



15 March 2011

### EUROPEAN COMMISSION SME FINANCE FORUM

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### THE FUTURE OF EUROPEAN FINANCIAL INSTRUMENTS

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#### 1. General

BUSINESSEUROPE is pleased that the Commission and the European Investment Bank Group (EIB Group) have developed, over the past years, a broad spectrum of innovative financial instruments that are capable to help SMEs invest and grow.

In doing this, the Commission and the EIB Group were right to pay attention to technological innovation-based companies and other growth based-companies.

We are happy that, through the 7<sup>th</sup> Research Framework Programme (FP7), on the one hand, and the Competitiveness and Innovation Programme (CIP) on the other hand, effective solutions have been found to deal with cases where market failures occur with respect to the financing needs of a range of SME categories including:

- small firms in the first expansion phase, having insufficient collateral
- high growth SMEs in further expansion stages.

In particular, BUSINESSEUROPE appreciates very much the contribution that has been made to date by the Risk-Sharing Financial Facility (RSFF), the High Growth and Innovative SME Finance Facility (GIF) and the SME Guarantee Facility (SMEG) to promote SME development.

Against this background, BUSINESSEUROPE fully supports the plan of the Commission, mentioned in the Small Business Act Review Communication, of enhancing the existing set of innovative EU financial instruments to help SMEs invest and grow.

These instruments will need to continue to occupy a prominent place in the future EU budget. BUSINESSEUROPE speaks out clearly on this issue in the position it published on 14 March on the future of the EU budget. "Unleashing SMEs' growth

potential” is included as one of the five overarching goals defined by BUSINESSEUROPE for the EU budget.

BUSINESSEUROPE also calls for continuation of the EIB “Loans for SME” scheme that it has launched in 2008.

## 2. Improvements needed

When an enhanced set of financial instruments is being designed, close attention will have to be paid to making them more accessible to SMEs in practical terms.

This calls for action on three fronts:

1. Ensure that financial instruments are presented in a manner that is as easy as possible for SMEs to understand.
2. Disseminate information on these instruments as widely as possible in the direction of SMEs.
3. Understand the reasons why some financial intermediaries give EU financial instruments only limited promotion in certain countries. More information and transparency is needed on the reaction of intermediaries to the EU financial products with a view to improving the situation.

Formulas should be found to ensure that the RSFF (or a similar product) is accessible to all categories of company, including small businesses.

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