



# European SMEs and Economic Recovery

for sustainable, digital and resilient  
industrial ecosystems in Europe

*European Commission*

*DG GROW, Unit H1 SME Strategy*



# 1. THE IMPORTANCE OF SMEs IN THE EU



**99.8%**

enterprises



**68.6%**

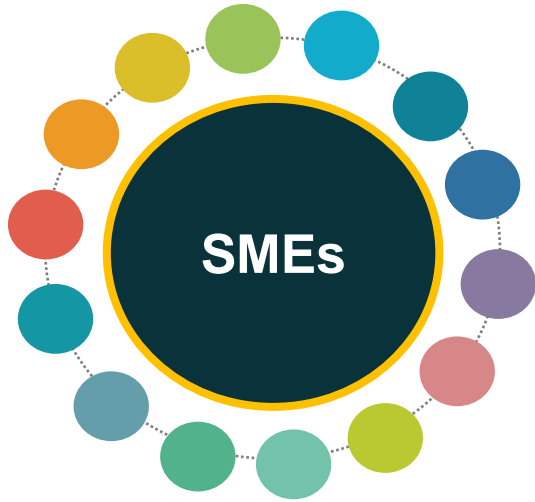
jobs



**58%**

of added value

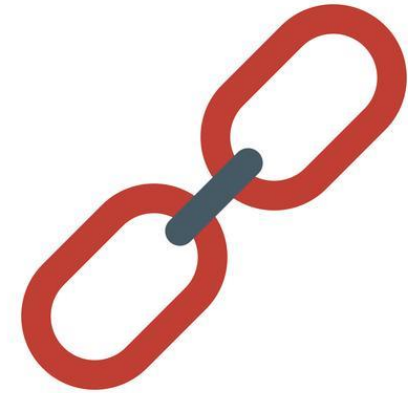
# 1. THE IMPORTANCE OF SMEs IN THE EU



SMEs are the main fabric of Europe's economy across all industrial ecosystems.



SMEs are drivers of innovations.



SMEs are key elements in every value chain.

## 2. SMEs in light of the Covid-19 crisis: impact and short term relief

### **SMEs HAVE BEEN HIT HARD BY THE COVID-19 CRISIS**



- More than **90% of SMEs** have reported a decrease in turnover
- About 2/3 have reported delayed investment decision or downsized investments.

