

Basic information	
2000/0107(CNS) CNS - Consultation procedure Decision	Procedure completed
Enterprise policy: multiannual programme MAP 2001-2005 Amended by 2003/0292(COD) Amended by 2004/0272(COD) Subject 3.45 Enterprise policy, inter-company cooperation 3.45.02 Small and medium-sized enterprises (SME), craft industries	

Key players				
European Parliament	Committee responsible		Rapporteur	Appointed
	ITRE Industry, External Trade, Research, Energy		MONTFORT Elizabeth (UEN)	25/05/2000
	Committee for opinion		Rapporteur for opinion	Appointed
	BUDG Budgets		TURCHI Franz (UEN)	06/06/2000
	JURI Legal Affairs and Internal Market		The committee decided not to give an opinion.	
Council of the European Union	Council configuration		Meetings	Date
	Transport, Telecommunications and Energy		2324	2000-12-20
	Industry		2318	2000-12-05
European Commission	Commission DG		Commissioner	
	Internal Market, Industry, Entrepreneurship and SMEs			

Key events			
Date	Event	Reference	Summary
26/04/2000	Legislative proposal published	COM(2000)0256	Summary
13/06/2000	Committee referral announced in Parliament		
03/10/2000	Vote in committee		Summary

03/10/2000	Committee report tabled for plenary, 1st reading/single reading	A5-0267/2000	
26/10/2000	Decision by Parliament	T5-0487/2000	Summary
26/10/2000	Debate in Parliament		
20/12/2000	Act adopted by Council after consultation of Parliament		
20/12/2000	End of procedure in Parliament		
29/12/2000	Final act published in Official Journal		

Technical information	
Procedure reference	2000/0107(CNS)
Procedure type	CNS - Consultation procedure
Procedure subtype	Legislation
Legislative instrument	Decision
Amendments and repeals	Amended by 2003/0292(COD) Amended by 2004/0272(COD)
Legal basis	EC Treaty (after Amsterdam) EC 157-p3
Stage reached in procedure	Procedure completed
Committee dossier	ITRE/5/12814

Documentation gateway				
European Parliament				
Document type	Committee	Reference	Date	Summary
Committee report tabled for plenary, 1st reading/single reading		A5-0267/2000 OJ C 197 12.07.2001, p. 0006	03/10/2000	
Text adopted by Parliament, 1st reading/single reading		T5-0487/2000 OJ C 197 12.07.2001, p. 0226-0413	26/10/2000	Summary
European Commission				
Document type	Reference	Date	Summary	
Legislative proposal	COM(2000)0256 OJ C 311 31.10.2000, p. 0180 E	26/04/2000	Summary	
Document attached to the procedure	COM(2001)0122 	07/03/2001	Summary	
Document attached to the procedure	COM(2002)0068 	06/02/2002	Summary	
Document attached to the procedure	COM(2003)0713 	01/12/2003	Summary	
Document attached to the procedure	COM(2004)0064 	11/02/2004	Summary	

Follow-up document	SEC(2004)1460 	15/11/2004	Summary
Follow-up document	COM(2005)0030 	08/02/2005	Summary
Follow-up document	COM(2007)0235 	04/05/2007	Summary
Follow-up document	COM(2008)0708 	07/11/2008	Summary
Follow-up document	SEC(2008)2750 	07/11/2008	Summary

Other institutions and bodies

Institution/body	Document type	Reference	Date	Summary
CofR	Committee of the Regions: opinion	CDR0185/2000 OJ C 022 24.01.2001, p. 0010	20/09/2000	
EESC	Economic and Social Committee: opinion, report	CES1429/2000 OJ C 116 20.04.2001, p. 0020	29/11/2000	

Additional information

Source	Document	Date
European Commission	EUR-Lex	

Final act

Decision 2000/0819 OJ L 333 29.12.2000, p. 0084	Summary
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Enterprise policy: multiannual programme MAP 2001-2005

