



Report on the implementation of the Entrepreneurship Action Plan

SEC(2006) 1132





COMMISSION OF THE EUROPEAN COMMUNITIES

Brussels, 07.09.2006
SEC(2006)1132

COMMISSION STAFF WORKING PAPER

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1. INTRODUCTION

1.1. Entrepreneurship

Entrepreneurship is a **major driver of innovation, competitiveness and growth**. Entrepreneurship and small businesses are, particularly for the European economy a key source of jobs, business dynamism and innovation. Some 23 million small and medium-sized enterprises (SMEs) in Europe provide 67% of total private employment, which corresponds to some 75 million jobs.

Growth and employment are a primary preoccupation of public policies in the context of the **renewed Lisbon strategy**. The new **Partnership for Growth and Jobs** highlights the importance of promoting a more entrepreneurial culture and of creating a supportive environment for SMEs.

Today, Europe's competitive performance is lagging behind. To achieve objectives of the Lisbon strategy, the EU needs more economic growth, more new firms, **more entrepreneurs** willing to embark in innovative ventures, **more high-growth SMEs**.

Europeans are rather reluctant to take up opportunities for self-employment and entrepreneurial activities. There is a need to create a more **favourable societal climate** for entrepreneurship in the EU. The European Council, as part of its renewed strategy to achieve the Lisbon goals of growth and jobs, specifically called on the EU and the Member States to promote **entrepreneurship among young people** in the European Youth Pact adopted in March 2005.

Offering entrepreneurship as a **career option** to everyone in our societies does not just bring economic benefits, but may also give new perspectives to people's careers, specifically for disadvantaged groups of people and regions.

Apart from the lack of entrepreneurial mindsets in Europe, there are other reasons hindering the full exploitation of the **EU's entrepreneurial potential**. Starting from the strong stigma attached to business failure, the complexities and obstacles to getting started but also the difficulties to access finance or the high over-proportional burden on small businesses of many bureaucratic procedures in day-to-day business.

In January 2003, in order to ensure a relevant and well focused entrepreneurship policy for the future, the Commission issued a **Green Paper** to involve all interested stakeholders in setting the entrepreneurship agenda.

The Action Plan: The European Agenda for Entrepreneurship¹ was adopted in February 2004 in the light of the results of the public consultation launched by the Green Paper on Entrepreneurship². The **Action Plan** suggested that, to further the entrepreneurship agenda, the Commission would act in **five strategic policy areas**.

¹ European Commission, The Action Plan: The European Agenda for Entrepreneurship, COM (2004) 70 final of 11.02.2004

http://ec.europa.eu/comm/enterprise/entrepreneurship/action_plan.htm

² European Commission, Green Paper "Entrepreneurship in Europe", document based on COM(2003) 27 final. http://ec.europa.eu/comm/enterprise/entrepreneurship/green_paper/green_paper_final_en.pdf

The Entrepreneurship Action Plan key actions were started in 2004. Today **more than 90% of the work** on the sub-actions is delivered. The completion of the few remaining ones is planned for the next 12 months.

1.2. The Entrepreneurship Action Plan – Delivering on Promises

Overall the Commission has been able to **deliver in a major way** on the actions announced in the Action Plan. As a consequence of all these initiatives, the Entrepreneurship topic has gained significantly in political importance.

The **importance of Entrepreneurial Mindsets** is now recognised at a broad level and SME-policy has gained significantly in momentum. Exploring the relationship between entrepreneurial mindsets and societal preoccupations has demonstrated the strong need to reduce the stigma of failure and to recognize the value of family enterprises. Also, entrepreneurship as a competence for all has been stressed in the Commission's recent proposal for a Recommendation on key competences for lifelong learning that aims to encourage and facilitate reforms of education and training systems of Member States.

The Entrepreneurship Action Plan provided a **strategic framework for boosting entrepreneurship in the EU**, complementing ongoing work, especially under the Multiannual Programme for Enterprises and Entrepreneurship (MAP)³. It has meant a series of **concrete steps in the right direction**. Under the Entrepreneurship Action Plan the Commission worked with a **co-ordinated approach** in a series of areas that the respondents to the Green Paper deemed crucial for enhancing entrepreneurial dynamism in the EU. Decisive steps towards easing SMEs' life were taken.

The Entrepreneurship Action Plan thereby provided the **platform for stronger recognition of SME issues** leading to the Communication on **Modern SME policy**, which has taken over as the single and coherent policy framework for Commission action on Entrepreneurship and Small and Medium businesses for the years to come.

Ultimately, at the **2006 Spring Summit** the European heads of state and government confirmed the crucial role that small and medium-sized enterprises play in creating jobs and growth. In fact, unlocking the business potential, especially of SMEs and entrepreneurs, was agreed by the 2006 Spring European Council as one of the new four areas for priority action of the Lisbon strategy. **Building on the Annual Lisbon Progress Report⁴** of this year, part of which input steamed from **the Entrepreneurship Action Plan**, the Summit conclusions identified a number of key

³ The Multi-Annual Programme for enterprise and entrepreneurship and in particular for small and medium-sized enterprises is an instrument of the European Commission to contribute, in co-operation with the participating countries and other stakeholders, to improve the business environment and stimulate productive entrepreneurial activity throughout Europe. The programme started in 2001 and will end in 2006. From 2007 the Commission will have a new framework programme for Competitiveness and Innovation (CIP) which includes the objectives of MAP and other relevant Community activities. Further information under:
http://ec.europa.eu/comm/enterprise/enterprise_policy/mult_entr_programme/programme_2001_2005.htm

⁴ European Commission, Communication from the Commission to the Spring European Council, Time to move up a gear – the new partnership for growth and jobs, 2006, http://ec.europa.eu/growthandjobs/annual-report_en.htm

elements in order "to bring forward specific provisions to encourage SME growth and development." Heads of state and government from EU25 agreed on a series of SME-related commitments, such as the establishment by 2007 of one-stop-shops in Member States, the reduction of average time to set up a company to a maximum of one week, and the promotion of entrepreneurship education and training in national education systems.

The success of the key actions, which have mostly been financed by the MAP, has provided a very positive context for the establishment of the policy part of the Competitiveness and Innovation Framework Programme (CIP).

