
Changes to legislation: There are currently no known outstanding effects for the Council Decision of 20 December 2000 on a multiannual programme for enterprise and entrepreneurship, and in particular for small and medium-sized enterprises (SMEs) (2001-2005) (2000/819/EC), ANNEX I. (See end of Document for details)

ANNEX I

DESCRIPTION OF THE AREAS OF ACTION

The areas of action will principally be based on identifying and exchanging best practice in accordance with the new Best Procedure described in the Commission communication of 26 April 2000, while taking account of the needs of SMEs, and will be aimed at:

1. **Enhancing growth and the competitiveness of business in a knowledge-based, internationalised economy:**

This programme will foster, in particular, measures to:

- enhance competitiveness and innovation;
- assist the free movement of goods and market access;
- prepare enterprises for facing globalisation and, in particular, promote the participation of SMEs in the process of standardisation and its implementation;
- provide an adequate range of skills geared to the needs of small businesses;
- develop the use of new information and communications technologies;
- encourage innovative practices;
- foster the integration of sustainable development.

2. **Promoting entrepreneurship:**

This programme will aim, in particular, at:

- assisting the creation and transfer of businesses;
- developing training in entrepreneurship;
- fostering the enterprise culture throughout society;
- identifying and promoting specific policies in favour of SMEs.

3. **Simplifying and improving the administrative and regulatory environment for business, in particular to promote research, innovation and business creation:**

The following will be sought in particular:

- further development of the business impact assessment system for proposed Community legislation;
- better regulation and a simpler administrative environment in general.

4. **Improving the financial environment for business, especially SMEs:**

In response to the conclusions of the Lisbon European Council of 23 and 24 March 2000, this programme will foster in particular:

- (a) measures to improve the financial environment for business, especially SMEs. These measures, arrangements for the operation of which are set out on an indicative basis in Annex II, are as follows:

- (i) *the Start-up Scheme of the European Technology Facility (ETF), operated by the European Investment Fund (EIF).*

The ETF Start-up Scheme will support the establishment and financing of SMEs in their start-up phase:

- ^[F1]by investing in relevant specialised venture capital funds, particularly in seed funds, smaller funds, funds

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operating regionally or funds focused on specific sectors or technologies, or venture capital funds financing R&D, e.g. funds linked to research centres and science parks which in turn provide risk capital for SMEs. This scheme will reinforce upstream the ETF established by the European Investment Bank (EIB) in cooperation with the EIF by adopting an investment policy involving a higher risk-profile, both as regards intermediary funds and their investment policies.]

The EIF will select, make and manage the investments into the venture-capital funds, where appropriate working with national schemes. The detailed terms and conditions for implementing the ETF start-up facility, including its monitoring and control, will be laid down in a cooperation agreement between the Commission and the EIF which takes account of the indicative outline in Annex II.

- by supporting the establishment and development of business incubators and associated follow-up programmes ('mentoring schemes').

[^{F2}The start-up phase is normally defined as up to five years. However, for companies in specific high technology sectors, in particular life sciences, the start-up phase can be up to 10 years, due to the extended pre-commercialisation product development and testing phases that are characteristic of these particular sectors.]

(ii) *the SME Guarantee Facility, operated by the EIF*

The SME Guarantee Facility will provide cross-guarantees or, where appropriate, co-guarantees for guarantee schemes operating in Member States, and direct guarantees in the case of the EIB or any other appropriate financial intermediary, its losses from the relevant guarantees being covered by the general budget of the European Union.

This will enable market failures to be remedied in the following areas:

- loans for SMEs with growth potential, in order to reduce the particular difficulties they face because of the high risk which they represent (e.g. small or newly-established companies);
- microcredit, in order to encourage financial institutions to play a greater part in that area by offering loans of a smaller amount which involve proportionately higher unit handling costs for borrowers with insufficient guarantees;
- own-funds investments in SMEs with growth potential, including investments by local or regional funds which provide seed capital and/or capital in the start-up phase, in order to reduce the particular difficulties which SMEs face because of their weak financial structure;

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- exploitation by small undertakings of the new possibilities presented by the Internet and e-commerce - guaranteed loans could cover IT equipment, software and training in order to help such undertakings modernise themselves in these areas and make them more competitive.

As well as guarantees or cross-guarantees, additional aid to financial intermediaries could be envisaged, particularly with regard to microcredit. Such aid is intended to partially offset the high administrative costs inherent in such activities.

The budgetary allocation will cover the full cost of the facility, including EIF's guarantee losses and any other eligible costs or expenses of the facility. The cost of the facility to the general budget of the European Union will be capped so that it does not under any circumstances exceed the budgetary allocations made available to the EIF under this facility; there will be no contingent liability on the budget.

The detailed terms and conditions for implementing the SME guarantee facility, including its monitoring and control, will be laid down in a cooperation agreement between the Commission and the EIF which takes account of the indicative outline in Annex II.

(iii) *Seed Capital Action, operated by the EIF*

The Seed Capital action aims 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 organisations in which the EIF participates - either from its own resources or on its mandate - from their early years onwards.

(iv) *Joint European Venture*

This programme aims to use the commitments effected up until 31 December 2000 for the benefit of undertakings planning to enter into a transnational partnership. The maximum contribution per project is EUR 100 000.

[^{F2}The Joint European Venture programme shall be phased out.

The financial intermediaries may present applications for financial contributions from SMEs to the Commission until 29 December 2004.

Applications and projects shall be dealt with according to Article 4 and Annex II of Council Decision 98/347/EC of 19 May 1998 on measures of financial assistance for innovative and job-creating small and medium-sized enterprises (SMEs) — the growth and employment initiative⁽¹⁾.]

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These financial measures might be adapted in the light of future Council decisions. These financing facilities will have to be implemented in close collaboration with the Member States.

- (b) use of the euro by business;
- (c) measures to encourage proximity financing, and in particular to develop networks of Business Angels;
- (d) promoting a Community-wide network for seed capital funds and their managers and stimulating an exchange of best practices and training;
- (e) the organisation of Round Tables of bankers and SMEs.

5. **Giving business easier access to Community support services, programmes and networks and improving the coordination of these facilities:**

This programme will, in particular, develop actions to:

- foster access for enterprises to Community programmes and ensure better coordination particularly with the^{F3} fifth] framework programme for research, technological development and demonstration activities (FPRD),
- improve the operation, cooperation and coordination of Community networks, in particular the Euro Info Centres and the Euro Info Correspondence Centres. In carrying out these activities, the Commission may have recourse to technical assistance organisations or experts, the financing of which may be provided for within the overall financial framework of this programme,
- promote the organisation of Europartnership business cooperation events,
- make use of the report entitled 'European Observatory for SMEs'.

Textual Amendments

- F1** Substituted by Decision No 593/2004/EC of the European Parliament and of the Council of 21 July 2004 amending 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) (Text with EEA relevance).
- F2** Inserted by Decision No 593/2004/EC of the European Parliament and of the Council of 21 July 2004 amending 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) (Text with EEA relevance).
- F3** Deleted by Decision No 593/2004/EC of the European Parliament and of the Council of 21 July 2004 amending 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) (Text with EEA relevance).

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(1) [^{F2}OJ L 155, 29.5.1998, p. 43.]

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Textual Amendments

F2 Inserted by [Decision No 593/2004/EC of the European Parliament and of the Council of 21 July 2004 amending Council Decision 2000/819/EC on a multiannual programme for enterprise and entrepreneurship, and in particular for small and medium-sized enterprises \(SMEs\) \(2001-2005\) \(Text with EEA relevance\)](#).

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