

Contribution of EURADA to the Public consultation on a possible successor to the Competitiveness and Innovation Framework Programme (CIP)

EURADA, the European Association of Development Agencies, is pleased to submit its contribution to the public consultation on a possible successor to the CIP.

The real problem in the field of support to enterprises and entrepreneurs in Europe is the fragmentation of the offer on the one hand and the lack of high added value support services to them on the other hand.

Year after year, survey after survey, EU strategy after EU strategy, the main identified bottlenecks remain the same. They are:

- access to funding,
- search for innovation partners,
- commercialisation of new products/services,
- internationalisation, including to access non EU markets.

These bottlenecks will remain the same until the European Union opts for a radical change in its approach. The European Commission will indeed never be able to solve by its own the problems of 23 million SMEs and to please the expectations of lots of lobbying organisations.

The starting points of the next CIP framework programme should be:

1. The recognition of the critical and unique role of each stakeholder of the European multi-governance system in providing support services to SMEs or potential entrepreneurs. This means that the subsidiarity principle should be applied and that the European Commission should focus its action on really high added-value support services.
2. The recognition that for a lot of reasons, but mainly due to the lifestyle entrepreneur "mind-set" of their owners, most SMEs do not need nor are able to access the benefit of EU programmes nor of the internal market and the globalisation of the world economy. This means that the European Union must admit that not all support services nor all money are the same and that enterprises can only access some types of support if and only if they are "invest ready".
As a consequence, DG Enterprise and Industry has to support only the few enterprises having a high growth potential thanks to product/service or geographical diversification and are requiring means that they cannot find locally. Other enterprises should take advantage of ERDF, ESF or EARDF support until they have reached the critical mass of capability to become growth potential SMEs. The European Commission's new slogan should be: "You grow, we care!".
3. There are already hundreds of support schemes and service providers for SMEs in all EU countries, regions and cities. Most of the time there is a plethora of offer but a mismatch of that offer with the real needs, not expressed nor formulated in writing by the entrepreneurs themselves. The same applies to service providers; most of them lack of capability to propose high added-value support services.

I. THE WAY FORWARD

Based on the recognition of those facts, the European Union should concentrate its efforts and scarce means in the following ways:

- a) Help Member States and any other stakeholders in the multigovernance system to continuously improve the framework conditions for the creation of enterprises and start-ups and the development of any existing enterprises. This means a review of all the administrative, bureaucratic and fiscal proceedings which might prevent any enterprises from growing, innovating or being transferred, as well as a failed entrepreneur from receiving a second chance. This could be achieved under the Small Business Act (SBA). To align the SBA with the EU2020 Strategy, social entrepreneurship and enterprises should be taken into consideration in order to recognize their importance in the European model and to provide them with state of the art support services.
- b) Help support service providers take up new types of high added-value support services and support the development of the next generation of support services. This should be done for a few fields of activities, for instance all forms of innovation (ICT, energy, eBusiness), market intelligence, internationalisation, access to finance. The role of the Commission would be to detect those practices and to support their dissemination through training, peer reviews and labeling outstanding providers.
- c) Put in place a few pilot schemes for the benefit of European high growth potential SMEs in order to help them accelerate the introduction of new products and services on the EU or global markets. This would be implemented thank to the selection of a few highly professional support service providers/clusters able to detect and offer financial and non financial support services to enterprises which would be given the informal label of EU strategic SMEs.
- d) Create and manage a sign posting system in order to help enterprise advisors and enterprises to understand the way to access the benefits of the different EU funding mechanisms as well as the goals of the EU2020 Strategy and its different flagship initiatives. This supposes a better coordination between the different Directorates General, the ERDF managing authorities and the regional/national SME organisations.
- e) Reinforce the supply of early stage funding in partnership with EIF/EIB and ERDF revolving funding mechanisms.
- f) Implement an initiative to boost societal/social innovation. To do so, the European Commission should combine the tools suggested in points b) and c) above.

II. IMPLEMENTATION PATHS

To implement Point a), the European Commission should work with a network of volunteer EU and Member State organisations on the one hand and with public or semi-public support service providers located in the 271 NUTS 2 regions on the other hand. These organisations would become a "user" group to monitor the implementation of the SBA, to complain about inefficiencies in the SME support framework conditions and in the access to the full potential of the internal market as well as to interim achievement of the EU2020 Strategy. This will be done in connection with action d). This network would be a natural evolution of the existing Enterprise Europe Network.

To implement Point b), the European Commission should take advantage of its central position to "top up" new practices, to support the practices owners, to modelise and to

outreach those practices to any other potential support providers. Funding should only go to those organisations who will play that game. Indeed, in schools and universities teachers are paid, not students! The innovation takers can implement the new services through their ERDF or ESF or EARDF operational programmes. To help the dissemination of the new practices, the European Union will organise thematic fairs, a mixture of tool pitching and bilateral meetings. A voucher scheme will be put in place to financially reward the transfer of practices.

The types of pilot projects to be supported under Point c) would be:

- P sectorial meet-the-buyer event such as Aeromart organised every two years in Toulouse Cf. <http://www.bciaerospace.com/toulouse/>
- P Interprise-type events between clusters acting in complementary sectors or for enabling technology sectors
- P Sectorial financial Techtour for high growth enterprises Cf. <http://www.techtour.com>
- P Technology demand or reverse fairs for societal challenges. Organisations looking for solutions will be able to meet with cluster members who have the potential answers
- P Market replication.

Events could take place either in the European Union or in non EU countries. Greater attention than in the current CIP should be given to activities outside the EU. The European Commission will set up the criteria to organise/host such events as well as the conditions for enterprises and clusters which would be allowed to take part in the selected events. In any case, the European Commission should check the long-term capability and commitment of the selected organisations.

The SME pyramid and CIP 2 implementation process

Avenue des Arts 12 Bte 7
1210 BRUSSELS - BELGIUM
Tel: +32 2 218 43 13
Fax: +32 2 218 45 83
www.eurada.org