The combined impact of the **multitude of actions launched** provides a major thrust for entrepreneurial initiatives in Europe. Bringing together the key actors in Europe by providing a set of specific meeting platforms has generated the desired awareness of the needs for action by giving a wealth of concrete examples and resulted in:

- (a) an **extended discussion** on how to improve the situation of entrepreneurship at all political levels
- (b) a **wealth of deliverables with focused recommendations for action** and many **good practice examples**

The final impact of the initiatives will now depend on the degree of **follow-up given in Member States policies at national and regional level**. In an effort to make the deliverables more useful at regional level and with business support organisations, the majority of documents is made available in all 20 official languages of the EU.

So far we have some information of changes in Member States policies following good practice exchanges. For instance, one of the successes of the European Charter for Small Enterprises⁵ is that it has enabled the countries participating in it to learn from each other's good practices. In 2004, the Member States reported on 23 cases where they have based their own policy improvements on ideas and experience from other Member States. In 2005, 27 such cases were identified among the participating countries⁶.

2. THE IMPLEMENTATION OF THE ENTREPRENEURSHIP ACTION PLAN

2.1. Significant achievements

The Entrepreneurship Action Plan has established a viable mechanism in achieving the objective of fostering entrepreneurship and entrepreneurial mindsets. Its underlying goals have been achieved, while it has built the path to further actions to be carried out under CIP.

⁵ European Commission, European Charter for Small Enterprises, 2000, http://ec.europa.eu/enterprise/enterprise_policy/charter/index_en.htm. The European Charter for Small Enterprises was approved by EU leaders at the Feira European Council on 19-20 June 2000

⁶ Data from: European Commission, European Charter for Small Enterprises - 2006 good practice selection, 2006.

The following key examples - drawn from the 5 strategic areas - illustrate the broad impact of the range of activities undertaken.

The Entrepreneurship Action Plan was of particular value in achieving the goal of “*fuelling entrepreneurial mindsets*”, for which now all the activities are completed. One key example is the **Commission Communication on entrepreneurship education**. It outlines a set of recommendations addressing Member States so as to enhance the role of education in creating a more entrepreneurial culture in European societies. Starting from an early age, school education should stimulate young people’s awareness of entrepreneurship as options for their future, and help them to be more creative and self-confident in whatever they undertake. At a later stage, universities and technical institutes should integrate entrepreneurship as an important part of the curriculum. A conference in October 2006 will discuss how to better implement these recommendations

The Commission has promoted the role of **Mini-companies** in secondary schools as a highly effective tool of tackling the lack of entrepreneurial spirit in the EU and thereby boosting the creation of jobs. Some 15% of the secondary schools in the EU are offering such courses but covering only 1-2% of students. Mini-companies are a real opportunity for students to acquire basic business skills, but also develop personal qualities and generic skills – such as creativity, self-confidence, teamwork, responsibility and initiative - that have become increasingly important for everyone in today’s knowledge society. First studies show that 20% of participants create their own company after school. Audiovisual material is helping to raise awareness and increasing the recognition of these programmes at the level of policy makers, businesses and teachers.

Recently the Commission organised a conference addressing a phenomenon which in 2005 involved some 140,000 companies in EU15 and threatened the job of 1.5 million employees: business insolvencies. The **conference on insolvency and fresh start** gathered expertise on ways of **preventing** bankruptcy, tackling the **stigma** attached to business failure and promoting a **fresh start** after non-fraudulent business failures. Too many businesses go bankrupt and don’t get a second chance, simply because the legislative framework is often too rigid. It is necessary to tackle the negative effects of non-fraudulent bankruptcies. It is clear that some business failure is concomitant with responsible entrepreneurial initiatives. But this conference is just one of the numerous activities where the Commission is pointing at effective ways of “*encouraging more people to become entrepreneurs*”.

One third of EU entrepreneurs, mainly those running family enterprises, will withdraw within the next ten years. Many of the transferable businesses do not find a successor. Accordingly, a new **Commission Communication on business transfers** calls upon Member States to ensure that tax systems are transfer-friendly, to provide adequate financial conditions, to raise awareness, consider soft factors and support mentoring and to organise transparent markets for business transfers. It is regrettable that thousands of healthy companies and jobs are lost a year because the transfer of business ownership is too cumbersome. It has been estimated that up to 690,000 businesses providing 2.8 million jobs are concerned each year.

A **report** published by the Commission indicates that **electronic market places** for business transfer can be an efficient tool to help find successors, provided their offer

a sufficient number of companies and their hosts are impartial to both transferors and successors.

The Commission organised a **conference** on «Women-led businesses: Overcoming barriers to growth and improving access to finance » aimed at finding ways to facilitating **female entrepreneurs' access to finance**. Obstacles that prevent women businesses to growth, in particular with regard to financing, and at raising awareness on Basel II⁷ effects on small businesses, were discussed and some recommendations followed, such as the need for making women entrepreneurs more visible and reinforcing networking. The event brought together financial providers, high-level policy makers from national administrations responsible for the promotion of female entrepreneurship, business organizations of women entrepreneurs and representatives from EU Institutions. In parallel a **web-Portal** was put on-line, gathering all sorts of initiatives promoting women entrepreneurship. The latter are examples of the Commission's commitment to promoting female entrepreneurship as a means to “*gearing entrepreneurs for growth and competitiveness*”.

Another key element in the same direction is **business cooperation**. That is why the European Union supports the **Pan-European Business Co-operation Schemes** (PES), which are a unique opportunity for European SMEs to find the right business partner. Five pilot projects were carried out by Euro Info Centers (EICs) led consortia, involving 70 EICs in total. Match-making events at international trade fairs within a number of economic sectors were conducted in 2005 and 2006. These projects allow businesses to meet other companies in pre-arranged face-to-face meetings and get support by EICs throughout the whole process from preparation of the meetings to their completion.

