



SME Flagship Initiative

*The Eastern partnership response to SME needs
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S. Marinelli



EUROPEAN COMMISSION
External Relations



*DG RELEX D1
ENP – General Coordination
European Commission*

What is the SME initiative?

The SME Flagship Initiative has been designed to address constraints that, at varying degrees, affect the development of SME's in EaP Countries. These are :

- An inadequate SME business regulatory framework and lack of inter-regional and international networking mechanisms.
- Lack of available and/or cost effective advisory services for SME's.
- Lack of funding due to under-developed capital markets and a financial sector still in transition.

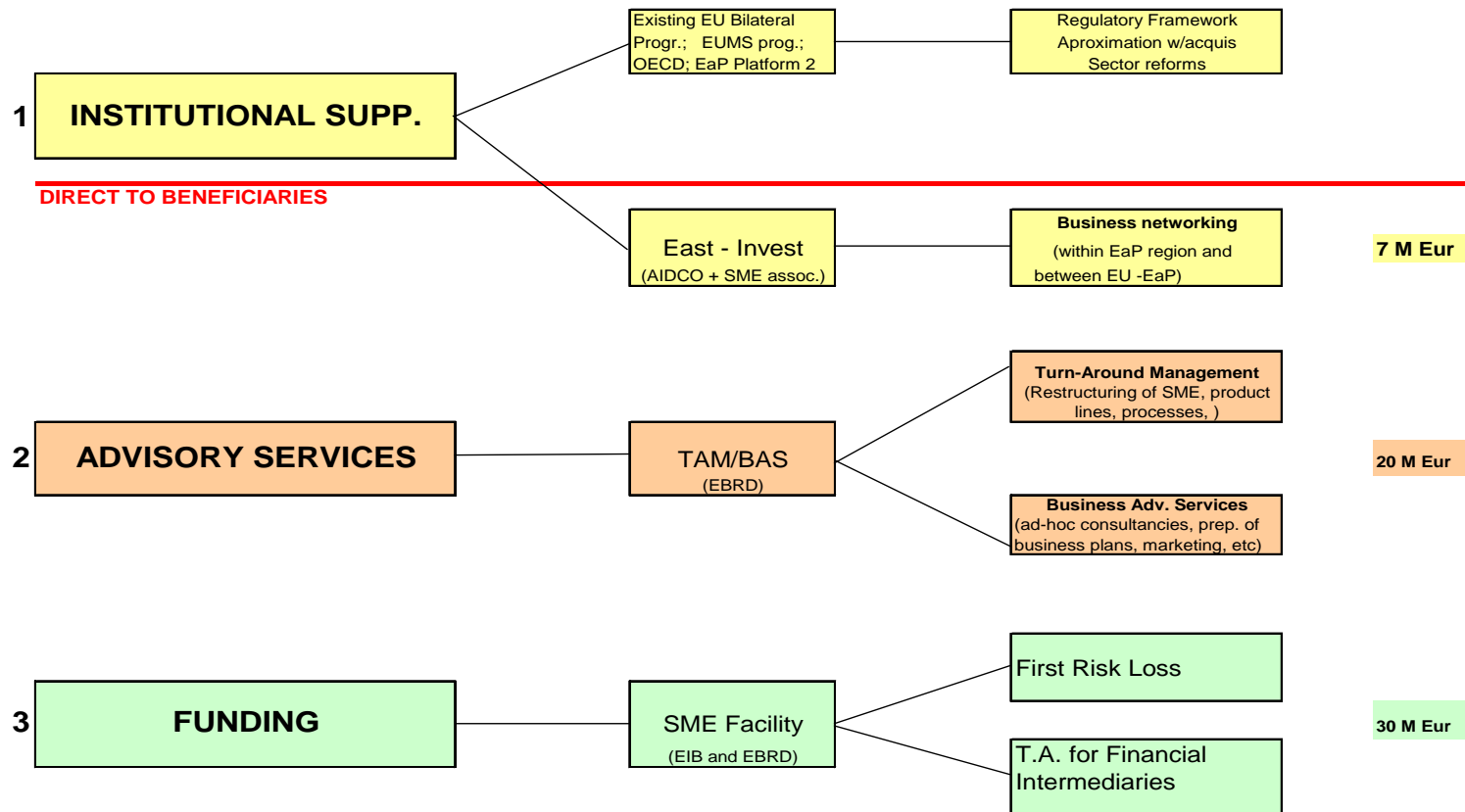
What are the objectives ?

- Encouraging convergence with EU policies and “*acquis*” communautaire in the field of SME (Small Business act).
- Establish networks between public and private institutions of the EU and the Partner Countries, strengthen business links at EaP regional level as well as between EaP and EU SME’s, enhance exchanges on matters such as customs regulations; market conditions, SME’s internationalisation.
- Provide cost effective advisory services to SMEs and develop local expertise capacity
- Improve access to funding for SMEs to foster economic development and mitigate the impact of the financial crisis.

What will be provided ?

- **Institutional TA:**
Bilateral programmes and link to Platform 2.
East-Invest Programme: Networking, B2B, technical assistance for internationalisation of SME.
- **Advisory Services:**
EaP « enhanced » **TAM/BAS** programme (EU-EBRD)
- **Funding:**
SME Facility to be jointly presented by EIB and EBRD

SME Flagship Outline



East Invest

1/2

- Strengthening public-private dialogue
- Facilitating exchange of best practices and cooperation between EU and Partner Country companies
- Developing the capacity of SME support organisations in Partner countries to provide quality services.
- Budget (7M Euro) already available.

East Invest 2/2

- MAY 2010, Call for proposals relaunched
- JUL 2010, Opening and evaluation
- SEP 2010, Negotiations with selected contractor
- OCT 2010, Programme roll out

TAM/BAS 1/2

- Assist SME's to transform themselves
- Develop sales and marketing strategies financial and strategic planning
- Restructure SME to attract external finance

NOTE: TAM: longer TA assignments (18-24 months);
BAS: shorter TA assignments (1-4 months)

TAM/BAS 2/2

- Sep 2010, Budget Approved by ENPI Committee (10 M€ for 2010-2011)
- Oct 2010, deadline for opinion of European Parliament (EP)
 - => Subject to positive EP opinion:
- Mid Nov 2010, COM Signature
- Nov 2010, programme roll out

SME Facility 1/2

- TA for EaP Financial Intermediaries (portfolio monitoring, risk assessment, design of SME products)
- Credit enhancement support. Two modalities available:
 - Risk sharing cushion for FI (max 50% recovery)
 - « Interest-free » loan co-financing (max 10% of a loan) entirely passed to borrowers.
- Initial size of the facility: 300 M€

SME Facility 2/2

- Jul 2010, Financing Approved (first tranche: COM contribution 15m€)
- Oct 2010, Signature of contribution agreements with EIB, EBRD and KfW
- Nov 2010, start of operations

END