2000/0107(CNS) - 01/12/2003 - Document attached to the procedure

This document consists of the Communication from the Commission on access to finance of small and medium-sized enterprises. The Commission recalls that improving access to finance is an important aspect of fostering entrepreneurship in Europe. The role of the public sector should primarily be to improve the general framework conditions of finance and take limited direct action only when market failures warrant it. Experience has shown that best results in SME finance are achieved when the public sector works with the markets and acts as a catalyst to encourage their development. - The problems of finance facing start-up businesses require long-term solutions involving the public sector. Most Member States have programmes and institutions that aim to overcome the gap in early-stage SME finance caused by high risk and high overhead costs. Efficient public support mechanisms need to be tailored to local conditions and need to be simple and accessible. This can only be achieved by using local banks and venture capital funds as intermediaries - as happens with the Community financial instruments. - Experience from the EU financial instruments shows that loan guarantees are a very efficient way to use limited public funds and directly address the problems of lacking collateral and intangible assets. To improve the conditions of bank lending, the Commission has facilitated discussions about a code of conduct for credit institutions and SMEs. It has also produced a report on best practices in microlending. The Community financing institutions, the European Investment Bank (EIB) and the European Investment Fund (EIF) provide important support to SMEs' access to finance. The increasing risk awareness of banks has led them to expand the use of internal rating of SMEs. - Many SMEs need stronger balance sheets although formal venture capital is an option only for entrepreneurial growth companies. In addition to developing European venture capital markets, promoting the possibilities provided by business angels and business angel networks should continue to receive attention at regional, national and European level. The proposed new capital requirements for banks from 2007 onwards will increase stability and competition in European financial services markets, and they should also bring benefits to the SME sector. The effects of the new

rules for the European economy, and in particular for SMEs, are the subject of a study being carried out on behalf of the Commission. To efficiently promote entrepreneurship in Europe, further European, national and regional public sector actions should be focused on three areas of SME finance: 1) Improving the framework conditions : besides completing the single market and removing obstacles from growth, developing financial markets will be a particular challenge in the accession countries because they suffer from low level of equity investments and bank lending. These countries merit special attention, as otherwise the underperforming financial markets will hamper entrepreneurship and growth. 2) Focusing on early-stage finance, in particular guarantees and microlending : the persistent gap in early stage finance makes it necessary that the public sector continues to work with the private sector to overcome it. Easily and widely available guarantee instruments that share risk between the private and public sectors effectively address SMEs' difficulties in getting bank loans. Microlending can provide start-ups with a decisive help and loan guarantees should be used efficiently to promote it. The use of national financial intermediaries and national programmes makes it possible for financial instruments to be tailored to the different financing traditions providing additional leverage to programmes targeted at the financing gap in early stage SME finance. 3) Increasing equity : the needs of entrepreneurial growth companies and the mainstream European SMEs are different, but both need stronger balance sheets with enough equity. Retained earnings are the best form of financing growth and investment. The Member States should review whether their tax laws inhibit firm growth by taxing retained earnings more than distributed profits. For entrepreneurial growth companies, liquid and well-functioning venture capital markets are essential.

Enterprise policy: multiannual programme MAP 2001-2005

2000/0107(CNS) - 20/12/2000 - Final act

PURPOSE : to establish a multiannual programme for enterprise and entrepreneurship, and in particular small and medium sized enterprises. **COMMUNITY MEASURE** : Council Decision 2000/819/EC on a multiannual programme for enterprise and entrepreneurship, and in particular for small and medium sized enterprises (SMEs) (2001-2005). **CONTENT** : the programme shall have the following objectives: - to enhance the growth and competitiveness of business in a knowledge-based internationalised economy; - to promote entrepreneurship; - to simplify and improve the administrative and regulatory framework for business that research, innovation and business creation in particular can flourish; - to improve the financial environment for business, especially SMEs; - to give business easier access to Community support services programmes and networks and to improve the coordination of these facilities. The financial reference amount for the implementation of this programme shall be EUR 450 million.

Enterprise policy: multiannual programme MAP 2001-2005

2000/0107(CNS) - 26/04/2000 - Legislative proposal

PURPOSE : to present a communication on the challenges for enterprise policy in the knowledge-driven economy. **CONTENT** : this communication sets out the challenges to be faced by enterprise policy over the next 5 years. By overcoming them, the EU will achieve what President Prodi, in his contribution to the Lisbon European Council, referred to as Enterprise Europe. Further, it presents the Multiannual Programme for Enterprise and Entrepreneurship 2001-2005, which provides for a framework of actions in support of these objectives. A successful enterprise policy is essential to achieve sustainable development. The new open method of co-ordination, which was initiated by the Lisbon European Council, implies a co-ordinating role for the European institutions, using benchmarking methodology and an effective monitoring of progress to ensure a more coherent strategic direction. On the basis of the principles outlined in this communication, the Commission will identify indicators and propose more specific targets and dates in the second semester of 2000, in the context of the forthcoming benchmarking exercise. In addition, the present communication should be seen in the light of the Commission's overall commitment to sustainable development and in the specific context of four other related and forthcoming initiatives of the Commission: - the comprehensive eEurope Action Plan, by June 2000; - the benchmarking exercise on entrepreneurship and innovation, to be launched by June 2000, first results presented by December 2000; - the European Charter for Small Enterprises, to be endorsed by June 2000; - a review of EU financial instruments to redirect EU funding towards high tech start-ups and other risk capital initiatives. With regard to reporting and evaluation, this programme focuses on a small number of priority objectives, targeted on actions that must be cost effective and have a clear added value at European level. Evaluation of actions undertaken will take place as a matter of course. The programme foresees a report by the Commission by the end of June 2003.