### 3. SMEs in light of the Covid-19 crisis: impact and short term relief

#### CRISIS RESPONSE: ACTIVITIES BRINGING SHORT TERM RELIEF TO SMEs

##### Enterprise Europe Network (EEN)

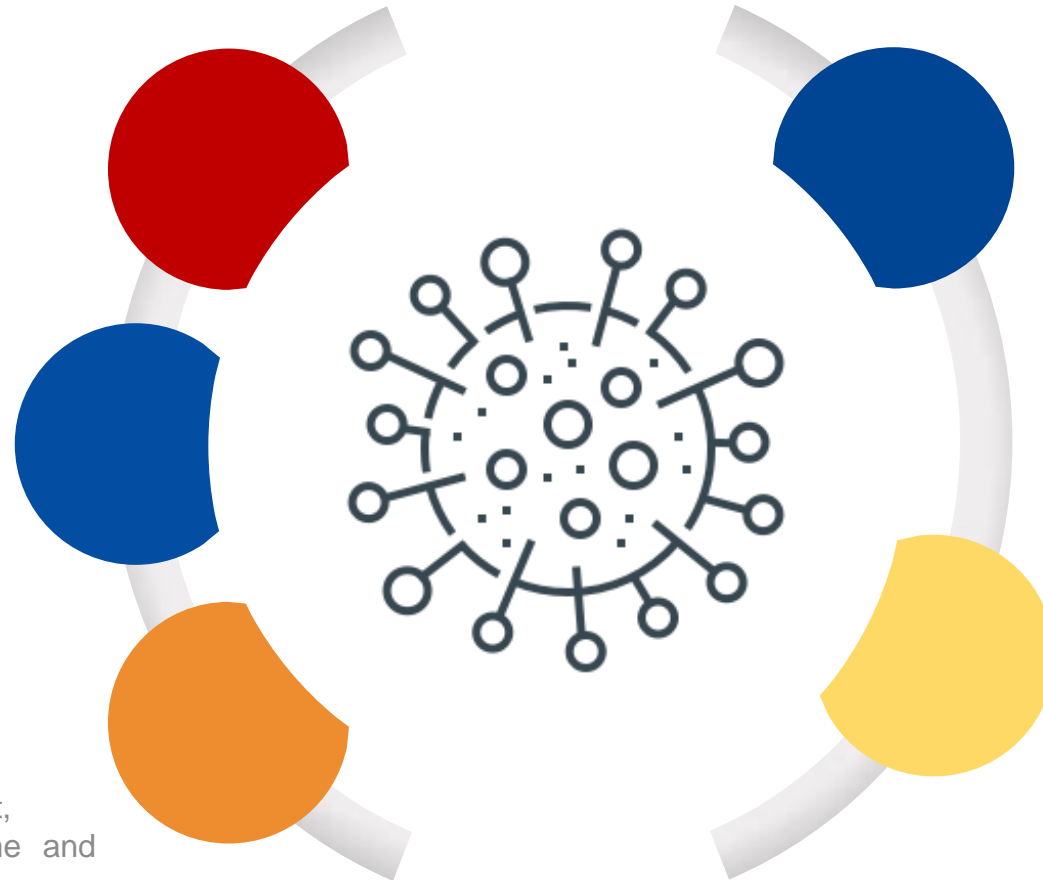
Refocusing services to provide practical support and information to those working on innovations related to the crisis (e.g. help on the EIC call on coronavirus), finding partners, information on refocusing production etc.

##### SME Envoy Network

Sharing national best practices, bringing national measures together for coordinated action at EU level.

##### SURE

EUR 100 billion solidarity instrument, to help workers keep their income and businesses stay afloat.



##### COSME LGF

Reinforcing the instrument with EUR 714 million from EFSI: lending refocused on working capital as well as credit holidays. Measure will be available to current LGF and new ones with EIF simplified procedure .

##### ESCALAR

Supporting the liquidity needs of scale-ups through a first-of-a-kind risk/reward mechanism to boost the availability of venture capital funds for scaling up.