As a complement to the Community financial instruments and other Commission activities, the Commission is committed to helping SMEs in the area of “*improving the flow of finance*”. As part of this commitment, the Commission drew together then best expertise in a “**Guide for SMEs on how to work with banks**”. This guide provides concrete guidelines for SMEs applying for loans from banks and emphasizes that also SMEs can benefit from a culture of openness that provides both with opportunities to improve their risk management. Since the Commission is making SMEs angle of Basel II fully explored, it organised a series **conferences on Basel II** in 28 European countries. The main result was helping to prepare SMEs for the new rating culture and rules which will enter into force in 2007. Moreover, a new interactive guide (a “**toolkit**”) will help SMEs analyse and assess their preparedness for raising finance from banks following the introduction of Basel II.

In addition, in the recently adopted Communication "Financing SME Growth – Adding European Value"⁸ the Commission has indicated actions it will take over the

⁷ "Basel II" refers to the reform of the regulatory framework on banks' capital requirements. As a result of the reform risk assessment is becoming more important in banks' lending business. Main consequences for SMEs will be the increased attention to their risk assessment (rating), a wider variety of loan prices and conditions. The reform is implemented in Europe through the Capital Requirements Directive, comprising Directive 2006/48/EC and Directive 2006/49/EC. http://ec.europa.eu/internal_market/bank/regcapital/index_en.htm

⁸ European Commission, Communication from the Commission on financing SME growth – adding European Value, COM(2006) 349 final of 29.06.2006,

coming years to improve the flow of finance to innovative SMEs and to promote their growth. Actions will cover three main areas: increasing the availability of risk capital; channelling bank lending for innovation; and improving governance. The Commission has invited the Member States to join it in promoting finance for innovative SMEs. Taken together, such policies should allow the tripling of early-stage venture capital investment by 2013.

The Commission adopted a **Commission Communication on Home State Taxation** and a proposal for **VAT One-Stop-Shops** with a view to tackle the tax obstacles encountered by small and medium-sized enterprises when they operate in other EU Member States. Both texts address tax administrations so as they eliminate some of the additional burden of cross-border business from small enterprises. These initiatives are just an example of the wide spectrum of Commission activities with a view to "*creating a more SME-friendly regulatory and administrative framework*".

The Commission organised a conference on "**Consultation of stakeholders in the shaping of small business policy at national/regional level**" addressing the key issue of better involving SMEs in policy-making. The Commission presented the European reference model of consultation, developed by an expert group and aimed to provide national and regional governments with a practical tool for planning and organising consultations in their own countries. A public consultation of current practices showed that public administrations are much more satisfied than business organisations with consultation processes. Business organisations pointed out in particular the limited timeframe for consultations, the absence of early notice given to consultations and of feedback given to stakeholders after consultations are completed. The conference should impart fresh impetus in improving consultation of stakeholders' processes. It must be highlighted that it gathered some 130 participants from Ministries in charge of SMEs or in charge of better regulation, national and European business associations and chambers of commerce as well as representation offices from EU regions.

Improving consultation processes is feeding into different actions, also within the Commission. As a result, and also as a natural consequence of the growing importance of SMEs in the Commission activities, there has been an upgrade of the **SME Envoy** to the level of Deputy Director General of DG Enterprise and Industry, a reinforcement of the **inter-service SME Network** of the Commission and bi-monthly meetings with SME representatives to present Commission initiatives and discuss matters of concern to SMEs.

2.2. More about the results

More **detailed descriptions of achievements** and results can be found in the following 5 chapters of this final implementation report, which is structured on the basis of the five strategic areas and the nine key actions of the Entrepreneurship Action Plan and reviews each of the sub-actions individually.

[http://ec.europa.eu/enterprise/entrepreneurship/financing/docs/com2006_financing_sme_growth/sec2006_841_financing_sme_growth_en.pdf#search=%22Financing%20SME%20Growth%20-%20Adding%20European%20Value%20%7BCOM\(2006\)%20349%20final%22](http://ec.europa.eu/enterprise/entrepreneurship/financing/docs/com2006_financing_sme_growth/sec2006_841_financing_sme_growth_en.pdf#search=%22Financing%20SME%20Growth%20-%20Adding%20European%20Value%20%7BCOM(2006)%20349%20final%22)



Small “clocks” next to paragraphs reflect the status of the sub-actions (completed, nearly finished, etc.). The progress is indicated with regard to the Commission efforts. Consequently, a sub-action is considered completed even if Council and/or European Parliament action is still pending. The small boxes on the left intend to be a guidance to the reader as well; they show the key action number and a letter, which stands for the sub-action as listed in the key action sheets. For example, **I.A** means that we are reading one of the sub-actions of key action 1 (concretely the sub-action A in that key action sheet). The same reference system has been used in the annex to this document.



All available deliverables are listed in the **Annex** which also provides further information on how they can be obtained. It also contains **URL-links** to all those deliverables available on-line.

3. STRATEGIC AREA ONE: FUELLING ENTREPRENEURIAL MINDSETS

3.1. Fostering entrepreneurial mindsets through school education (key action 1)

I.A



A **Commission Communication**⁹ on entrepreneurship education was adopted on 13 February 2006. A set of recommendations was outlined by the Commission with an aim to enhance the role of education in creating a more entrepreneurial culture in Europe. Starting from an early age, school education should stimulate young people’s awareness of entrepreneurship as options for their future and help them to be more creative and self-confident in whatever they undertake. At a later stage, universities and technical institutes should integrate entrepreneurship as an important part of the curriculum.

The booklet “**Helping to create an entrepreneurial culture**”¹⁰ was published under DG Enterprise and Industry publications series in 2004 and widely disseminated in 12 languages. Some 21 examples of good practice are proposed in promoting the spirit of enterprise in young people through the education system, from primary school to university. A short description is provided for each good practice, along with contact details of the organisations or institutions promoting that particular practice, so that further information can be easily obtained.

