



Procedure file

Basic information	
COD - Ordinary legislative procedure (ex-codecision procedure) Decision	2004/0272(COD) Procedure completed
Enterprise policy, SMEs: prolongation of the multiannual programme MAP until 31 December 2006	
Amending Decision 2000/819/EC 2000/0107(CNS)	
Subject 3.45.02 Small and medium-sized enterprises (SME), craft industries	

Key players			
European Parliament	Committee responsible	Rapporteur	Appointed
	ITRE Industry, Research and Energy		27/01/2005
	Committee for opinion	PSE THOMSEN Britta	Rapporteur for opinion
	BUDG Budgets	The committee decided not to give an opinion.	
Council of the European Union	Council configuration	Meeting	Date
	Agriculture and Fisheries	2676	18/07/2005
European Commission	Commission DG	Commissioner	
	Internal Market, Industry, Entrepreneurship and SMEs		

Key events			
14/12/2004	Committee referral announced in Parliament, 1st reading		
26/04/2005	Vote in committee, 1st reading		Summary
27/04/2005	Committee report tabled for plenary, 1st reading	A6-0118/2005	
25/05/2005	Debate in Parliament		
26/05/2005	Results of vote in Parliament		
26/05/2005	Decision by Parliament, 1st reading	T6-0189/2005	Summary
18/07/2005	Act adopted by Council after Parliament's 1st reading		
28/09/2005	Final act signed		
28/09/2005	End of procedure in Parliament		
03/11/2005	Final act published in Official Journal		

Technical information	
Procedure reference	2004/0272(COD)

Procedure type	COD - Ordinary legislative procedure (ex-codicedision procedure)
Procedure subtype	Legislation
Legislative instrument	Decision
	Amending Decision 2000/819/EC 2000/0107(CNS)
Legal basis	EC Treaty (after Amsterdam) EC 157-p3
Stage reached in procedure	Procedure completed
Committee dossier	ITRE/6/25390

Documentation gateway

Legislative proposal		COM(2004)0781	07/12/2004	EC	Summary
Economic and Social Committee: opinion, report		CES0245/2005 OJ C 234 22.09.2005, p. 0014-0016	09/03/2005	ESC	
Committee draft report		PE355.548	10/03/2005	EP	
Amendments tabled in committee		PE357.524	05/04/2005	EP	
Committee opinion	BUDG	PE357.674	25/04/2005	EP	
Committee report tabled for plenary, 1st reading/single reading		A6-0118/2005	27/04/2005	EP	
Text adopted by Parliament, 1st reading/single reading		T6-0189/2005 OJ C 117 18.05.2006, p. 0019-0117 E	26/05/2005	EP	Summary
Commission response to text adopted in plenary		SP(2005)2482/2	16/06/2005	EC	
Draft final act		03635/1/2005	28/09/2005	CSL	
Follow-up document		COM(2007)0235	04/05/2007	EC	Summary

Additional information

European Commission	EUR-Lex
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Final act

Decision 2005/1776 OJ L 289 03.11.2005, p. 0014-0014 Summary

Enterprise policy, SMEs: prolongation of the multiannual programme MAP until 31 December 2006

PURPOSE : to prolong the Multiannual programme for enterprise and entrepreneurship and to increase the financial reference amount and to amend Council Decision 2000/819/EC.

CONTENT : the multiannual programme (MAP) for enterprise and entrepreneurship, and in particular for small and medium-sized enterprises (SMEs) was adopted on 20 December 2000 to run from 1 January 2001 to 31 December 2005, with a budget of EUR 450 million.

The implementation of the MAP has been subject to regular evaluations. A public consultation on possible elements of a future support programme for entrepreneurship and enterprise competitiveness, to succeed the MAP, was carried out by the Commission in 2004. This consultation indicated strong support for a wider basis for policy analyses, development and co-ordination as well as for specific measures to help enterprises to be competitive and innovative.

The proposed successor programme would have begun in 2006, under the current financial perspective, and ended in 2010, the target date for achieving the ambitious objectives set by the Lisbon agenda. The challenge for the new programme would therefore be to contribute to

competitiveness in a more comprehensive way than achieved by the MAP. Subsequent to the evaluation and the public consultation, the Commission decided that a framework programme would have the greatest potential to boost innovation and competitiveness. The Commission proposed, in a Communication of 14 July 2004, to prepare such a framework programme in the context of the new financial perspective (2007-13).