### 3. The SME Strategy- the long-term framework for economic recovery

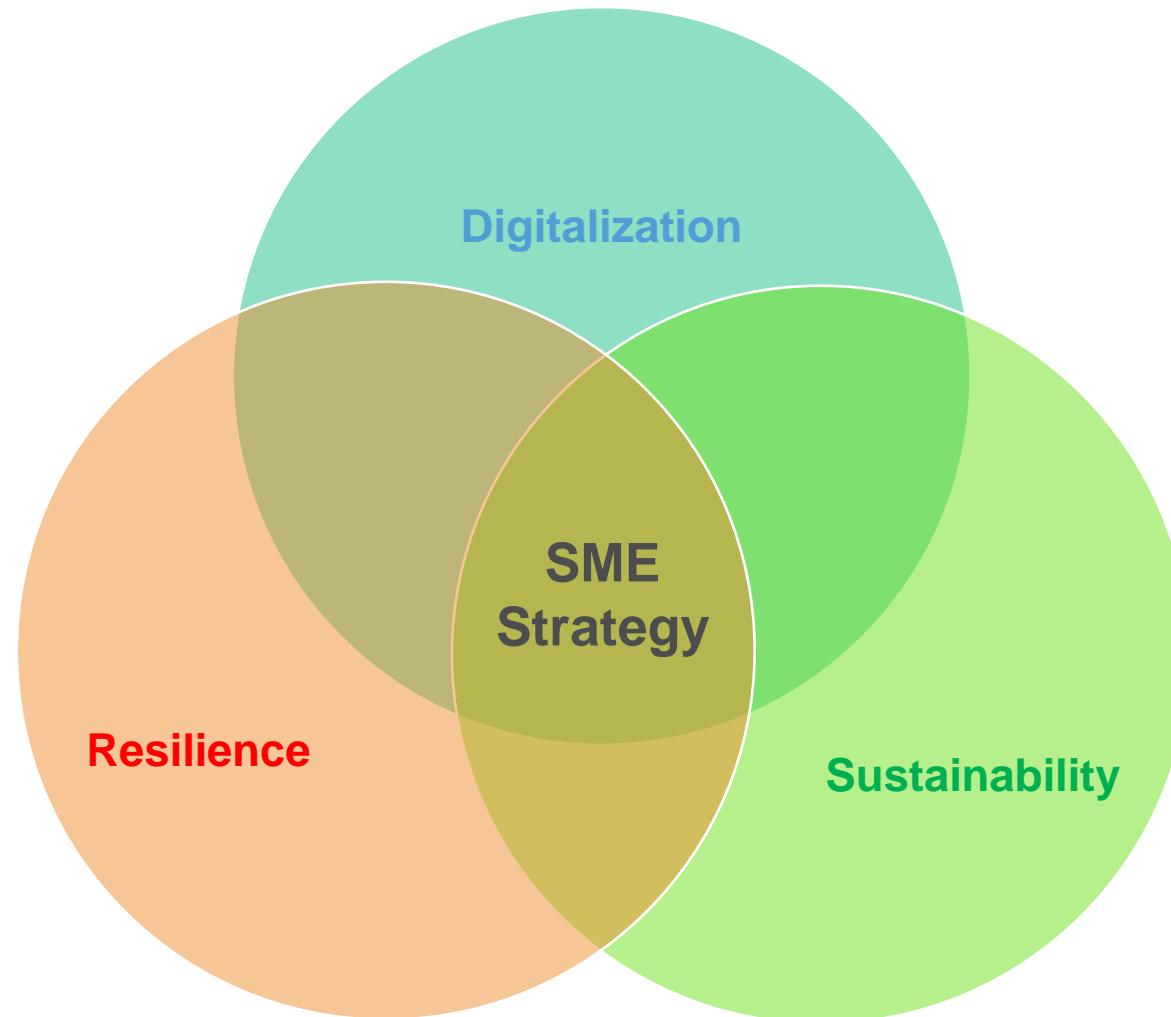
#### MOVING FROM SHORT TERM RELIEF TO ECONOMIC RECOVERY/ADAPTATION: SME STRATEGY IS THE COMPASS

- The SME strategy was adopted on 10 March – just before the COVID-19 crisis hit the EU with full force.
- **The SME strategy is now more important than ever as a key tool for post-crisis recovery.**
- It builds on the SBA & Start-up/Scale-up Initiative and targets all SMEs, leaving no-one behind.



### 3. The SME Strategy- the long-term framework for economic recovery

## SMEs at the centre of the triple transition



### 3. The SME Strategy- the long-term framework for economic recovery

## EUROPEAN SME STRATEGY – 3 PILLARS

### Digitalisation & Sustainability

**Focus on capacity building:**

- Sustainability services under the EEN
- European Innovation Council: funding for green projects
- Digital Innovation Hubs

