



2015/2320(INI)

25.5.2016

OPINION

of the Committee on Regional Development

for the Committee on Employment and Social Affairs

on how best to harness the job creation potential of small and medium-sized enterprises (SMEs)?
(2015/2320(INI))

Rapporteur: Andrey Novakov

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SUGGESTIONS

The Committee on Regional Development calls on the Committee on Employment and Social Affairs, as the committee responsible, to incorporate the following suggestions into its motion for a resolution:

1. Calls on the Member States to focus on facilitating an adequate EU funding mix for SMEs (including, in particular, self-employment) - consisting of grants, loans, guarantees, equity and microfinance, depending on location, sector and lifecycle phase – in view of the ever-increasing role of financial instruments and synergies between instruments funded by the EU budget through the ERDF, through the European Fund for Strategic Investments (EFSI) and through direct management programmes such as Horizon 2020, in particular the SME instrument under Horizon 2020, the PSCI, COSME LIFE and Erasmus +; notes that it is important to analyse means of better implementation of these programmes; suggests that financial instruments, used consistently with the goals of economic, social and territorial cohesion, could benefit from the provision of better information and empirical evidence on their impact; asks the Commission to come forward with clear guidelines specifying the circumstances under which grants, loans or guarantees should be used; calls on the Commission to evaluate the use of the SME instrument in the Member States, and to specify Member States' reasons for using or not using the instrument;
2. Urges the Commission and the Member States to focus efforts on regions with low take-up of financial instruments, including scale-up financing for the transition from start-ups to SMEs, in view of the important role of financial products in operational programmes, the EFSI and the EIB Group operations; calls on the Commission and the Member States to provide incentives to SMEs in regions that are having to face recession, long-term unemployment or the refugee crisis;
3. Calls on SMEs (including micro-enterprises) as well as on local and regional authorities to take full advantage of the opportunities existing to combine the European Structural and Investment Funds (ESI Funds) and EFSI, bearing in mind that these are two complementary instruments; recommends the combination of ESI Funds and EFSI in thematic and multi-country investment platforms, and invites the Commission and the EIB Group to intensify their efforts in setting up these platforms in order to promote EIB Group products and improve SMEs' access to finance;
4. Urges both the Member States and the Commission, in the framework of a holistic approach to SME support, to make significant progress in the further simplification of EU funding by 2017 with regard to the application, management and monitoring/control of projects, in particular by introducing a uniform EU-wide electronic public procurement procedure, complete e-cohesion, a single audit based on the risk principle, the reduction of data and information requirements, and the elimination of gold-plating through extensive regulatory optimisation; stresses, however, the need to ensure a proper balance between simplification on the one hand, and the detection and prevention of irregularities, including fraud, on the other; asks the Commission to come forward with proposals for legislative changes to the regulations on cohesion policy during the mid-term review/revision, with the aim of facilitating access to finance for SMEs and in particular for start-ups wanting to scale up; recalls that, on the basis of the Commission's calculations, European e-procurement, transparency and reductions in administrative

expenditure could make it possible to save as much as EUR 50 billion per annum;

5. Underlines the importance of fulfilling the ex ante conditionality relating to the Small Business Act, with a view to improving the environment and administrative procedures for business development and entrepreneurship, as well as the uptake of funding opportunities for SMEs;
6. Stresses that microcredit, which is mostly targeted on microentrepreneurs and disadvantaged people who wish to be self-employed, is pivotal to overcoming obstacles to accessing traditional bank services;
7. Emphasises the role of forward-looking legislation and process facilitation in the context of rapid developments in the knowledge-intensive and highly innovative SME sector, including social economy enterprises and cooperative entrepreneurship, underlining its role in smart specialisation and bearing in mind the EU Urban Agenda, as well as looking ahead to the Pact of Amsterdam and the role of networking and umbrella structures such as the European Innovation Partnership;
8. Underlines that facilitating the triple helix approach can boost growth and jobs for SMEs;
9. Highlights the importance of closing the skills gap that innovative SMEs are facing; believes the Commission needs to put emphasis on facilitating relevant training and education which can contribute to closing the skills gap with regard to ICT skills that are essential for innovative SMEs;
10. Stresses the importance of encouraging and supporting private sector associations and enterprises that are able to provide information on markets and standards, advice on strategies, and access to technology and innovation coupled with appropriate financing packages to promote tools, such as value chain analysis, which enable entrepreneurs to see what problems and challenges they need to address, both within and beyond their own borders, and what kind of partners they need to help them;
11. Notes that Thematic Objective 3 - 'Enhancing the competitiveness of SMEs' - has led to Member States including a focus on enhancing growth and job creation potential for SMEs in the operational programmes; stresses that neither future unexpected EU-wide crises nor major initiatives should result in a decrease in commitments or payments relating to Thematic Objective 3 and relevant instruments under Heading 1b of the EU General Budget; acknowledges that SMEs have a weak equity position, and therefore stresses that delays in payments for invoices under cohesion policy should be minimised in order to reduce insolvency risks; urges the Commission and the Member States, accordingly, to further improve the pace of payments for SMEs;
12. Invites the Commission and the Council to provide further support, for the post-2020 period, for COSME, Horizon 2020 and Erasmus for Young Entrepreneurs in the context of the MFF review/revision, given those programmes' crucial role for SMEs locally and regionally and the important effects of innovation and clustering;
13. Believes that financing and entrepreneurship training (which should also be included in school curricula) should be considered to be inseparably linked when it comes to increasing revenue and generating more and better employment, including, for example,

