Small and medium-sized enterprises SMEs: job creation, financial assistance. Growth and employment initiative

1998/0024(CNS) - 21/01/1998 - Legislative proposal

OBJECTIVE: in accordance with the conclusions of Amsterdam and the extraordinary Luxembourg European Council on Employment, the Commission proposes a programme to promote employment and growth by facilitating the access of SMEs to loans or to or any type of medium- or long-term credit finance and/or equity participations. CONTENTS: the programme, which covers the period 1998-2000 (with a reference amount of ECU 420 m), provides for the establishment of 3 parallel and complementary facilities for assistance to job-creating SMEs: 1) the ETF (European Technology Facility) start-up facility managed by the European Investment Fund (EIF): this facility will promote venture capital participation in SMEs, particularly at the start up stages and/or in innovative or technology-intensive SMEs; 2) a system of financial contributions in support of the setting-up of transnational joint ventures ("Joint European Ventures"), the system to be managed by the Commission; it is intended to meet part of the cost of planning and setting up transnational joint ventures between SMEs in the Community and part of the cost of cross-border investment. The maximum contribution will be ECU 100 000, which may cover up to 50% of expenditure on planning and setting up joint ventures ("eligible expenses") and up to 10% of the total investment in fixed assets. Applications for contributions are to be submitted to the Commission via a network of financial intermediaries; 3) an SME guarantee facility, managed by the European Investment Fund (EIF): this will meet the cost of guarantees and counter-guarantees issued by the EIF to facilitate an increase in the volume of loans granted to SMEs and the risks assumed by national guarantee schemes, mutual guarantee schemes, the EIB or other appropriate financial intermediaries in connection with their relevant operations. This scheme will also assign priority to SMEs with fewer than 100 employees. EIF guarantees will be partial and will always involve sharing of the risk between the EIF and the financial intermediary concerned. These 3 schemes are intended to cover the maximum number of SMEs at the growth stage and will be implemented in cooperation with the national and regional financial intermediaries. An annex supplements the description of each of these schemes (mainly application procedures for finance and obligations of beneficiaries). It is planned to divide the appropriation as follows: 40% for the start-up facility run by the ETF, 20% for "joint ventures" and 40% for the SME guarantee scheme. The European Commission will report annually to the Budgetary Authority on the implementation of the programme and will submit a general assessment of the operation and impact of the schemes not later than 48 months after the date of adoption of the programme.