### Access to finance

**Closing the market gap:**

- InvestEU SME window, promoting EU priorities
- SME IPO fund
- ESCALAR

### Cutting red tape and tapping into markets

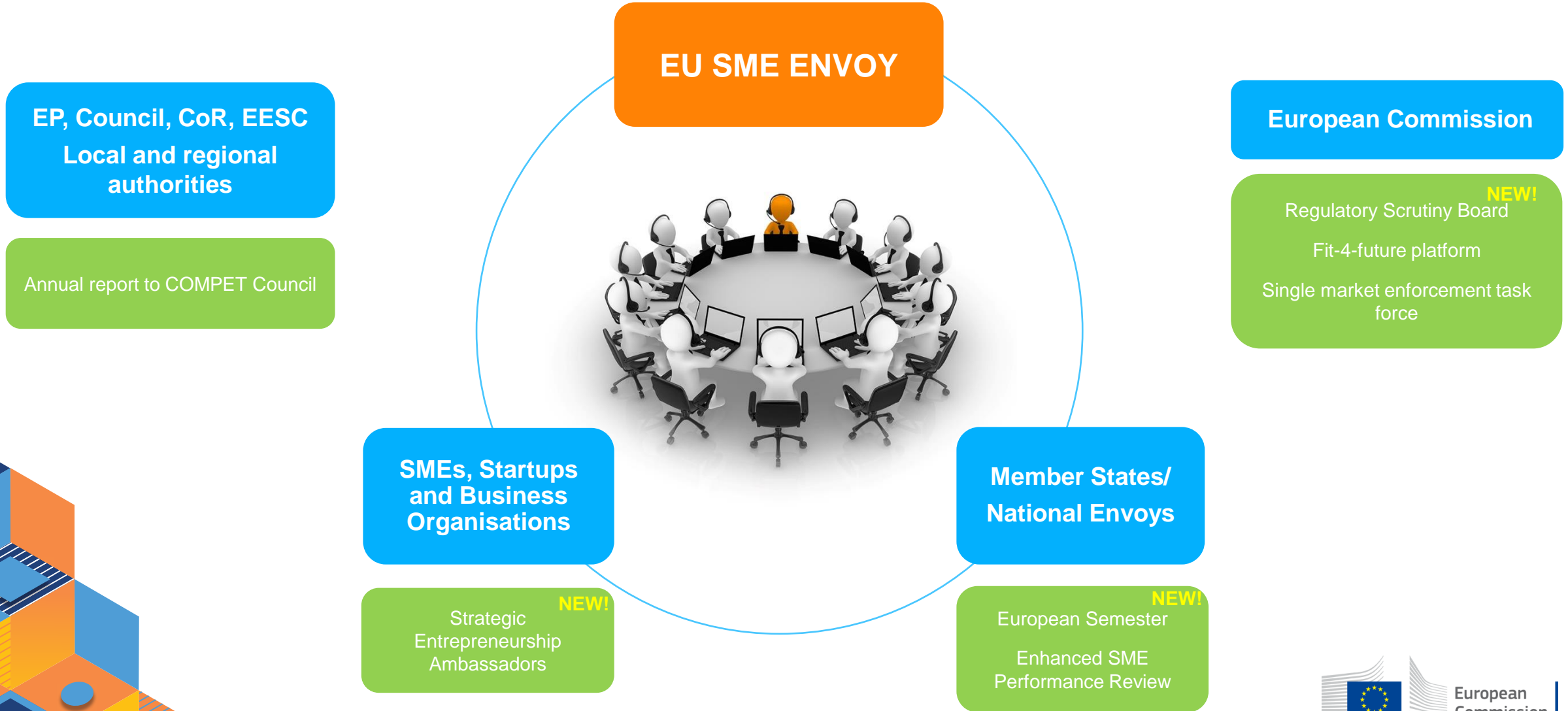
**Reducing burden and prompting payments:**

- Single Digital Gateway as one stop shop
- Cross border pilot
- Enforcement of Late Payment Directive
- Start-up Standard



# 5. SME policy governance and monitoring

## EU SME ENVOY - A PARTNERSHIP FOR DELIVERY AND MONITORING OF SME POLICY



## 6. SMEs and the recovery plan

### Next Generation EU

- **EUR 750 billion** to boost the EU's recovery (including RRF of approx. 670 billion).
- Emphasizes that cohesion funds such as **REACT-EU**, and the **JUST TRANSITION FUND** should notably support SMEs.