Enterprise policy: multiannual programme MAP 2001-2005

2000/0107(CNS) - 15/11/2004 - Follow-up document

The European Commission has presented a report on the Multiannual Programme for Enterprise and Entrepreneurship, and in particular for Small and Medium-sized Enterprises (SMEs) (2001-2005), MAP for short, is a framework programme composed of a set of activities which are designed to improving the overall business environment in Europe. The Programme activities are grouped within three pillars: Policy Development; European Info Centre (EIC) Network and Financial Instruments. The aim of this external evaluation of the Programme is to provide information and recommendations in order to improve the current MAP and to contribute to the development of a potential successor programme. It has been prepared as a final evaluation, although, as the programme is still running, it has often not been possible to identify or examine final results and impacts.

The report states that the Multiannual Programme (MAP) addresses a wide range of issues hampering business creation and development in Europe. While it contains activities in many policy areas, it was found that innovation and business co-operation/internal market are inadequately supported by the current programme. On the other hand, the programme shows an advanced level of implementation and clear direct outcomes (as of 31/03/2004 171 policy development outcomes could be identified, the MAP had provided support to 276 EICs and other centres, 41 deals had been made with financial intermediaries). Therefore it is expected to achieve its global objectives. Effectiveness is generally high, and the overall relation of costs and benefits (efficiency) seems adequate. However, certain policy development measures (databases, portals) are less efficient than other activities (Best projects, benchmarking studies), while some specific financial instruments (Joint European Venture, SME Guarantee-ICT loan window) have proved inefficient in their actual form and in the current business context.

The programme and its elements have so far been useful to directly involved actors (national policy makers, EICs, financial intermediaries) who have benefited from new and complementary resources (information, knowledge, methods, dissemination material, events, products, additional funding). Through these intermediaries, general support for enterprises has been enhanced and/or increased in many European countries, and thus the overall business environment has been improved. The exact impact of the overall MAP on businesses proved impossible to measure, but in addition to some direct effects on SMEs. More than 170,000 SMEs have got access to loans through MAP financial instruments.

The report recommends that for the current programme, strategic links between the European Charter and MAP should be strengthened, e.g. using the Charter Implementation Reports as a means of feeding back information on the effects of MAP policy development actions into the MAP Implementation Reports. Dissemination of MAP as an overall programme, emphasising its activities and results, should be widened in order to enhance visibility, and thereby raise awareness and understanding of the MAP, strengthening its take-up. Further recommendations are included under the specific MAP element headings.

The diversity of measures and areas to be covered in any successor programme should be maintained, while building on a common strategic framework (with an enhanced and better integrated system of goals, objectives, and expected results). Links to other initiatives such as the Structural Funds and the R&D Framework Programme should be strengthened. Innovation and the support of business co-operation in the internal market should be integrated/strengthened as activity fields. Linkages between different programme elements (e.g. active information and advice on financial instruments through EICs) should be enhanced.

1) Policy Development : the principal recommendation for policy actions under the current MAP 2001-2005 is to strengthen dissemination activities directly (at European level, e.g. publications in all official languages, linking publications to events) and indirectly (fostering dissemination at national level, towards regional authorities and entities, and to businesses). Sufficient time should be allowed for projects to come to fruition and for the thorough elaboration of recommendations. Where appropriate different points of views (academic, policy-maker, business/private sector) should be reflected in the composition of expert and working groups.

A follow-up programme should concentrate on benchmarking and exchange-of-best-practice projects (in line with related studies, events, publications) and less emphasis should be given to single support activities such as databases, tools, or one-off publications. New actions such as capacity building, training, follow-up and long-term projects should be developed to complete the policy pillar. A recommendation is made on improving joint decision-making procedure in the programme management committee and adapting implementation and performance assessment procedures/tools (indicators) to enhance the monitoring and evaluation of the overall programme and its specific activities (this last recommendation could be applied to all the pillars).