green jobs, also in the context of the circular economy principles; calls on the Commission and the Member States to provide further support both for female entrepreneurship and for youth entrepreneurship; emphasises the key role of SMEs in rural areas, especially in regions that have been affected by increased youth unemployment or depopulation;

14. Encourages further investment in efforts to benefit from the potential of SMEs to turn ecological challenges into business opportunities (as in the Green Action Plan for SMEs) and to promote the shift towards the green economy; supports the creation of business opportunities through the integration of green business models and green technologies, as well as Green Public Procurement on all levels of government;
15. Invites the Commission to present a schedule for a full-fledged debate with Parliament on the future of cohesion policy to be initiated as early as 2016 and to include scenarios and preparatory work for the post-2020 period, allowing regions and SMEs sufficient time for gearing up;
16. Calls on the Commission to ensure the greater and more active involvement of SMEs and SME organizations at all levels, in the elaboration of the post-2020 strategy for the ESI Funds; from this perspective, calls on the Commission to facilitate exchanges of best practices between Member States regarding their different regulatory environments for SMEs;
17. Calls for the more rapid and equitable implementation of country-specific recommendations and National Reform Programmes relating to the enterprise environment and SME dimension in the EU's regions, in order to avoid business-as-usual attitudes to locally specific issues and sub-optimal EU budget investments regionally;
18. Points out that both the Annual Report on European SMEs 2014/2015 and the Annual Growth Survey 2016 reveal regional divergences in the SME environment and other disparities which should be effectively addressed by Member States before the end of the programming period, together with efforts to advance the internationalisation of SMEs by removing non-tariff barriers;
19. Calls on Member States with limited decentralisation of EU funding management to tip the balance of administrative capacity for technical assistance and local and regional support systems, including enhanced access to funding and information solutions, for SMEs (including micro-enterprises) towards local authorities, since this will enable more regionally balanced outcomes and absorption rates, in particular in less developed regions.

RESULT OF FINAL VOTE IN COMMITTEE ASKED FOR OPINION

Date adopted	24.5.2016
Result of final vote	+: 37 -: 3 0: 1
Members present for the final vote	Pascal Arimont, Franc Bogovič, Victor Boștinaru, Mercedes Bresso, Steeve Briois, Rosa D'Amato, Iratxe García Pérez, Michela Giuffrida, Krzysztof Hetman, Ivan Jakovčić, Constanze Krehl, Sławomir Kłosowski, Andrew Lewer, Louis-Joseph Manscour, Martina Michels, Iskra Mihaylova, Jens Nilsson, Andrey Novakov, Younous Omarjee, Stanislav Polčák, Julia Reid, Liliana Rodrigues, Fernando Ruas, Monika Smolková, Ruža Tomašić, Monika Vana, Matthijs van Miltenburg, Lambert van Nistelrooij, Derek Vaughan, Joachim Zeller
Substitutes present for the final vote	Ivana Maletić, Miroslav Mikolášik, Sophie Montel, Dimitrios Papadimoulis, Tonino Picula, Maurice Ponga, Branislav Škripek, Davor Škrlec, Hannu Takkula, Damiano Zoffoli, Milan Zver