### Recovery Package & SME strategy

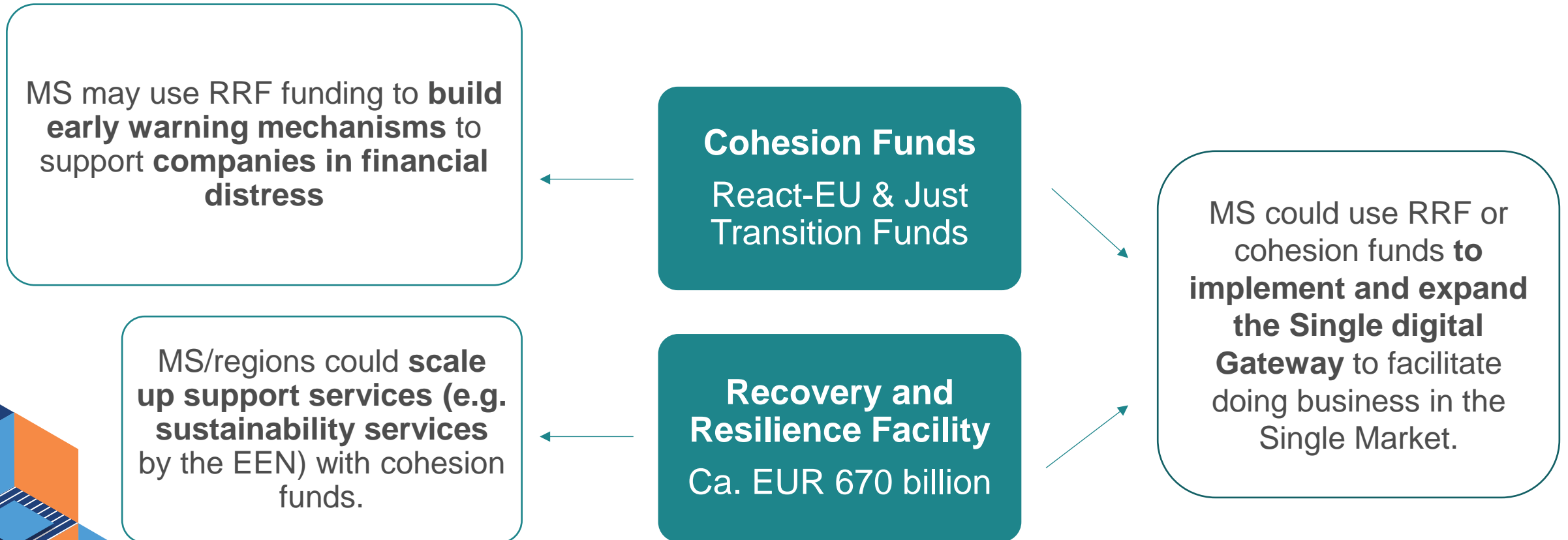
- **Recovery package and implementation of the SME strategy need to go hand in hand.**
- EC to provide guidance to MS, notably on the implementation of countries' allocation under the Recovery and Resilience Facility (RRF)

### National reform plans

- Implementation is based on national **Recovery and Resilience Plans**, which should also reflect SMEs' needs.
- Involvement of **national SME envoys** could be useful.
- RRF funds for **hard investments AND reforms**, promoting cross-border cooperation (ecosystem principle). Reforms are the "foundation", providing a stable environments for investments.

## 6. SMEs and the recovery plan

### ILLUSTRATION: RECOVERY FUNDS SUPPORTING IMPLEMENTATION OF THE SME STRATEGY



## 7. What is in it for UfM countries?

### LINK EU SME STRATEGY - UfM

- Favourable business environment in the EU helps also foreign companies active in the EU.
- Possible access to funding, e.g. through InvestEU.
- EEN – services: available in Tunisia, Egypt, Jordan and Israel.
- Exchange of ideas/best practices.