It is not possible to present such a Commission proposal for a framework programme on innovation and competitiveness in 2004 in order to ensure its operation as of 1 January 2006. The framework programme for innovation and competitiveness should also dovetail with the 7th Framework Programme for Research. Consequently, both new framework programmes should start consecutively on 1 January 2007.

Nevertheless, it is essential to ensure continuity of Community support for the improvement of the business environment and for the growth and competitiveness of enterprises, in particular SMEs. It is therefore important to avoid any disruption of the instruments operated under the MAP. In view of these circumstances, the Commission proposes that the current programme, as amended in 2004, should be prolonged until 31 December 2006. The financial reference amount should be increased by EUR 81.5 million.

FINANCIAL IMPLICATIONS :

- Budget lines and headings: the following existing budget lines: 010405: Improvement of the financial environment for SMEs; 02020301: Multiannual Programme for Enterprise and Entrepreneurship, and in particular for SMEs; 02010404: Administrative support.
- Overall figures: Total allocation for action: EUR 81.5million for commitment. This amount represents the budgetary impact of the proposal to prolong the existing programme, which is due to end on 31 December 2005, for the additional year to 31 December 2006.
- Period of application: 1 January 2006 - 31 December 2006.
- Payment appropriations may extend beyond the end of the legal base until 31 December 2008.
- Overall estimate of expenditure (commitment and payment appropriations): EUR 74.700 million.
- Technical and administrative assistance and support expenditure: EUR 6.800 million.
- Overall financial impact of human resources and other administrative expenditure: EUR 8.914.
- Total cost : EUR 90.414.

Enterprise policy, SMEs: prolongation of the multiannual programme MAP until 31 December 2006

The committee adopted the report by Britta THOMSEN (PES, DK) approving the proposal under the 1st reading of the codecision procedure, subject to just one amendment increasing the overall budget from EUR 531.5 million, as proposed by the Commission, to EUR 538.5 million in order to bring the budget for 2006 closer to the budgeted amount for 2004 (EUR 91 million).

Enterprise policy, SMEs: prolongation of the multiannual programme MAP until 31 December 2006

The European Parliament adopted a resolution drafted by Britta THOMSEN (PES, DK) and made one amendment to the Commission's proposal, increasing the overall budget. (Please see the summary of 26/04/2005).

Enterprise policy, SMEs: prolongation of the multiannual programme MAP until 31 December 2006

PURPOSE : to prolong the Multiannual programme for enterprise and entrepreneurship and to increase the financial reference amount and to amend Council Decision 2000/819/EC.

LEGISLATIVE ACT : Decision 1776/2005/EC of the European Parliament and of the Council 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 to 2005).

CONTENT : this Decision aims to ensure the continuity of Community support for enterprise and entrepreneurship, and in particular for small and medium-sized enterprises (SMEs). It extends the period of validity of Decision 2000/819/EC by another year until 31 December 2006 and increase the financial reference amount by EUR 88,5 million.

The financial reference amount of EUR 450 million shall be replaced by EUR 538,5 million.

Enterprise policy, SMEs: prolongation of the multiannual programme MAP until 31 December 2006

This is the third annual MAP progress report. To recall, MAP was set up, initially, to cover the period 2001-2005 but was later extended to the end of 2006. The report covers the three financial instruments set up by MAP namely: the SME Guarantee Facility; the ETF Start-up Facility and the Seed Capital Action.

SME Guarantee Facility: The objective of this Facility is to promote entrepreneurship, enhance growth and competitiveness and to improve the overall financial environment for SMEs in the Community. It does so by seeking to encourage the growth of SMEs through increasing their

debt financing. The Facility provides higher volumes of guarantees for existing guarantee products of the Financial Intermediaries (FIs); by offering access to financing for a larger number of small companies and by offering a wider variety of investments and guarantees for riskier loans. In addition, the SME Guarantee Facility covers part of the losses incurred under the guarantees up to a pre-determined amount (the cap). It applies only to companies with up to 100 employees. In short, the Facility offers: Loan Guarantees; Micro-credit Guarantees; Equity Guarantees; and ICT Guarantees.