2) European Information Centre Network (EIC): within the current programme a recommendation is made to improve the promotion of the EIC network and its potential, both to enterprises and in the European Commission, through awareness-raising measures. The role of EICs as a feedback mechanism to Commission Services and as a tool to reach Europe's 24 million or so SMEs (as in the campaigns covering the EURO and enlargement) should be significantly strengthened. Amendments regarding the EIC audit procedures, EIC support to weaker EICs through training and staff exchanges, the publication of EIC promotional material in all official languages and the support of networking between EICs at national level are also recommended.

In a future multiannual programme, EIC basic services, contractual procedures and financing, should be adapted to the current circumstances. Additional tools for promoting business co-operation should be offered; the network's stability enhanced through longer contracts (if this is compatible with Community Financial rules); the level of financial support should reflect real EIC activities and differences between more basic and advanced EICs. In the future, the support and coordination structure should also be made less complicated and more efficient. Finally, enhanced coordination and rationalisation with other Community Support Networks should also improve the EIC's efficiency and make them more visible and more accessible for final clients.

3) Financial Instruments : the recommendations concerning the present MAP involve major promotion of the "MAP brand" (alongside that of the EIF) with financial intermediaries, national financial and business organisations in order to enhance the visibility of Community Financial Instruments. Better and wider disseminated information as well as support for networking/exchange of experience between financial intermediaries should be provided for. A recommendation is made on increasing the budget in proportion to the EU enlargement (SMEG in particular) – this step was partially realised in 2004. For a future programme a recommendation is made for the ETF-SU Business Incubators window to be closed: it has not been effective and is not expected to be in the short/mid-term. The SMEG ICT-Loan window should also be closed: it has not been effective (largely due to the bursting of the internet bubble) and is in fact covered by the general SME Guarantee Loan window. SCA should be opened to funds without regard to prior EIF investment. Finally, ETF-SU eligibility criteria should be more flexible – consideration should be given to accepting as partners in funds universities and other public bodies as "private", provided they can demonstrate that they are market-driven and have their own legal personality, board, budget and financial resources (i.e. not limited to public funding).

Enterprise policy: multiannual programme MAP 2001-2005

2000/0107(CNS) - 07/11/2008 - Follow-up document

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.

Enterprise policy: multiannual programme MAP 2001-2005

2000/0107(CNS) - 06/02/2002 - Document attached to the procedure

The Commission has presented its annual report on the implementation of the European Charter for Small Enterprises.

At Feira, the European Council endorsed a Charter for Small Enterprises, a statement both of the reasons why it gave central importance to small business and of its commitment to act in their support. The Charter has become a pillar of the European Commission's enterprise policy and a cornerstone of the policy of the Member States. Think small first sums up the essence of the EU's enterprise policy, and the Charter is in the mainstream of that approach.

The Annual Implementation Report on the European Charter for Small Enterprises, which is based on a survey of work being carried out in the Member States and in the Commission in support of small business, shows that real progress has been made and that more is in the pipeline. It also shows that success in one or another Member State has often stimulated success in others.

The report shows that a number of broad trends can be identified:

- in a number of fields progress is being made, but it will be some time before results make themselves fully felt for instance in the area of education. Preparation for business has traditionally not played a major role in education, but it now features in one way or another in secondary schools in approximately two thirds of Member States. A similar picture is evident in respect of tertiary education;
- progress in some fields is quite dramatic. One such is the process of setting up a new firm. For sole proprietorships a business can be established in two days or less in eight Member States and for minimal costs. For private limited companies, a business can be established in under two weeks in ten Member States (in several of 6 them, in less than one week), while the costs are below EUR 500 in six Member States;
- there are signs of increasing political commitment. An example is the simplification of regulation, business impact assessment and alternatives to regulation. More than half of the Member States either routinely apply business impact assessments or are in the process of setting up systems to do so;
- while the majority of Member States have made real progress on issues like education for entrepreneurship, some Member States still apparently make no provision whatever to promote entrepreneurship through the education system;
- the problem of finance for start-ups and small enterprises has become more acute over the past six months, mainly due to the deteriorating economic situation but also because of the re-organisation of the banking sector. In addition, risk capital has become shyer. Even good proposals from small enterprises may not receive finance if they cannot offer guarantees or a higher share of equity;
- there are plenty of good examples of successful methods in need of further exploitation. Businesses that start in an incubator have a much higher success rate than others. 90 % of start-ups in incubators were still active three years later. Yet, if the number of business incubators is growing, their use across the EU is rather uneven;
- finally, the issue that is perhaps least satisfactorily addressed is that of how to ensure more effective representation of small enterprises' interests at EU and national level. There needs to be constant pressure for their interests to be taken into account. Better representation of their interests, however difficult it may be, is an urgent necessity in all policy fields.