I.B



The Best Procedure project on “**Mini-companies in secondary education**” focused on pedagogical tools that were identified as particularly effective by the 2001-2002 Best procedure project on “Education and training for entrepreneurship”. A final report, published in 16 languages in September 2005, explores programmes and practices using these methodologies, highlighting factors for success and existing support from public authorities. Audiovisual material for the promotion of the concept of student companies (a 15-minute documentary and a 5-minute video-clip) was produced, which is available on DVD¹¹. Effects in raising awareness and increasing

⁹ European Commission, Communication from the Commission on fostering entrepreneurial mindsets through education and learning, COM (2006) 33 final of 13.2.2006, http://ec.europa.eu/comm/enterprise/entrepreneurship/support_measures/training_education/index.htm

¹⁰ European Commission, Helping to create and entrepreneurial culture, 2004, http://ec.europa.eu/comm/enterprise/entrepreneurship/support_measures/training_education/index.htm

¹¹ Deliverables of this project can be requested to Entr-entrepreneurship@cec.eu.int or downloaded at: http://ec.europa.eu/comm/enterprise/entrepreneurship/support_measures/training_education/index.htm

the recognition of these programmes at national level were reported. Given the great success of the Commission's activity on mini-companies, the increasing importance and visibility of these programmes and their potentially high impact, the video documentary will be made available in all Community languages for dissemination at national level, especially in schools, by fall 2006.

L.C



A **joint group of national experts** coordinated by Education and Culture DG discussed progress on Entrepreneurship education¹². The conclusions and recommendations from the joint working group endorsed the results of previous activities carried out by Enterprise and Industry DG (Best Procedure projects), thus addressing a coherent message to the national ministries responsible for education. It is for instance recommended that **different Ministries cooperate** at national level for the promotion of entrepreneurship education; that **national curricula** include explicit objectives for entrepreneurship; and that schools get **practical support** and **incentives**.

L.D



The 2004 **Charter for small enterprises** reporting exercise¹³ had “Education for entrepreneurship, especially secondary education” as a **priority area**. Within the Member States Report¹⁴, published in 2005, the chapter on education for entrepreneurship contains a comparative table on the implementation of selected indicators, good practice examples, relevant conclusions, and specific recommendations for action. The good practices identified were presented in a workshop on entrepreneurship education within the June 2005 Conference on the Charter for small enterprises¹⁵.

L.E



The Commission's proposal for an **integrated action programme in the field of lifelong learning** included the **promotion of an entrepreneurial spirit** among its objectives. Accordingly, the next generation of **education and training programmes**¹⁶ will take into account issues related to entrepreneurship and enable wider participation than in the past thanks to the envisaged simplification of administrative and financial procedures. Also, the proposed **Youth in Action** Programme 2007-2013 will include among its main objectives encouraging in young people creativity and the spirit of initiative and enterprise. The Commission adopted the proposal on 14 July 2004. Final adoption of the new programmes – Lifelong Learning and Youth in Action – is envisaged for the end of 2006.

¹² European Commission, Progress Report on the implementation of the “Education and Training 2010” Work Programme, Group B “Key Competences”, 2004: <http://ec.europa.eu/comm/education/policies/2010/doc/basic2004.pdf>

¹³ European Commission, fifth report on Implementation of the European Charter for Small Enterprises, COM(2005)30 of 8.02.2005, http://ec.europa.eu/comm/enterprise/enterprise_policy/charter/charter2005_base.htm

¹⁴ See the fifth report on Implementation of the European Charter for Small Enterprises in the Member States, SEC(2005)167, pages 7 to 20.

¹⁵ http://ec.europa.eu/comm/enterprise/enterprise_policy/charter/charter2005_base.htm

¹⁶ Conference on the European Charter for small enterprises, Luxembourg, 15-16 June 2005, http://ec.europa.eu/comm/enterprise/events/charter/conf_2005.htm

¹⁶ http://ec.europa.eu/comm/dgs/education_culture/newprog/index_en.html

4. STRATEGIC AREA TWO: ENCOURAGING MORE PEOPLE TO BECOME ENTREPRENEURS

4.1. Reducing the stigma of business failure (key action 2)

2.A



The fifth report on Implementation of the **European Charter for small enterprises**, published on 8 February 2005¹⁷, has “better regulation, especially bankruptcy law” as a priority area. A specific questionnaire based on the final report of the expert group on “Restructuring, bankruptcy and a fresh start”¹⁸ and the recommendations by the experts were used to assess Member States` progress. The assessment is presented in a comparative table with a scoreboard and illustrated by good practice examples. Key recommendations for the future range from the usefulness of external advice in preventing bankruptcy and encouraging settlements, through the importance of streamlined and predictable insolvency proceedings, to the importance of clearly distinguishing between fraudulent and non-fraudulent bankruptcies so as to improve the success rate of fresh starts. The workshop on bankruptcy law within the June 2005 Conference on the Charter for small enterprises presented good practices identified.

2.B



Mid-2004 the Commission launched the two-pronged MAP project on “**Stigma of failure and early-warning tools**”. The expert group for this project, gathering more than 30 members, met three times so far. Experts provided with input both for putting in place a self-evaluation test for entrepreneurs (to assess how sound their business is) and for elaborating information materials to promote better understanding of business failure. A first version of the self-evaluation test was agreed by experts, while a contractor has started working in the creation of the information materials (a call for tenders had to be re-launched in 2006; the contract award notice was published in August 2006).

2.D



A first version of the self-evaluation test was agreed by experts, while a contractor has started working in the creation of the information materials (a call for tenders had to be re-launched in 2006; the contract award notice was published in August 2006).

2.C



A European **conference on insolvency and fresh start** was held in Brussels on 28 March 2006 with a focus on bankruptcy prevention, tackling the stigma attached to business failure and promotion of fresh start. The programme consisted of presentations both on the European Commission and other international organisations` action in this field and on current initiatives in EU Member States linked to the four axes of the Best procedure project on “Restructuring, Bankruptcy and a Fresh start”¹⁹. On the agenda were, inter alia, the recent insolvency law in Spain (focused on restructuring rather than on business liquidation), the French centres for bankruptcy prevention and some mutual guarantee schemes available for businesses in the “danger zone”.

