



# Access to EU Finance



INFO PACK



## Help SMEs gain access to EU finance

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Independent research consistently shows that accountants are the trusted business advisors of SMEs. This especially goes for helping them navigate the tough European financing landscape. Access to finance is still a top concern for SMEs as indicated in the textbox below.

### Survey on the Access to Finance of Small and Medium-sized Enterprises (SAFE) 2013

- One out of three SMEs did not get the finance they needed in 2013.
- One in five (20%) had not used any source of financing in the past six months. This inhibition to gain access to finance was highest among the smallest EU SMEs (1-9 employees).

### EC Annual Report on European SMEs 2013/2014

- 66% of SMEs find access to finance their most significant challenge
- They consider the following as main barriers in this regard:
  - the difficulty in accessing bank credits or loans
  - the excessive bureaucratic procedures to access EU funds

We will cover accessing bank credits or loans in another edition of this Info Pack series. For more information on other sources of finance, see also the report of the FEE Roundtable Series '[Access to Finance for SMEs - In Search of Innovative Solutions](#)'. The Info Pack at hand will focus on how you can help your SME clients gain access to EU sources of finance.

### EU Finance?

As SMEs are the key to growth and more jobs in Europe, the EU is committed to improve their business environment. Therefore the EU facilitates SMEs' access to finance by providing loans, guarantees, venture capital and other equity financing. An overview is provided on the next page of this Info Pack.

### What is the scale of EU funding to SMEs?

In 2013 over 230.000 EU SMEs benefitted from the over €21 billion of finance mobilised by the EU.

## How to help SMEs apply for EU funds?

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### 1. Get informed

Your professional advice is crucial to steer SMEs through all available financing options, including the public support available at national and EU level. If you need more advice on these public financing sources, you can contact one of over 600 [local branches](#) of the [Enterprise Europe Network](#). This advice is free of charge.

### 2. Prepare your client!

Before even thinking of applying, the SME must be ready for finance. To qualify, it should not only have solid financial management in place, the external funding should also fit into its long-term strategy. A thorough business plan helps companies realise **what kind** of finance it needs and **how much** of it.

### 3. Raise awareness

There are many types of financing available for SMEs; some are definitely better than others depending on the type of company and its specific needs.

### 4. Help your client apply for EU funding

Visit: [www.access2finance.eu](http://www.access2finance.eu) This EU financing portal guides you to financial institutions **in your area** that provide EU financing.

Contact one that matches your clients' investment needs and apply directly with this local institution.

## What is the role of these local financial institutions?

The EU cooperates with [selected](#) local financial intermediaries to make their funds available to SMEs in each Member State. These intermediaries include banks, venture capital funds and other financial institutions.

The local financial institution:

- Decides if the EU funding will be provided.
- Sets the exact financing conditions – the amount, duration, interest rates and fees.

## Which EU funds could aid SMEs?

### **COSME** (Competitiveness of Enterprises and Small and Medium-sized Enterprises)

Funds (counter-) guarantees for financial intermediaries; sharing the risk expands the range of SMEs which they can finance. SMEs that are growing can also benefit from COSME's funds for venture capital. The EU [expects](#) that up to 330.000 SMEs will receive loans backed by COSME guarantees until 2020, amounting to a total value of €21 billion.

- Guarantees with a particular focus on financing of SMEs up to €150.000
- Risk capital (SMEs in growth and expansion stage)

### **Horizon 2020**

[Supports SMEs](#) to increase their ability to innovate. For example via its dedicated [SME instrument](#) that has a budget of €3 billion to help internationally oriented SMEs put innovative ideas into practice. See the [Factsheet: SMEs in Horizon 2020](#) and the [Horizon 2020 Participant Portal](#)

- Loans and guarantees to innovative businesses
- Financing of research & development projects
- Risk capital (early and start-up phase)

### **SMP** Horizon 2020 Opportunities for SMPs

If the funding received via Horizon 2020 exceeds €325.000, a qualified external auditor needs to certify the financial statements of the company, as per the terms of reference of the European Commission. This would be a service that you could provide. For more information see the EC's [Frequently Asked Questions](#).

### **EU Structural and Investment Funds (ESIs)**

A significant part of the five ESIs (for [Regional Development](#), [Social](#), [Cohesion](#), [Agricultural](#) and [Maritime & Fisheries](#) matters) is dedicated to SMEs. The 28 EU Member States administer these funds. Please visit the fund's individual websites for more information and the application procedure. For more information see the [Guidebook Series How to support SME Policy from Structural Funds](#).

- Loans, guarantees, equity financing or grants to businesses
- Support is provided from multi-annual programmes co-financed by the EU.

### **Creative Europe**

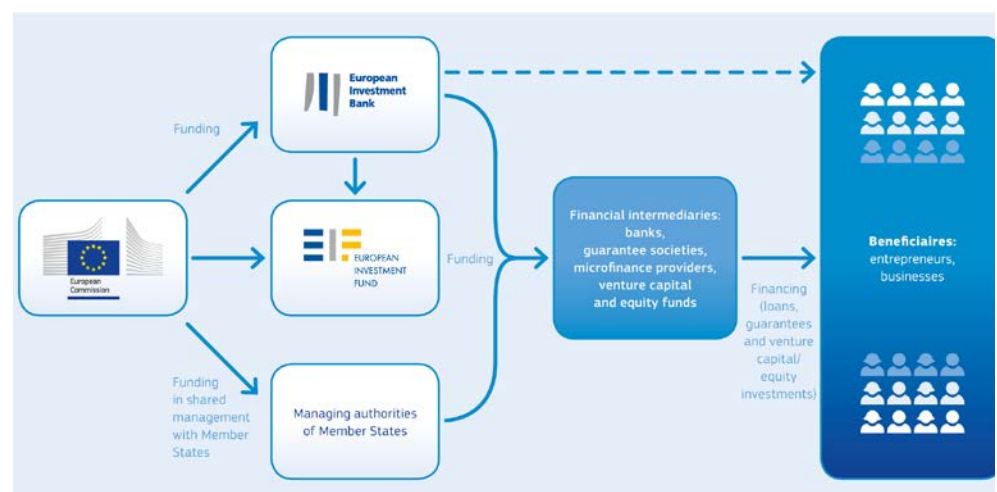
Supports the culture and media sectors with a budget of €1,46 billion.

- Guarantees to small and medium-sized enterprises in these sectors

### **Programme for Employment and Social Innovation**

Supports employment, social policy and labour mobility.

- Microloans up to €25.000 to micro-enterprises and to vulnerable persons who wish to set up or develop a micro-enterprise
- Investments up to €500.000 to social enterprises



Source: [www.access2finance.eu](http://www.access2finance.eu)

### **EU Grants**

EU grants differ from the funding sources above, as they are not financial instruments but direct financial contributions. Grants are tied to a specific purpose that the EU aims to support. The objectives for these grants vary widely, but are often specifically directed at SMEs. Applications go through responding to calls for proposals that run for a limited amount of time on the designated [EC website](#).

FEE (the Federation of European Accountants) represents 800.000 European professional accountants, the vast majority of whom are in small and medium-size practices (SMPs) and provide their services mainly to small and medium sized entities (SMEs).

The FEE SMP Forum initiated this series of Info Packs to help accountants to best support their SME clients. The FEE SMP Forum brings together SMPs from across Europe. They provide input from daily practice to connect national SMP issues to the EU level and integrate the SMP perspective into FEE's other strategic priorities.



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