Enterprise policy: multiannual programme MAP 2001-2005

2000/0107(CNS) - 08/02/2005 - Follow-up document

PURPOSE: Report on the implementation of the European Charter for Small Enterprises.

CONTENT: This is the fifth annual implementation report on the Charter, based on national reports from the participating countries. It presents a snapshot of the main developments from autumn 2003 to autumn 2004 but does not aim to provide a comprehensive overview of all existing measures. It identifies strengths and weaknesses across the EU and its neighbours, highlights promising national measures and issues recommendations for future action, thereby strengthening policy in support of small businesses and maintaining the efforts towards the Lisbon objective.

This report is complemented by supporting documents, which give a comprehensive overview of recent measures undertaken to implement the Charter by the Member States and Norway, the candidate countries, Moldova and the countries of the Western Balkans, as well as the Commission.

Enterprise policy: multiannual programme MAP 2001-2005

2000/0107(CNS) - 07/11/2008 - Follow-up document

This Commission Staff Working Document accompanies the annual report from the Commission on the financial instruments of the multiannual programme for enterprise and entrepreneurship, and in particular for small and medium-sized enterprises (SMEs) (2001-2006). It 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.

The report includes specific conclusions of the abovementioned financial instruments. These are as follows:

SME Guarantee Facility: to recall, the objective of this Facility was to promote entrepreneurship and to enhance growth and competitiveness, by improving the financial environment for business, especially for SMEs.

The report concludes that the SME Guarantee Facility has had a **strong impact** over the entire programme period and has **undoubtedly improved access to finance for SMEs**. The entire budget has been used and nearly 194 000 enterprises, representing about 1% of existing European enterprises, have benefited. This figure also represents more than 10% of newly created enterprises.

It allowed Financial Intermediaries to increase substantially the volume of loans they granted to SMEs and to take on higher risk. There is further added value, particularly in the Micro-credit Window, where "disadvantaged" groups have also benefited from the programme.

The Facility has a high leverage effect, especially under the Loan Guarantee Window, where for each EUR 1 000 of EC money committed, there is more than EUR 80 000 of loan volume.

The rather flexible, market-driven structure of the SME Guarantee Facility has meant it could be easily adapted to different market, national and regional conditions, allowing it to achieve both a wide range of application and a broad geographical distribution. A higher level of transparency has been achieved by increased monitoring and reporting requirements, which must be carried through all the way down to the final beneficiaries. Visibility of the EU contribution was ensured through a requirement for the FIs to mention the EU support in the loan agreements with SMEs.

The *Loan Guarantee* window proved to be an appropriate scheme for most Financial Intermediaries, allowing them to significantly increase their financing to SMEs. It is by far the most used of all windows in terms of monies committed.

The *Micro-credit* window allowed some of the Financial Intermediaries to enter into the field lending to micro-enterprises, which may have been previously excluded from access to finance. It also improved access to finance for the self-employed and some disadvantaged groups.

The *Equity Guarantee* window was little used. It guarantees larger investments for fast-growing high-tech companies, which means that the target group is similar to that of Venture Capital (VC) funds and therefore limited overall. There were also some technical constraints.

The *ICT Loan Guarantee* window, designed as a sectoral window, did not attract any demand, due to its narrow focus. It is assumed that part of such ICT investments are covered by the "general" Loan Guarantee window.

ETF Start-up Facility: the objective of ETF Start-up was to increase the availability of risk capital to innovative SMEs during their creation and their early stage development. The facility is tailored to the strategically important area of seed and early stage investments in mainly high tech enterprises with high growth potential. The **demand for early stage funding remains strong** and European technology centres (especially research centres and universities) continue to generate valuable results in terms of concepts and intellectual property rights.

The entire budget allocated to ETF Start-up has been used. ETF Start-up has often had a catalytic effect in the establishment of early stage VC funds making it possible to attract more investors and thereby allowing funds to invest larger amounts, to have more resources available for follow-on investments in selected SMEs and to achieve a more commercially viable size. The improved market cycle in 2006 resulted in the recovery of the venture capital market, with a significant impact on the number of new investments under ETF-Start-up, although investors remained much more reluctant to invest in early stage enterprises than later those in later stages of development. The EIF's investment in VC funds under ETF Start-up also gave a degree of reassurance regarding the quality of the funds, thus helping to attract other investors.