¹⁷ See the fifth report on Implementation of the European Charter for Small Enterprises in the Member States - SEC(2005)167, page 22 onwards

¹⁸ European Commission, Best project on restructuring, bankruptcy and a fresh start, final report from the expert group, September 2003, http://ec.europa.eu/comm/enterprise/entrepreneurship/support_measures/failure_bankruptcy/pdf_final_report/failure_final_en.pdf

¹⁹ See footnote 18

4.2. Facilitating the transfer of businesses (key action 3)

3.A Published on 11 March 2006, the new **Commission Communication**²⁰ on business transfers reports both on legal and fiscal achievements and on “soft” factors (such as the preparation and the emotional aspects linked to transferring a business) related to previous recommendations²¹ in this field. The Commission calls upon Member States to improve framework conditions for business transfers by ensuring that tax systems are transfer-friendly, providing adequate financial conditions, by raising awareness for the need of a timely preparation and by organising transparent markets for business transfers.

3.B In the context of facilitating transfer of SMEs ownership, the Commission launched in 2004 a project to provide a platform for participating countries to agree on the most essential features for transparent market places matching supply and demand. This project called “**Fostering uniform transparent market places**” allowed more than 20 experts to meet four times. They identified existing inefficiencies and possible ways to tackle them. The final report²², published in June 2006, should facilitate the setting up of transfer market places by giving recommendations and providing good practice examples.

3.C The Enterprise Programme Management Committee (EPMC) rejected the Commission proposal on analysing the reasons for success and failure of SME transfers in Europe. Sub-action 3.C was then cancelled.

3.D The Parliament approved the proposal for the Competitiveness and Innovation Framework Programme (CIP) on 1 June 2006²³ with a budget of €3.6 billion. This integrated programme running from 2007 to 2013 will include new flexible **instruments** that allow guarantees for equity and quasi-equity instruments for transfer of business purposes. That means that the Commission financial instruments will not only be available for start-ups (this was the case in the past).

4.3. Improving social security of small business owners (key action 4)

4.A A European seminar on the social protection of **women entrepreneurs, independent and co-working spouses** took place in June 2004 in Brussels allowing drawing up proposals for better social regulation in the EU, to compare the reasons behind deficiencies in social security coverage and to identify good practices²⁴. The seminar allowed not only to restart the debate on the situation of some sensitive statutes, but also to link some European organisations of women heads of enterprises

²⁰ European Commission, Communication from the Commission on transfer of businesses – Continuity through a new beginning, COM (2006)117 of 11.03.2006. http://ec.europa.eu/comm/enterprise/entrepreneurship/support_measures/transfer_business/trans_com.htm

²¹ Commission Recommendation of 7 December 1994: “Transfer of small and medium-sized enterprises”, OJ L 385 of 31.12.1994, p. 14, and OJ C 400 of 31.12.1994, p. 1.

²² European Commission, final report of the expert group on markets for business transfers, 2006, http://ec.europa.eu/comm/enterprise/entrepreneurship/support_measures/transfer_business/index.htm

²³ http://ec.europa.eu/comm/enterprise/enterprise_policy/cip/index_en.htm. See also footnote number 3.

²⁴ Seminar on social protection of women entrepreneurs, independents and co-helping partners, Brussels, 25 June 2004. Conclusions can be found on-line: <http://ec.europa.eu/comm/enterprise/entrepreneurship/craft/craft-women/documents/conclusions-en.pdf>

concerned with these issues, while enabling them to meet and submit to the European Commission their position on the subject.

4.B



A study on the influence of the **social coverage** level for **entrepreneurs and their co-helping partners** on the decision taken by the new entrepreneurs at the moment of creating their company is under way. In particular, the study will compare national legislations and social security related invalidity, pensions, survivors (especially co-helping partners), unemployment, and social insurance in the event of bankruptcy. An expert group maps the situation in each country and will participate in a good practice exchange. 30 countries participating²⁵ in the Multiannual Programme for Enterprise and Entrepreneurship appointed national experts. The final report is expected by March 2007.

4.C



Beginning with a fact-finding study followed by a series of expert meetings in 2003 and 2004, the Commission undertook a project to analyse the obstacles that might make the change from dependent employee to self-employed business owner particularly difficult. The expert group final conclusions and report “**Second Career**” are available on-line since summer 2004²⁶. The group of experts found that the most important problem faced by dependent employees who want to become self-employed is the often unclear legal definition of the self-employment status. Another structural problem that might prevent employees to risk changing to self-employment is the possible loss of unemployment insurance claims.

5. STRATEGIC AREA THREE: GEARING ENTREPRENEURS FOR GROWTH AND COMPETITIVENESS

5.1. Tailor-made support for women and ethnic minorities (key action 5)

5.A



The Commission launched the tendering proceedings to carry out a study to identify national measures and support schemes for promoting **ethnic minority entrepreneurs** and to identify good practice. The contract with the consortium Facet-IMES-EMN who will carry out the study was signed in March 2006. The final report will be available in September 2007 and a conference for presentation of results of the study and exchange of identified good practices will be organised in the end of 2007. The Commission wants to facilitate the establishment and development of European networks of government officials working in the area of promoting ethnic minority entrepreneurs. The third meeting of the Ethnic Minority Entrepreneurs Network was organised in May 2006 with such an aim.

5.B



The Commission wants to facilitate the establishment and development of European networks of government officials working in the area of promoting ethnic minority entrepreneurs. The third meeting of the Ethnic Minority Entrepreneurs Network was organised in May 2006 with such an aim.

5.C



In order to bring together public administrations, professional organisations and finance providers and to explore innovative approaches facilitating **female entrepreneurs’ access to finance**, the Commission organised a conference on «Women-led businesses: Overcoming barriers to growth and improving access to finance ». It took place in Brussels on 21 October 2005 with a view to analysing the obstacles that prevent women businesses to growth, in particular with regard to financing, and at raising awareness on Basel II effects on small businesses.

²⁵

EU Member States, Candidate Countries (except Croatia) and EFTA/EEA countries.

²⁶

European Commission, Second career, final report of the expert group, 2004, http://ec.europa.eu/comm/enterprise/entrepreneurship/support_measures/second_career/

Examples of recommendations issued are: (1) the possibility for the European Parliament to increase the available budget for SMEs through the financial instruments (additional money may be foreseen for research and surveys in this area); (2) it is crucial to have more information and statistics about the real situation of women entrepreneurs and access to finance, (3) it is important to continue and to reinforce the collaboration with WES and other networks. The conclusions of the conference, along with the speakers' presentations, are available online²⁷.

