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

1998/0024(CNS) - 19/05/1998 - Final act

OBJECTIVE: In accordance with the conclusions of the extraordinary Luxembourg European Council on Employment, to establish a programme to promote employment and growth in small and medium-sized enterprises (SMEs). COMMUNITY MEASURE: Council Decision 98/347/EC on measures of financial assistance for innovative and job-creating small and medium-sized enterprises (SMEs). SUBSTANCE: the programme covers the period 1998-2000 and comprises a reference amount of ECU 450 m, following the agreement between the Council and Parliament concerning the creation of a new budget heading to this effect (line B5-50: 'labour market and technological innovation'). The programme provides for the establishment of three parallel and complementary facilities for assistance to job-creating SMEs with potential for growth: 1) the ETF (European Technology Facility) start-up facility managed by the European Investment Fund (EIF) in cooperation with national investment programmes: this facility will promote venture-capital participation in SMEs, particularly at the setting-up or start-up stages, and/or in innovative SMEs by means of investments in specialised venture capital funds, possibly in cooperation with national systems; 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 setting up joint ventures ('eligible expenses') and up to 10% of the total investment in fixed assets. Under this scheme, special attention will be devoted to SMEs with a maximum of 100 employees. Applications for contributions are to be submitted to the Commission via a network of financial intermediaries; 3) a 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. A set of annexes supplements the description of these schemes (application procedures, obligations of beneficiaries, etc.). The two schemes proposed within the framework of cooperation agreements between the Commission and the EIF will involve wide distribution. The 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. The assessment is also to adjust the allocations to the various measures to take account of the absorption of the funds and the programme's impact in terms of job creation. ENTRY INTO FORCE: 29.05.1998. EXPIRY: 31.12.2000 (except for certain measures adopted in connection with the procedures for the programme, which may remain in force for longer).