Seed Capital Action: the Seed Capital Action (SCA) aimed to stimulate the supply of capital for the creation of innovative new businesses with growth and job-creation potential, including those in traditional economic sectors, through support for seed funds, incubators and similar schemes. The report highlights that the **demand for this instrument was significantly below expectations**. Constraints in terms of eligibility criteria and difficult market conditions for seed capital meant that demand was limited. Based on this experience, the **instrument will therefore be modified under the CIP programme**.

The JEV programme: this programme aimed to encourage joint ventures between European SMEs in the European Economic Area, thereby helping them to benefit from the opportunities offered by the single market.

The report concludes that **demand for JEV from the market was much lower than originally expected**. Although the logic behind the JEV programme was considered sound, time has shown that there was in fact relatively little demand from SMEs for support for the creation of transnational joint ventures in the EU. In reality, SMEs investing in other Member States often preferred to create subsidiaries rather than joint ventures, or to enter into looser cooperation agreements without the obligation to create a new legal entity. Take-up of the programme may also have been affected by the need to impose thorough controls on the processing of applications in order to ensure sound financial management and reduce the risk of irregularities to the minimum. As a result, file processing times were longer than expected by the SME target group.

Enterprise policy: multiannual programme MAP 2001-2005

2000/0107(CNS) - 26/10/2000 - Text adopted by Parliament, 1st reading/single reading

The European Parliament has adopted, 173 votes to 4, with 11 abstentions, the report by Mrs Elizabeth MONTFORT (UEN, F) (refer to the decisions of the Committee responsible - previous document).

Enterprise policy: multiannual programme MAP 2001-2005

2000/0107(CNS) - 11/02/2004 - Document attached to the procedure

This is the fourth annual implementation report on the European Charter for Small Enterprises. Originally established in the wake of the Lisbon Declaration, the aim of the Charter has been to facilitate the environment in which European SMEs operate. Based along ten guidelines the Charter is instrumental in encouraging national governments and administrations to foster a greater understanding of small business needs. The Charter is not just limited to the existing and candidate member states. The guiding motto of the Charter "think small first" has been extended to 34 countries. The purpose of the annual report is to provide a brief overview of the main measures taken by the Member States and the Commission in implementing the Charter over the past year. As such, it seeks to identify strengths and weaknesses across the European Union, to highlight promising national measures and to issue recommendations for future action. The Charter has been operational for three and half years and in that time it has become a symbol for many SMEs of active public encouragement for their concerns. The Commission believes that progress has undoubtedly been made. This year's Report examines three particular priority areas. Namely: - Consultation of small businesses. - Access to finance and in particular venture capital and micro loans. - Innovation and technology transfer. On the question of consultation with SMEs the Commission notes some encouraging developments over the last year. Examples include exchange programmes, which have been set up between public administrations and SMEs in both the Netherlands and the United Kingdom. The aim of these programmes is to introduce a new channel of communication between public administrations and SMEs. Concerning access to finance this is clearly a key issues for many SMEs. According to the Commission, although important progress has been made since the Charter came into being, businesses still see lack of finance as a major constraint. Various initiatives have been taken by the Member States including the Finnish DILLI scheme to attract skilled personnel to participate in the company's share capital. In the UK, a new tax incentive encourages the flow of private capital to finance institutions providing micro credit to enterprises in disadvantaged areas. In terms of innovation and technology transfer the Commission notes several new measures have been taken, such as the Dutch "TechnoPartner" initiative and