5.D



With an aim to facilitate networks amongst business organisations of women entrepreneurs and disseminating links, significant initiatives, etc., the portal “**Women’s Entrepreneurship**” was put on-line in January 2005²⁸. The portal is open to host any worldwide organisation, network, project or event relevant to women entrepreneurship.

5.2. Facilitating SMEs’ business co-operation in the internal market (key action 6.A)

6.A.A



Within the context of the **Euro Info Centres (EIC)**²⁹, a **methodological approach** to “Business Co-operation” has been developed. It is supported by a “**Business Co-operation database**”³⁰, a partner search database containing a large number of cooperation profiles and including a standard set of instruments for the network services on international business co-operation that secure a common and unified EIC service in the field of activity. The aim of the database is to exchange detailed business co-operation profiles on demand in order to increase the chances for enterprises looking for a specific partner to get appropriate results. A calendar of fairs³¹ gives information on the most frequented international specialist trade fairs and EU supported business partnership events by EICs and/ or their host Structure and their SME customers

In addition, the “**Pan-European Business Co-operation Schemes - PES**” 2004 – 2006 fostering inter-enterprise relations and competitive a Pan-European website was created in April 2005 with references to the 6 PES-Schemes³². The “Pan-European Business Co-operation Schemes” consist of 32 business- and match-making events in 20 industrial sectors or related commercial activities at major international trade fairs in the EU. Some 4000 companies from EU 25, EFTA/EEA countries, candidate countries as well as Russia, Ukraine and Moldova participate. 24 **pilot events** with more than 3 000 companies participating took place so far (in Hanover, Stuttgart, Milan, Madrid, Paris, Brussel, Aosta, Stockholm etc) and were well received.

Furthermore, an additional call for proposals for **Pilot Project for “European Business Cooperation Events and Clustering Activities in Border Regions between new and old Member States of the European Union”** was launched in

²⁷ Conference on women-led businesses: overcoming barriers to growth & improving access to finance, Brussels, 21 October 2005, <http://ec.europa.eu/comm/enterprise/entrepreneurship/craft/craft-women/women-dgentr-activities.htm>

²⁸ http://ec.europa.eu/comm/enterprise/entrepreneurship/craft/craft-women/womenentr_portal.htm

²⁹ <http://ec.europa.eu/comm/enterprise/networks/eic/eic.html>

³⁰ <http://eic.cec.eu.int/BCD/>

³¹ The calendar can be obtained in your nearest Euro Info Centre.

³² <http://www.eic.ec.europa.eu/PES/>

2005. The call for proposals is designed to identify pilot projects to promote advanced and comprehensive business cooperation formulas - such as Match-Making and Clustering - as strategies to strengthen SME competitiveness and regional economic development. The main priority is the implementation of cross-border cooperation and networking platforms dedicated to “Business Cooperation, Match-Making Events and Clustering Activities” in border regions between new and old Member States in the enlarged EU. The successful proposals are expected to start during the course of 2006 following the evaluation of all proposals.

5.3. Fostering innovative clusters (key action 6.B)

6.B.A



The 10th update of the Work Programme “Research and Innovation” was the framework for the launching of a study on **mapping industrial clusters** in the EU and establishing a mechanism for monitoring their evolution over the time. A call for proposals was launched in October 2005 to select, among other actions, a project to provide a cluster mapping in EU15, candidate countries and in Norway, Switzerland, Iceland and Israel³³. This call was closed in January 2006. One project was selected. It is expected to start in summer 2006 for a period of 2 years.

6.B.B

DG Research cancelled this sub-action B.

6.B.C



Interlinking the services of **Innovation Relay Centres (IRCs)** and clusters has a large potential to facilitate the transfer of innovations from SMEs to partners in other regions. A working group of 18 IRCs met in 2004 and 2005 for developing cooperation between the IRC network and **sectoral clusters**. 29 regional cluster initiatives were analysed with regards to their needs to realise international co-operation and innovation transfer services. The working group results were discussed during the 2005 IRC annual meeting with stakeholders in Cluster Initiative development. In Spring 2006 a **final report**³⁴ identifying 4 good practices for co-operation between cluster initiatives and Innovation Relay Centres was published. The final report provides input to the future development of services of Innovation Relay Centres. It contains an outline of a template agreement for co-operation between regional cluster initiatives and IRCs addressing issues like confidentiality of technical and customer data and the definition of available services from IRCs to clusters and individual cluster members.

6.B.D



With the objective of creating a network of **regions** interested in cluster-based strategies for innovation and economic development, a group of 13 members representing multiple European regions³⁵ met 5 times since late 2005. Key challenges to cluster development and topics were identified. The participants to the meetings, who are movers and shakers in their regions, went through a learning/training process broken down into a series of modules. The group reviewed clusters, the processes of their establishment, preconditions for successful operation, interaction of companies in clusters and cluster activities related to innovation. Since early 2005, several

³³ The statistical results and analysis on existing clusters in the EU10 New Member States can be found at www.europe-innova.org (under cluster mapping).

³⁴ The final report – an internal working document for IRCs - can be made available to cluster managers upon request through entr-support-for-innovation@cec.eu.int

³⁵ It is the subgroup ‘Regional Clusters and Networking as innovation drivers’ of the Innovation Regions in Europe’ IRE network

learning modules³⁶ were published, among them ‘Design of cluster initiatives’, ‘Clusters and Cluster Policies in the new member states’, ‘Emergence, identification and mapping of clusters’ and ‘How to get started – from cluster mapping to implementation’. The documentation of the final conference in May 2006 is available on the innovating regions website³⁷.

6.B.E



59 proposals were received following the publication of the call of proposals for the action “**Networking business clusters**” late in 2004 under the “Research and Innovation” activity area of the Commission Research and Development 6th Framework Contract. 11 networks connecting industrial clusters between them in different sectors were selected for funding (three-year contract with a total budget of €10 million). They started their operation end of 2005. The 11 cluster-related projects operate under the newly established Europe INNOVA Initiative³⁸. Kick-off meetings took place at the end of 2005. The contractors will provide support to both the networking of existing business clusters and joint projects in sectors such as ICT, biotechnology, space, energy and automotive. Further information about these projects can be found at: <http://www.europe-innova.org/index.jsp>

6. STRATEGIC AREA FOUR: IMPROVING THE FLOW OF FINANCE

6.1. More equity and stronger balance sheets (key action 7)

7.A



In order to evaluate the state of **business angel** financing in Europe, a group of national experts met in June 2004 and data collection was made in the second half of 2004. The final survey cannot be considered as representative because of the lack of replies from France, United Kingdom and Germany. The conclusion that can be drawn from this is that full cooperation of national angel associations is needed and transparency can best be achieved when data collection is the responsibility of the industry itself.