At the end of 2005, the budgetary resources committed under the SME Guarantee Facility amounted to EUR 267.50 million ? representing 64.3% of the total MAP budget. As far as the ?utilisation? of the Facility is concerned (meaning the aggregate volume of guarantees issued by the EIF in relation to the signed agreements between the EIF and the FIs under the facility), at the end of 2005 the average utilisation reached 67% for the Loan Guarantee window, 66% for the Micro-credit window and 65% for the Equity window. This is fully in line with expectations.

Guarantee schemes, in general, have a very high leverage effect as do Loan Guarantees as they are often provided in the form of counter-guarantees to institutions that in turn provide guarantees to other actors such as intermediaries and banks. Due to the risk-sharing between these various actors the leverage, in terms of volume of loans supported, is very high.

The number of final beneficiaries increased progressively and stood at nearly 140 000 at the end of 2005 (of which more than 115 000 under the Loan Guarantee window). In 2005 about 570 000 persons were recorded as employed at the date of the loan issues against less than 310 000 in 2004. At the end of 2005 Final Beneficiaries with up to 10 employees made up 91% of the total number of SME?s under the Loan Guarantee window, 100% under the Micro-credit window and 64% under the Equity Guarantee window. These figures clearly demonstrate that the SME Guarantee Facility remains focused on its target population as set out in the EU ?Charter for small enterprises?.

ETF Start-up Facility: The purpose of the ETF Start-up Facility is to increase the availability of risk capital to innovative SMEs during their creation and their early state development. It invests in specialised venture capital (VC) funds that have been made available to provide equity or other forms of risk capital to SMEs. At the end of 2005 the budgetary resources committed under the ETF Start-up amounted to EUR 143.20 million, representing 34.4% of the MAP budget.

Since the start of MAP, 12 requests for approval have been submitted to the European Commission for approval. Nine have been signed by the EIF with VC funds. One investment of EUR 15 million in Germany is still under negotiations. For the remaining two approved proposals, the operations have not materialised. Five out of the ten contracts were signed in 2005. Several deals are still in the pipeline. If successful they should materialise in the course of 2006.

In general, the VC funds, in which the EIF has invested, have an international, national or regional focus. Funds are mainly oriented towards early stage investments in high technology sectors, such as information and communication technologies, internet, healthcare and life sciences. Given that the VC funds are still in the early stages of their investment periods it is too early to provide any meaningful data on their employment potential. Up to December 2005, the VC funds had invested in 35 portfolio companies, which reported a total of 568 employees as of June 2005.

Seed Capital Action: The purpose of the Seed Capital Action is 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 schemes. At the end of 2005 the budgetary resources committed under the SCA amounted to EUR 5.6 million, representing 1.3% of the MAP budget committed until the end of 2005. The VC funds approved through the SCA scheme have contractual agreements with the EIF under the ETF Start-up initiative. By the end of 2005 three grant agreements were signed with the two VC funds.

Conclusions: The Commission concludes its report by stating that the SME Guarantee Facility has had a positive market take-up. The Loan Guarantee and the Micro-credit windows have been particularly successful allowing the participating Financial Intermediaries to increase volumes and to take on more risk. At the end of 2005 the Facility covered 27 countries and 45 portfolios of 41 Financial Intermediaries.

The implementation of the ETF Start-up Facility has, on the other hand, faced some difficulties in the period 2002 to 2003, due to the difficult fundraising situation prevailing on the EU venture capital market. Precisely for this reason, the report argues, the ETF Start-up Facility has a key role to play as a unique and important European financial instrument fostering investments in strategic sectors. The demand for early stage funding remains important and European technology centres (especially research centres and universities) continue to generate valuable results in terms of concepts and intellectual property rights.

Regarding Seed Capital Actions, the programme has not been as successful as originally hoped ? largely due to constraints relating to eligibility criteria and difficult market conditions for venture capital in the MAP starting period. Only three grant agreements have been signed so far.

The successor programme to MAP, the ?Competitiveness and Innovation Programme? or CIP was adopted in 2006. CIP will bring together, within a coherent framework, specific Community support programmes and relevant parts of other Community programmes in the fields most critical to boosting European productivity and innovation capacity whilst at the same time respecting environmental concerns.