the Portuguese Innovation Agency. Other examples include the Irish "Shannon Development Network", which brings businesses, teachers and innovation together. In spite of some progress the Commission proposes that further efforts are needed to develop appropriate technology transfer mechanisms to strengthen co-operation between science and the business community. The Report notes that progress has been quite dramatic in certain fields such as Member State initiatives making it cheaper and easier to set up businesses. One example given is the Spanish "Nueva Empresa" project. Since it was created SMEs in Spain can set up shop within 48 hours thanks to an on-line service. This compares to the 30-60 days it used to take to register as a business in Spain. The on-line service allows businesses to register all seven steps previously needed electronically (such as registration with the tax authorities, the commercial register and the social security authorities). It also includes a simplified bookkeeping system, tax and financial advantages as well as support services. On the matter of improving and simplifying regulation, the Commission reports a growing awareness amongst the Member States on the need to reduce administrative burdens on business with many in the process of renewing their bankruptcy laws. However, while some Member States have been carrying out regulatory impact assessments for several years, a small number of Member States still do not seem to use regulatory impact assessments at all prior to adopting legislation. Another area in which progress is being made relates to exchange of practice amongst the Member States. An increasing number of Member States have reported that they have drawn inspiration from measures developed in other Member States and recommendation of the Best Procedure projects. Building on the experiences of Belgium, Denmark and the Netherlands, Sweden is currently developing a measurement method. Further, following the example of the Netherlands, Belgium has set up a contact point for contradictory regulations and administrative cost where individuals and companies can report contradictory regulation or regulations that can not easily be applied. To conclude, the Report suggests that the Charter has led to improved co-operation and co-ordination between all those involved in policies affecting small businesses. In January 2003 the Commission launched a Green paper on entrepreneurship. On the basis of the public consultation, the Commission is presenting an Action Plan, which will provide a strategic framework and a number of key action aimed at boosting greater entrepreneurship.

Enterprise policy: multiannual programme MAP 2001-2005

2000/0107(CNS) - 04/05/2007

This is the third annual MAP progress report. To recall, MAP was set up, initially, to cover the period 2001-2005 but was later extended to the end of 2006. The report covers the three financial instruments set up by MAP namely: the SME Guarantee Facility; the ETF Start-up Facility and the Seed Capital Action.

SME Guarantee Facility: The objective of this Facility is to promote entrepreneurship, enhance growth and competitiveness and to improve the overall financial environment for SMEs in the Community. It does so by seeking to encourage the growth of SMEs through increasing their debt financing. The Facility provides higher volumes of guarantees for existing guarantee products of the Financial Intermediaries (FIs); by offering access to financing for a larger number of small companies and by offering a wider variety of investments and guarantees for riskier loans. In addition, the SME Guarantee Facility covers part of the losses incurred under the guarantees up to a pre-determined amount (the cap). It applies only to companies with up to 100 employees. In short, the Facility offers: Loan Guarantees; Micro-credit Guarantees; Equity Guarantees; and ICT Guarantees.

At the end of 2005, the budgetary resources committed under the SME Guarantee Facility amounted to EUR 267.50 million – representing 64.3% of the total MAP budget. As far as the "utilisation" of the Facility is concerned (meaning the aggregate volume of guarantees issued by the EIF in relation to the signed agreements between the EIF and the FIs under the facility), at the end of 2005 the average utilisation reached 67% for the Loan Guarantee window, 66% for the Micro-credit window and 65% for the Equity window. This is fully in line with expectations.

Guarantee schemes, in general, have a very high leverage effect as do Loan Guarantees as they are often provided in the form of counter-guarantees to institutions that in turn provide guarantees to other actors such as intermediaries and banks. Due to the risk-sharing between these various actors the leverage, in terms of volume of loans supported, is very high.

The number of final beneficiaries increased progressively and stood at nearly 140 000 at the end of 2005 (of which more than 115 000 under the Loan Guarantee window). In 2005 about 570 000 persons were recorded as employed at the date of the loan issues against less than 310 000 in 2004. At the end of 2005 Final Beneficiaries with up to 10 employees made up 91% of the total number of SME's under the Loan Guarantee window, 100% under the Micro-credit window and 64% under the Equity Guarantee window. These figures clearly demonstrate that the SME Guarantee Facility remains focused on its target population as set out in the EU "Charter for small enterprises".

ETF Start-up Facility: The purpose of the ETF Start-up Facility is to increase the availability of risk capital to innovative SMEs during their creation and their early state development. It invests in specialised venture capital (VC) funds that have been made available to provide equity or other forms of risk capital to SMEs. At the end of 2005 the budgetary resources committed under the ETF Start-up amounted to EUR 143.20 million, representing 34.4% of the MAP budget.

Since the start of MAP, 12 requests for approval have been submitted to the European Commission for approval. Nine have been signed by the EIF with VC funds. One investment of EUR 15 million in Germany is still under negotiations. For the remaining two approved proposals, the operations have not materialised. Five out of the ten contracts were signed in 2005. Several deals are still in the pipeline. If successful they should materialise in the course of 2006.

In general, the VC funds, in which the EIF has invested, have an international, national or regional focus. Funds are mainly oriented towards early stage investments in high technology sectors, such as information and communication technologies, internet, healthcare and life sciences. Given that the VC funds are still in the early stages of their investment periods it is too early to provide any meaningful data on their employment potential. Up to December 2005, the VC funds had invested in 35 portfolio companies, which reported a total of 568 employees as of June 2005.

