- Advanced support services for firms and groups of firms
- Support for self-employment and business start-up
- Other investment in firms

A significant proportion of this support is delivered using financial engineering instruments (loan and guarantee funds, equity and VC funds).

It should be borne in mind that SMEs also benefit from innovation supports that are not reported on here (See Factsheet – Innovation and R&D).

In terms of the content and policy focus of these business support measures, the European Commission has published guidance in form of a communication ("Europe 2020: a strategy for smart, sustainable and inclusive growth") and a brochure¹, which highlighted good practices in Member States and regions and which inspired the concept of smart specialisation that is serving as a framework for the of design better innovation and business support measures. A Guide to Research and Innovation Strategies for Smart Specialisation as well as a series of complementary guides directly relevant for designing effective business support measures were also recently produced². In addition, a range of peer-review and thematic seminars were organised involving and reaching out to Managing Authorities and stakeholders from the business community³.

¹ http://ec.europa.eu/regional_policy/information/pdf/brochures/rfec/2011_smart_growth_en.pdf

² <http://s3platform.jrc.ec.europa.eu/s3pguide>; <http://s3platform.jrc.ec.europa.eu/guides>

³ e.g. 'Smart specialisation and entrepreneurial discovery - the role of the business community' (October 2012)

2. Project examples

These examples have mostly been taken from the relevant National Strategic reports.

CY	OP: Sustainable Development and Competitiveness	Fund: ERDF	EU: € 9.4m
Title: Grant schemes for youth and female entrepreneurship			
Project description: The two schemes assist the creation of new sustainable business in new technologies and services promoting tourism and environmental protection. Support targets women (18-55 years) and young people (20-39) with new business ideas. Financial aid and training seminars are offered to create new, sustainable microenterprises. To date 285 businesses have been supported with plans for 850 new jobs created. Following the success of the youth scheme, the budget was increased and a new call launched in November 2012.			

DE	OP: Brandenburg	Fund: ERDF	EU: € 22.5m
Title: BFB Wachstumsfonds Brandenburg			
Project description: The fund's aim is to support technology-oriented SMEs with high growth prospects in Brandenburg during their early growth stage, using open and silent partnerships. Projects financed to date include an SME active in nanotechnology and a company engaged in medical diagnosis. By September 2012, more than EUR 15.0 million was invested in 19 enterprises.			

ES	OP: Andalusia	Fund: ERDF	EU: € 165m
Title: JEREMIE Andalusia (Joint European Resources for Micro to Medium Enterprises)			
Project description: The objective of the project is to improve access to funding of SMEs and supporting entrepreneurship. The fund has two strands: a Risk Capital Fund (total cost EUR 20 million) and a Multi-instrument Fund (EUR 185 million). The JEREMIE fund in Andalusia is being managed by the regional development agency 'IDEA' with EIF participation. It is the largest such fund in Europe, with EUR 235 million available. So far, 66 projects have been approved. The induced investment to date amounts to EUR 471 million while 7,847 jobs were created.			
Source: REGIO Project Database			

3 Assessment of Implementation

3.1 Tracking EU financial input

Altogether EUR 22.8 billion are now foreseen to be spent across the EU 27 in the period 2007-2013 under these additional business support measures. This figure has increased as a result of thematic reprogramming in many MS because of need in many cases to address access to finance issues for SMEs.

Implementation of these measures is well advanced with the average rate of project selection standing at 94% at the end of 2011 – **Table 1.1**. Some countries have allocated funds under these categories in excess of what was originally foreseen – **Table 1.2** (GR, SE, EE, DK, IE, LU). Without counting these countries the average selection rate is 78%, with no significant variations between competitiveness and convergence regions, and with just ES and BG significantly below the average.

The heading/category "support for self-employment and business start-up" is mainly supported by the ESF, which provides over 80% of the funds. Together with the ERDF, a total of over EUR 3.1 billion was allocated to this priority. Over 60% of the amounts have been allocated to convergence regions (EUR 1.9 billion). The remainder has been targeted at regional competitiveness and employment (EUR 1.2 billion).

