

Enterprise policy: multiannual programme MAP 2001-2005

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Pursuant to Council Decision 2000/819/EC, the Commission presents the final annual report on progress achieved in the implementation of financial instruments under MAP, the multiannual programme for enterprise and entrepreneurship, and in particular for small and medium-sized enterprises-SMEs. MAP was initially designed to cover the period 2001-2005. However, in order to ensure continuity of action until the start of the successor programme under the new Financial

Perspectives, MAP was extended by one year, to the end of 2006.

This report covers the four Community financial instruments ("measures") implemented under MAP, i.e.

- SME Guarantee Facility;
- Start-up Scheme of the European Technology Facility (ETF Start-up Facility);
- Seed Capital Action;
- Joint European Venture (JEV) programme

It provides an overview of progress achieved as at 31.12.2006, and looks in detail at each financial instrument.

The report states that MAP financial instruments were, in budgetary terms, the most important element of the MAP programme. Total budget resources committed at the end of the programme for the financial instruments amounted to nearly EUR 520 million, of which only EUR 5 million allocated to the Seed Capital Action were not used. Overall, 74 operations were approved since mid-2002 until the end of 2006, for a total of EUR 467 million. Nearly 194,000 SMEs benefited from the MAP financial instruments, around 1% of all EU SMEs.

Broad geographical coverage was achieved with 29 countries covered (all EU Member States plus Turkey and Norway) out of 31 eligible countries.

The **SME Guarantee Facility** was very well taken up by the market. The Loan Guarantee and

Micro-credit windows were particularly successful, allowing participating Financial Intermediaries to increase volumes and to take on more risk. The SME Guarantee Facility closely followed market needs and was designed from the start to be easily and quickly adapted to each country's specific market conditions. The total volumes supported by the SME Guarantee Facility were very high. For the approximately EUR 262 million of cap amounts signed, loans of nearly EUR 17 500 million were backed. Second only to the Structural Funds, which have significantly higher budgetary resources and a different focus, the SME Guarantee Facility is the most important EU programme in terms of number of final SME beneficiaries.

The implementation of the **ETF Start-up Facility** faced some difficulties in the beginning of the programme period, due to the difficult fundraising situation prevailing on the EU venture capital market. The improved economic situation in 2005 and 2006 led to a significant increase in demand for the Facility. As at 31.12.2006, the budgetary resources committed under ETF Start-up amounted to more than EUR 220 million, representing nearly 43 % of the budget for the MAP financial instruments. All funds available under ETF Start-up were used by the end of 2006.

The **Seed Capital Action** was less successful than anticipated due to its constraints in terms of eligibility criteria and to the difficult market conditions for seed capital.

The report notes that the take-up of the **Joint European Venture (JEV)** programme by the market was low, the job creation effect limited and the administrative cost very high. In April 2004, Parliament and Council adopted a decision to close the JEV.

An evaluation of EC Financial Assistance Schemes for SMEs indicated that the MAP financial instruments are effective and efficient. Their management by the European Investment Fund (EIF) was considered as a best practice for their proximity to the market. According to the evaluators, the instruments play a catalytic role in increasing the supply of finance to SMEs throughout the EU, including in those countries where national financial instruments are less developed.

A more recent external evaluation of the MAP reinforces the conclusions of the Financial Assistance Schemes evaluation. This evaluation concludes that the SME Guarantee and ETF Start-up Facilities have made a major contribution to improving the financial environment for business as instruments of a public policy supporting access to finance for SMEs. The evaluators consider that the financial instruments are efficiently implemented through the “chain” consisting of DG Enterprise—DG Economic and Financial Affairs—European Investment Fund (EIF). The report confirms that the “no one-size-fits-all” approach taken is appropriate: both the venture capital and guarantee instruments can be adapted to different and evolving market conditions. An ex-post evaluation on MAP will be performed together with the interim evaluation of the specific "Entrepreneurship and Innovation Programme" of the successor programme CIP. This evaluation is scheduled to be completed in December 2008 and will analyse the results and impacts of MAP.

Globally, it can be concluded that the financial instruments under MAP have helped to address some gaps and failures in capital markets for start-up companies and SMEs. In general, MAP financial instruments reached the objective of improving the financial environment for European business, especially for SMEs. The financial instruments were implemented in an appropriate and effective way, and via the high leverage effect. They leveraged a significant amount of additional money and supported a substantial number of SMEs.

Lastly, the [Competitiveness and Innovation Framework Programme](#) (2007 to 2013) (CIP), successor programme of the MAP, is a coherent response to the objectives of the growth and jobs strategy. The legal base for the CIP entered into force on 29 November 2006.