Seed Capital Action: The purpose of the Seed Capital Action is to stimulate the supply of capital for the creation of innovative new businesses with growth and job creation potential, including those in the traditional economy, through support for seed funds, incubators or similar schemes. At the end

of 2005 the budgetary resources committed under the SCA amounted to EUR 5.6 million, representing 1.3% of the MAP budget committed until the end of 2005. The VC funds approved through the SCA scheme have contractual agreements with the EIF under the ETF Start-up initiative. By the end of 2005 three grant agreements were signed with the two VC funds.

Conclusions: The Commission concludes its report by stating that the SME Guarantee Facility has had a positive market take-up. The Loan Guarantee and the Micro-credit windows have been particularly successful allowing the participating Financial Intermediaries to increase volumes and to take on more risk. At the end of 2005 the Facility covered 27 countries and 45 portfolios of 41 Financial Intermediaries.

The implementation of the ETF Start-up Facility has, on the other hand, faced some difficulties in the period 2002 to 2003, due to the difficult fundraising situation prevailing on the EU venture capital market. Precisely for this reason, the report argues, the ETF Start-up Facility has a key role to play as a unique and important European financial instrument fostering investments in strategic sectors. The demand for early stage funding remains important and European technology centres (especially research centres and universities) continue to generate valuable results in terms of concepts and intellectual property rights.

Regarding Seed Capital Actions, the programme has not been as successful as originally hoped – largely due to constraints relating to eligibility criteria and difficult market conditions for venture capital in the MAP starting period. Only three grant agreements have been signed so far.

The successor programme to MAP, the “Competitiveness and Innovation Programme” or CIP was adopted in 2006. CIP will bring together, within a coherent framework, specific Community support programmes and relevant parts of other Community programmes in the fields most critical to boosting European productivity and innovation capacity whilst at the same time respecting environmental concerns.

Enterprise policy: multiannual programme MAP 2001-2005

2000/0107(CNS) - 07/03/2001 - Document attached to the procedure

This report from the Commission constitutes its Annual Implementation Report on the European Charter for Small Enterprises. The European Charter for Small Enterprises, adopted on 13 June 2000 and welcomed by the Feira European Council on 19-20 June, called upon Member States and the Commission to take action in a number of areas to support and encourage small enterprises. Recognising the crucial role that these types of enterprises play in the growth of the European economy, the Charter aimed to focus the minds of policy makers on the factors that are critical to their development and prosperity. In order to follow-up the recommendations in the Charter, the Commission undertook to report annually on progress to the Spring Summit. Action in favour of SMEs takes place under a variety of headings, which are reviewed in a number of different Commission reports. This report can only make a brief reference to these other publications, as it is not possible, for reasons of space, to reproduce all their findings here. An exercise to evaluate and summarise the progress of Member States and the Commission in improving the environment for businesses was already underway at the time of the Feira European Council. Following its completion, a detailed report, along with a paper summarising results from other best practice-related activities, was submitted to the Industry Council on 5 December 2000. This report made a number of recommendations as to where Member States could better their performance, and highlighted thirty-one examples of good practice from individual countries that could be replicated elsewhere. Importantly, it also enabled the Commission to verify that Member States are acting in accordance with the recommendations of the Charter. In particular, progress has been made in the area of better legislation and regulation, where almost all Member States introduced initiatives to improve the regulatory framework for business. Most Member States have put emphasis on making start-ups for SMEs easier and faster by establishing on-line access for registration and the introduction of one-stop shops. Efforts have also been made to strengthen the technological capacity of small enterprises by the majority of Member States, but these will need to be further improved. In the areas of education and training and availability of skills, much work has yet to be accomplished. The European Union presents a patchy picture for the time being: some Member States put a great deal of emphasis on education, but most unfortunately do not. More attention also needs to be given to tax systems and financial matters. For its part, the Commission has acted on the recommendations and addressed to it the Action Plan to Promote Entrepreneurship and Competitiveness, and has ensured that the objectives of the new Multiannual Programme for Enterprise and Entrepreneurship are compatible with those in the Charter. The Commission is also launching 11 projects, in cooperation with the Member States, to identify best practice in areas that correspond to the Charter's guidelines. As regards future reports, progress by Member States will continue to be monitored through the best Practice annual report, which will be presented to the Industry Council at the end of each year, beginning in 2001. This will draw together the results from all the different activities aimed at identifying and benchmarking best practices.