At the end of 2011, over EUR 1.6 billion had been committed to selected projects on support for the self-employed and business start-up. This rate of 53% is below the average for this group of categories (83%). For the two funds together, six Member States (AT, PT, IT, MT, SK, UK) have selected projects worth less than 25% of the allocated amounts. Six Member States, including the three Baltic states, have an implementation rate of over 90% (EE, BE, LV, LT, FR, SI).

Use of Financial engineering Instruments

A significant proportion of this support is delivered using financial engineering instruments. At the end of 2011, 484 funds for enterprises offering all types of financial products (loans, guarantees, equity/venture capital and other products such as interest rate subsidies) were set up in 25 Member States and one cross border cooperation region.

Support provided to enterprises (SMEs) through these instruments amounted to EUR 8,903 million, including EUR 5,753 million of Structural Funds (ERDF and ESF). This constitutes more than 80% of all programme resources allocated to financial engineering instruments. Of this total volume 40% or EUR 3,584 million) were already disbursed to enterprises through almost 68,000 repayable investments by end 2011⁴.

The highest number of FEIs (including holding funds) offering support to enterprises was reported by PL (128), FR (111) and UK (50).

However, DE (with EUR 625 million), IT (with EUR 743 million) and UK (with EUR 307 million) made the biggest investments in in terms of OP contributions paid to final recipients.

3.2 Outputs and results

In the case of ERDF Business support measures the relevant core indicators are "Number of projects – Direct investment aid to SME", "Number of start-ups supported" and "Jobs created in SMEs (gross, full time equivalent)". However, it must be noted that these indicators are not exclusively aligned with the categories covered here as other interventions may also provide investment aid, support to start-ups and to job creation in SMEs.

ERDF/Cohesion Fund core indicators:

For the ERDF/CF the Commission recommends the use of "core indicators" in addition to the programme specific indicators (that vary according to national and regional practice and the specific objectives of the programmes). Use of core indicators has the advantage of allowing the possibility of aggregation but is not obligatory in this period.

⁴ According to the "Summary report on the progress made in financing and implementing financial engineering instruments co-financed by Structural Funds (programming period 2007-2013, situation as at 31 December 2011)".

The global aggregate achievements presented below are based on 2011 annual reports or, where possible, on updated values for 2011 and 2012 from the Strategic reports.

Achievements against targets are also analysed. Where no targets were set, the achievements were excluded from the analysis reducing the data available in that analysis. From the available data it is clear that some targets were set too low or too high.

Number of projects – Direct investment aid to SME – Tables 2 and 3:

- Total achievements reported by 20 MS is 142,331 projects. 18 MS set targets (CY and HU did not).
- For those programmes with targets, the average achievement ratio was relatively high, at 66%. The highest achievement ratios were in LT (309%), NL (269%), SI (254%), GR (203%), IE (98%). If we follow the consistency with the selected projects, IE and PT (91% achievement ratio) seem appropriate, LT and CZ targets were too low, or projects turned out to be smaller than planned, or additional resources were allocated without revising the targets upwards. The lowest achievement ratio is in FR (17 %) , which is difficult to understand when the project selection rate is 64%.

Number of start-ups with ERDF support– Tables 2 and 4:

- Total achievements reported by 22 MS is 53,160 start-ups. 21 MS set targets (HU did not and CZ did not report on achieved data by end 2011).
- For those programmes with targets, the average achievement ratio was 69%. The highest achievements were in LT (1120%), NL (527%), LV (513%), DK (384%), IE (198%). There are concerns here about the target setting.
- The following MS reported the lowest achievement ratios: MT (9%) and AT (14%). Both countries seem to have problems with target setting, the monitoring system or implementation issues as the selection of projects is higher than 85%.

Jobs created in SMEs (gross, full time equivalent) – Tables 2 and 5:

- Total achievements reported by 16 MS is 168,653 jobs created. 14 MS set targets here (CY and SE did not).
- For those programmes with targets, the average achievement ratio was 48%. The highest achievement ratios were in HU (326%), IE (284%), and DE (147%), all suggesting low target setting.
- The following MS reported the lowest achievement ratios: RO (7%) and PT (2%). While project selection figures and the number of start-ups supported in these two countries are higher, the low achievements on this indicator may be possibly explained by the time-lag to the creation of jobs.

