

## **Information note of Commission services regarding ERDF support to SMEs**

This note responds to issues raised in the course of the negotiations between Commission Services and Member States on the matter of direct support to SMEs in Operational Programmes for the 2007-13 programming period.

The success of the Lisbon partnership for growth and jobs depends on Europe's small and medium-sized enterprises (SMEs) achieving their potential, for they are crucial in fostering the entrepreneurship, competition and innovation that leads to sustainable growth and development. In this respect, the Commission has developed and implements a range of policy measures specifically to assist SMEs in Europe.

Within the framework of cohesion policy, for the 2007-2013 programming period, Article 3 (2) of the ERDF Regulation No. 1080/2006 states that the ERDF shall contribute towards the financing of "*productive investment...primarily through direct aid to investment primarily in small and medium-sized enterprises (SMEs)*". The Council decision of 6 October 2006 on the Community Strategic Guidelines on Cohesion (2006/702/EC) is also clear that cohesion policy support should focus on SMEs whether it be improving the RTD and innovation capacity of firms, providing business support services, or facilitating access to micro-credit.

Co-financed investment in SMEs is aimed at creating the conditions in which small firms can be created and can thrive. If the EU is to achieve its goals of speeding up economic growth and creating more and better jobs, it will be SMEs which play the biggest role.

Also, aid to SMEs is less likely to contribute to loss of jobs in existing locations and thus Community funding would not result in support to relocation within the European Community.

Against this background some Member States have already decided to focus ERDF support for investment exclusively to SMEs.

In all other cases, in light of the Regulations and political commitments made by Member States in successive European Councils, the Commission would like to reiterate its position that operations co-financed by the Structural Funds specifically assist SMEs to the largest possible extent. Naturally, this should take into account national circumstances but the overwhelming priority when designing aid schemes to enterprises should be SMEs. The Commission therefore recommends that:

- For each Member State and globally for Operational Programmes in which direct assistance to enterprises is foreseen, a substantial share of this support should be directed towards assisting SMEs; and
- each Operational Programme make explicit reference to a minimum threshold of direct support to SMEs as a percentage of the total amount of direct support to all enterprises to be achieved during the programming period.
- These minimum thresholds do not apply to direct support to R&D given the high importance placed on these types of investments by the Lisbon agenda.