The expert group of the project on “**Best practices in accessing early-stage finance**”, aimed at identifying the best national practices and at promoting them as potential models for other countries, met in 2004 and 2005. Published in September 2005, the final report³⁹ containing good practice cases can be found on-line. Experts concluded that there is a long-standing market failure in early-stage equity finance warranting public sector action and that the general fragmentation of the risk capital market in Europe needs to be addressed at all levels. Project results fed the risk capital conference co-organised by the Commission and the UK Presidency in October 2005.

³⁶ Learning modules are made available through the Innovating Regions Library: http://www.innovating-regions.org/services/pub_library/index.cfm

³⁷ IRE workshop on clusters as innovation drivers, Brussels, 30-31 May 2006, http://www.innovating-regions.org/content_db/cddb.cfm?action=article&publication_id=3090&is_article=1&appId=2

³⁸ Further information about the Europe INNOVA initiative can be found at: <http://www.cordis.lu/innovation/fr/policy/europe-innova.htm>

³⁹ European Commission, best practices of public support for early-stage access to equity finance, final report of the expert group, September 2005, http://ec.europa.eu/comm/enterprise/entrepreneurship/financing/publications_documents.htm

7.B



The new Community **financial instruments** that are part of the Competitiveness and Innovation Framework Programme (2007-2013)⁴⁰ have been redesigned for increased flexibility, with a total budget of about €1bn. The Competitiveness and Innovation Framework Programme was adopted in May 2006. Also in May 2006, JEREMIE ("Joint European Resources for Micro to Medium Enterprises"), a joint initiative of the Commission and the European Investment Fund (EIF) with the European Investment Bank, was launched in order to improve access to finance for entrepreneurship and improve capacity in the field of financial engineering in Members States and regions.

7.C



Some 60 dissemination conferences on the introduction of the new **Basel Capital Accord** (Basel II) were organised all around Europe between the second half of 2004 and July 2005. Representatives of SMEs, banks and business organisations gathered to discuss ways to prepare for a rating culture that will result from the implementation of the reform of the bank legislation under Basel II. The guide "Guide for SMEs on how to work with banks" and the Basel seminar material "Basel II: capital adequacy and rating conferences" were posted on Europa⁴¹.

A study on how to use **asset-backed securities** in increasing the availability of SME lending was posted on the Commission website in December 2004⁴². The report commences with a description of securitisation and an overview of US and European securitisation volumes, including those in the SME sector. Then it tackles the key issue, namely, does securitisation aid SME access to finance? In the closing section, the report goes through possible developments of the market, which could facilitate increases in the volume and efficiency of SME securitisations, and discusses how continuing public sector support might act as a catalyst in deepening the SME securitisation market.

7.D



The expert group for the project "**Effects of tax systems on the retention of earnings and the increase of own equity**" agreed on the tendering specifications for a study. The Commission launched this project mid-2004 with a view to identifying ways of promoting retained earnings as a means to strengthening the capital base of companies, especially the smaller ones. The study will examine the understanding and perception of the relevant tax provisions by business owners as basis for their decision on the retention of earnings or the distribution of profits. Because of a possibly divergent tax treatment of sole trader enterprises, partnerships and corporations and SMEs according to their size, all these variations will be differentiated and analysed. Despite the re-launching of the call for tenders in 2005, the contract for the study could not be awarded so far. The summary report of the expert group is now scheduled for the second half of 2007 (as long as the study contract is signed by October 2006).

7.E



On a capital market sometimes short of financial resources, European companies, and in particular small and medium-sized enterprises (SMEs) and the high-technology sector, face an equity gap. In order to ensure that European enterprises do not become

⁴⁰

See also point 4.2

⁴¹

http://ec.europa.eu/comm/enterprise/entrepreneurship/financing/publications_documents.htm

⁴²

European Commission, Study on asset-backed securities: impact and use of ABS on SME finance, 2004, http://ec.europa.eu/comm/enterprise/entrepreneurship/financing/docs/report_en.pdf

over-dependent on debt finance, the European Union wants to promote risk capital. Late in 2004 the Commission published a Vademecum⁴³ describing the possibilities Member States have (outside specific sectors) to promote innovation through **State aid**⁴⁴ without distorting competition to an extent contrary to the common interest. On 21 September 2005, the Commission adopted a ‘Communication on Innovation’, a consultative document in order to explore the need and potential to expand the possibilities to aid innovation and inviting all interested parties to submit comments by 21 November 2005. Respondents’ input is being carefully assessed by the Commission. In December 2005, the Commission decided to apply the existing R&D-framework until the entry into force of a revised common framework for R&D and Innovation (and so at the most until 31 December 2006). Preparatory work for adoption of a revised Communication on State aid to risk capital is in progress⁴⁵. Draft Community guidelines on State aid and risk capital to small- and medium-sized enterprises were made public in Spring 2006⁴⁶.

7. STRATEGIC AREA FIVE: CREATING A MORE SME-FRIENDLY REGULATORY AND ADMINISTRATIVE FRAMEWORK

7.1. Listening to SMEs (key action 8)

8.A



The conclusions of the Best project on “**Consultation of stakeholders in the shaping of small business policy at national/regional level**” can be found in a **final report**⁴⁷, published in October 2005, providing an overview of the progress made in the field of consultation, proposing a European reference model of consultation, suggesting the use of indicators to monitor progress, offering examples of best practices and finally, formulating several recommendations to be implemented by policy-makers.

