

Implementation of the thematic objective "enhancing the competitiveness of SMEs" (Article 9(3)) of the Common Provisions Regulation

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The Committee on Regional Development adopted the own-initiative report by Rosa D'AMATO (EFD, IT) on the implementation of the thematic objective 'enhancing the competitiveness of SMEs' – Article 9 (3) of the Common Provisions [Regulation \(EU\) No 1303/2013](#) on the thematic objective of enhancing the competitiveness of SMEs.

Members recalled that the shared objective of investments under the ESI funds is to provide support for the delivery of the EU's Europe 2020 strategy for smart, sustainable and inclusive growth. Each ESI Fund supports 11 thematic objectives and thematic objective 3 (TO3) is about '**enhancing the competitiveness of small and medium-sized enterprises**'. TO3 is one of the thematic objectives with the highest percentage of overall funding (13.9 %).

The **23 million small and medium-sized enterprises (SMEs) in the EU**, which account for around 99 % of all businesses, make a fundamental contribution to economic growth, social cohesion, innovation and high-quality job creation, providing over **100 million jobs** which generate 2 out of every 3 private sector jobs, and maintaining double the employment growth rate of larger enterprises.

Enhancing support from the ESI Funds to SMEs: given that SMEs are the driving forces behind the European economy and are key to the success of Cohesion Policy, but that they often face multiple challenges owing to their size, Members recommended further enhancing the support from ESI Funds directed towards SMEs. They called on the Commission, the Member States as the regional authorities to:

- take into account the **added value of SME projects** for the development and innovation of traditional sectors, as this will not only stimulate job creation, but also maintain local and regional business specificities, whilst respecting the principles of sustainability;
- take into consideration the principles of the **circular economy package** in the implementation of TO 3, in order to foster more sustainable economic growth and generate new high-quality jobs for SMEs, with special attention being paid to promoting green jobs;
- **consider the use of the financial instrument opportunities**, while emphasising the need to ensure the transparency, accountability and scrutiny of such financial instruments and of the SME Initiative Programme aimed at financially supporting SMEs.

Simplified and less regulated access to credit: regretting that investors and banks are often reluctant to finance businesses in their start-up and early expansion phases and that many SMEs, especially small start-ups, have found it hard to gain access to external funding, Members asked for particular attention to be paid to improve access to finance for microenterprises and start-ups that want to scale-up.

Remedying the low absorption rate: the report noted that the complex management of structural funds and administrative burdens, as well as limited access to financing for SMEs and complexity of implementation of support schemes, led to an insufficient absorption of such funds by SMEs. It called on

the Commission to rapidly prepare an assessment of this issue, in cooperation with the Member States, and submit it to Parliament. It stressed that poor administrative capacity may hinder the successful and timely implementation of TO3.

Public procurement: recalling the importance for SMEs to have a transparent, consistent and innovative public procurement set-up, Members urged that **obstacles faced by SMEs in bidding for contracts be removed as far as possible**, eliminating unnecessary administrative burdens. While welcoming [Directive 2014/24/EU](#) and the European Single Procurement Document (ESPD), Members stresses the need to continue with the strict application of anti-error and anti-fraud measures without adding to the administrative burden, and to simplify administrative procedures in order to prevent errors; calls on contracting authorities wishing to group contracts together to take care **not to exclude SMEs from the process by the sheer scale of the final lot**, since larger contracts could involve more cumbersome criteria.

Enhancing transparency: noting with concern that many SME organisations in the Member States are not really involved and are often only informed without being adequately consulted, Members stressed the need for actual implementation and **respect of the partnership principle** also at the drafting, preparation and implementation stages of partnership agreements and operational programmes.

Further recommendations: Members called on the Commission and the Member States to:

- ensure **enhanced coordination and consistency** among all EU investment policies targeted at SMEs in order to enhance the synergy between ESI funding and other policies and financial instruments targeted at SMEs will maximise the impact of investments;
- monitor and encourage the **acceleration of implementation of cohesion policy**, in particular the setting up of projects with sustainable growth and quality job creation potential;
- provide **specific recommendations for action and guidance** aimed at further simplifying, monitoring and assessing the use of such financial instruments (especially in outermost regions);
- put in place **structured dialogue** between the European Investment Bank and the European Investment Fund in order to improve and facilitate the access of SMEs to diversified funding sources;
- **reduce the administrative burden** and simplify procedures in the management of ESI Funds by SMEs;
- establish conditions for **State aid** at national and regional level which will not discriminate against SMEs;
- urgently find a lasting solution to the backlog of payments related to regional policy and to properly apply the [Late Payment Directive](#) (2011/7/EU);
- draw up **specific programmes** which embody all relevant sustainable, smart and inclusive growth elements for SMEs;
- establish a **participatory platform** within existing budgets for the dissemination of SME project results;
- stimulate the creation of an **ecosystem** composed of universities, research centres, social and economic stakeholders and public institutions to foster entrepreneurial skills, while encouraging managing authorities to engage the available funds intended for technical assistance, including the innovative uses of ICT by SMEs;
- make greater use of ESI Funds to help SMEs to seize the opportunities offered, and **address the challenges posed, by international trade**, while supporting them in addressing adjustment costs and the negative impacts of increased international competition.

Lastly, the report stressed **Parliament's role** in the supervision of results-oriented implementation of cohesion policy.