Table 1.1:

Category Code	Category Title	Decided Ops EUR millions (a)	Share of Total SF %	Allocated to projects AIR 2011 EUR millions (b)	Rate of Project selection % (c=b/a)
05	Advanced support services for firms and groups of firms	5,198	0.0%	3,599	69.2%
68	Support for self-employment and business start-up	3,050	0.0%	1,639	53.7%
08	Other investment in firms	14,564	0.0%	13,713	94.2%
	Business support	22,812	0.0%	18,951	83.1%
	Total all EU Funds	346,389		247,011	71.3%

Table 1.2: 2007-2011 – Project selection reported by MS.

Other SME and Business support				
Country	Decided OPs (a) - in M.€	% of National SF/CF	Allocated to selected projects AIR 2011 (b) - in M.€	% (c=b/a)
DE	4,350.6	17.07 %	3,359.1	77.2%
PL	3,473.6	5.17 %	2,442.4	70.3%
ES	2,649.9	7.65 %	1,165.0	44.0%
HU	2,411.5	9.68 %	2,082.2	86.3%
IT	1,469.9	5.26 %	949.5	64.6%
PT	1,463.8	6.84 %	976.8	66.7%
RO	997.0	5.19 %	698.7	70.1%
UK	981.8	9.93 %	913.1	93.0%
GR	969.4	4.80 %	2,771.7	285.9%
FR	845.8	6.29 %	606.8	71.7%
CZ	824.2	3.11 %	718.5	87.2%
BG	512.7	7.68 %	242.0	47.2%
BE	331.8	16.08 %	309.2	93.2%
SK	255.5	2.22 %	244.3	95.6%
LT	247.7	3.66 %	185.2	74.8%
CB	240.3	3.04 %	141.3	58.8%
SE	191.3	11.76 %	222.0	116.1%
FI	182.9	11.46 %	166.3	90.9%
AT	167.2	13.88 %	147.3	88.1%
SI	151.4	3.69 %	135.3	89.4%
EE	114.4	3.36 %	184.7	161.5%
LV	91.1	2.01 %	68.2	74.9%
NL	69.9	4.21 %	50.6	72.3%
CY	60.4	9.85 %	60.2	99.8%
IE	40.0	5.33 %	43.5	108.8%
DK	28.8	5.65 %	48.9	169.8%
MT	19.2	2.28 %	17.5	91.3%
LU	0.5	1.00 %	1.6	318.2%
EU	23,142.5		18,952.0	81.9%

Graph 1:

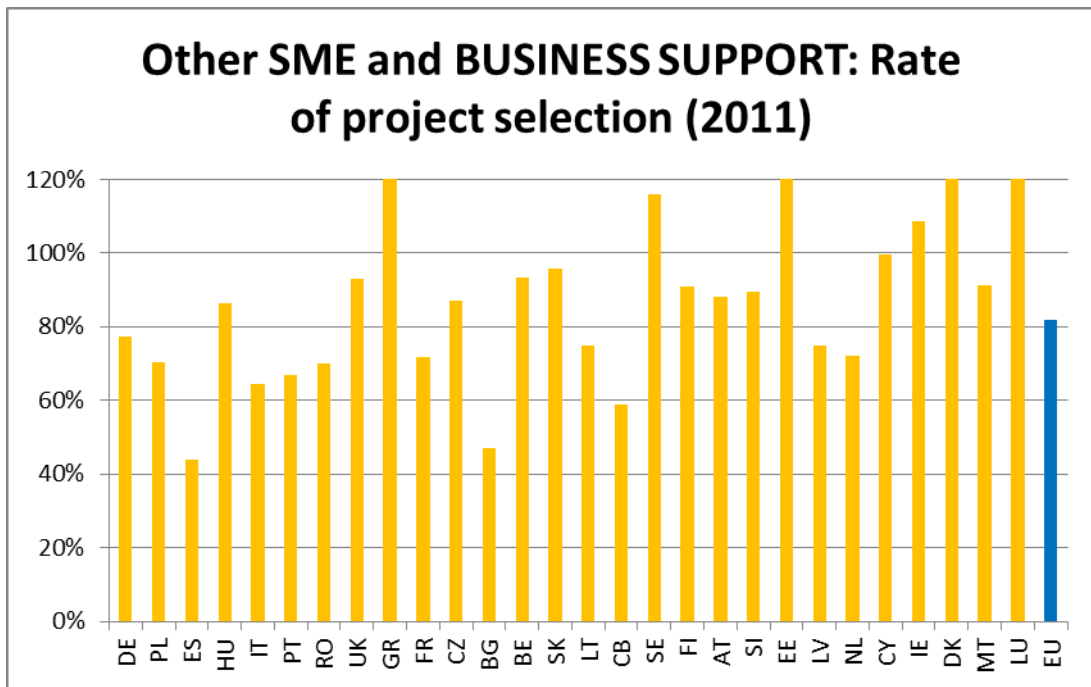


Table 2: 2007-2011 – Total achievements reported by MS

Country	Number of direct investment aid projects to SME	Number of start-ups supported	Jobs created in SMEs (gross, full time equivalent)
AT		47	
BE	1,021	1,177	2,765
CY	244		1310
CZ	5,183	-	329
DE	5,817	363	28,068
DK		3,453	
ES	35,644	4,801	46,469
FR	604	60	2,952
GR	27,912	2,034	11,881
HU	16,483	869	10,803
IT	18,062	1,564	7,109
IE	6,338	173	19,125 ⁵
LT	773	168	
LV	106	421	
MT		6	
NL	3,644	3,996	
PL	5,750	1,194	17,924 ⁶
PT	10,228	853	337
RO	952	46	1,705
SE	56	11,430	1,534
SI	2,034	8	
SK	896	91	1,102
UK	584	20,406	15,240
EU	142,331	53,160	168,653

⁵ IE – 19 125 (updated figure for 2011 in the SR) and 33 804 in the AIR2011

⁶ PL - 17 924 (updated figure for 2011 in the SR) and 19 129 in the AIR 2011

Table 3: Number of direct investment aid projects to SME - target set and achievements reported based on 2011 AIRs

Country Cd	Final target	2011	Achievement ratio
LT	250	773	309%
NL	4,765	12,820	269%
SI	800	2,034	254%
GR	13,777	27,912	203%
IE	6,500	6,338	98%
PT	11,275	10,228	91%
SE	76	56	74%
IT	24,613	18,062	73%
UK	868	584	67%
DE	10,712	5,817	54%
SK	1,695	896	53%
RO	2,000	867	43%
PL	13,281	5,558	42%
ES	87,639	33,548	38%
BE	2,691	1,021	38%
CZ	13,797	4,714	34%
LV	425	106	25%
FR	3,501	604	17%
Total EU	198,665	131,938	66%

Table 4: Number of start-ups supported– target set and achievements reported based on 2011 AIRs

Country Cd	Final target	2011	Achievement ratio
LT	15	168	1120%
NL	758	3,996	527%
LV	82	421	513%
DK	900	3,453	384%
IE	46	91	198%
GR	1,207	2,034	169%
RO	30	42	140%
PT	953	853	90%
PL	1,822	1,192	65%
UK	31,731	20,406	64%
SE	18,200	11,430	63%
DE	600	363	61%
BE	2,552	1,177	46%
ES	11,405	4,689	41%
SI	21	8	38%
IT	4,288	1,564	36%
SK	260	91	35%
FR	356	60	17%
AT	342	47	14%
MT	35	3	9%
CZ	20		0%
Total EU	75,623	52,088	69%

Table 5: Jobs created in SMEs (gross, full time equivalent) – target set and achievements reported based on 2011 AIRs

Country Cd	Final target	2011	Achievement ratio
HU	3,314	10,803	326%
IE	11,900	33,804	284%
DE	19,132	28,068	147%
FR	4,560	2,952	65%
GR	18,779	11,881	63%
UK	35,533	15,240	43%
IT	17,494	7,109	41%
PL	49,794	19,129	38%
BE	10,073	2,765	27%
ES	148,600	40,743	27%
CZ	1,500	237	16%
SK	10,900	1,102	10%
RO	21,900	1,593	7%
PT	15,050	337	2%
Total EU	368,529	175,764	48%