A **conference**⁴⁸ on the subject was held on 14th March 2006 in Brussels with the aim to promote and disseminate the results of the project and discuss how to better involve SMEs in policy-making, including at EU level. The large participation from business stakeholders, national and regional authorities and academics to this conference enabled further dialogue between policy makers and stakeholders. As a whole, the project has led to more awareness on the necessity to involve SMEs in policy-making. This should result in more regular and systematic exchange of views between administrations and SME stakeholders, better follow-up of SME opinions, more focused impact assessments and more efficient ways of involving stakeholders in policy-making and in the assessment of existing EU legislation. The Commission

⁴³ European Commission, Commission Staff Working Document, Community rules on state aid for innovation, Vademecum, SEC(2004) 1453 of 15.11.2004, http://ec.europa.eu/comm/competition/state_aid/others/vademecum/innovation_vademecum.pdf

⁴⁴ http://ec.europa.eu/comm/competition/state_aid/legislation/

⁴⁵ http://ec.europa.eu/comm/competition/state_aid/legislation/aid3.html#risk

⁴⁶ European Commission, Draft Community guidelines on State aid and risk capital to small- and medium-sized enterprises, 2006, http://europa.eu.int/comm/competition/state_aid/others/action_plan/

⁴⁷ European Commission, Best project on the consultation of stakeholders in the shaping of small business policy at national/regional level, final report of the expert group, 2005, http://ec.europa.eu/comm/enterprise/entrepreneurship/support_measures/stakehold/index.htm

⁴⁸ Conference on how to better involve small businesses in EU, national and regional policy-making; Brussels, 14 March 2006, http://ec.europa.eu/comm/enterprise/entrepreneurship/support_measures/stakehold/index.htm

will consider how to further improve its own consultation practices on the basis of the conclusions of this project.

8.B

The **SME dimension** has been considerably more prominent in the inter-service discussions within the Commission. This resulted in more SME friendly Commission proposals, such as in areas like the REACH regulation, the capital adequacy framework (Basel II) or the rules of participation of the 7th Framework Programme for R&D, and the elaboration of new orientations for the EU SME policy (reflected in the Communication on Modern SME policy adopted on the 10th of November 2005) and to the implementation of the “think small first principle” within the Commission. As far as Cohesion Policy is concerned, the Commission's proposals for the period 2007-2013 have accentuated further the key role of entrepreneurship and innovation in SMEs in the funds' operations.

Mechanisms such as the **SME Envoy** and the **inter-service SME Network** have contributed to ensuring better consideration of SME dimension in EU policy making. While the objective of this sub-action has been achieved, the activities now launched are to continue on an on-going basis.

The interservice SME network, chaired by the SME Envoy, has developed into a regular forum of exchange and information on all SME-related Community policies, meeting regularly since 2003. A new unit in charge of coordinating SME policies and supporting the SME Envoy, a recognised interface between the SME Business Community and the Commission services, was created in 2005, while the SME Envoy function was **upgraded** through the designation, beginning of 2006, of Ms Le Bail, Deputy Director General of DG Enterprise and Industry, to this function. The SME Envoy **met** regularly SME stakeholders - representatives of business organisations, Members of the European Parliament, national officials - informing them about EU developments affecting SMEs and gathering their opinion on various EU initiatives. The SME Envoy **screened** the Commission legislative work programme and identified, together with SME organisations, the most relevant items for SMEs, such as regional, competition or research policies. The SME Envoy Report issued in February 2005 presents a unique overview of all EU programmes and initiatives in favour of SMEs

8.C

The **SME test panels** imply the creation of a mechanism of consultation of SMEs via the Euro Info Centre (EIC) network to allow Commission services to submit a policy or a piece of legislation still in preparation to a relevant group of SMEs. EIC national networks covering 19 countries have been selected to participate in a pilot phase ending in December 2006. Grant agreements with selected networks were signed early 2006. First topics submitted covered patent policy and IPR issues. The results of these subjects submitted to the first panel were ready by mid-June 2006. Input obtained through the SME panels should be used to make Commission's proposals more SME-friendly. Discussions with Commission services aimed at agreeing subjects to submit to the SME panels are under way. After completion of the pilot phase, the new tool will be available on a regular basis.

8.D

The IPM Exploitation Mechanism had allowed several Commission services benefit from data obtained through the IPM tools, helping them to obtain feedback from SMEs on their programmes and legislative initiatives. Following an internal evaluation of the IPM feedback mechanism, this tool was replaced by a new mechanism - called **SME Feedback** - dedicated to collect exclusively the problems encountered by SMEs in the implementation of European legislation or policies. The

SME Feedback has been promoted in inter-service Commission meetings while bilateral contacts with targeted Commission services allowed promoting it. A rising number of ad hoc reports have been elaborated on the basis of the cases encoded in the feedback mechanism on topics such as e-commerce, cross-border services, construction products, medical devices, etc. These reports are usually conceived following the request made by a Commission service, and provide input for the preparation or amendment of a regulation. Reports based on feedback cases are being used by the various Commission service requesting them. This has now become an ongoing activity, incorporated in the Euro Info Centre usual activities as from 2005.

7.2. Simplification of tax compliance (key action 9)

9.A



A **Commission Communication on Home State Taxation**⁴⁹ aimed to tackle the tax obstacles encountered by small and medium-sized enterprises when they operate in other EU Member States in addition to their own by granting them the possibility to apply the corporate tax rules of their home state only was adopted by the Commission in December 2005. The Communication describes the concept of Home State Taxation based on the idea of voluntary mutual recognition of tax rules by EU Member States. The Commission invites Member States to introduce the scheme on a pilot, time-limited, basis and test the practical merits of the concept for SMEs and its broader economic benefits for the EU while limiting the administrative costs and potential risks for Member States⁵⁰.

9.B



A **proposal**⁵¹ for a **Council Directive amending Directive 77/388/ECC** with a view to simplifying value added tax obligations was published in October 2004 and then subject to discussions in the Working Party on Tax Questions – Indirect Taxation (VAT) at the Council. The proposal concerns a **VAT One-Stop-Shop System** so as to simplify current VAT compliance obligations for traders supplying goods and/or services in other EU Member States. Following the Commission proposal, there is broad political backing⁵² for the idea of a one-stop-shop and a simplified electronic declaration procedure, although there are still disagreements over whether the scheme should be optional or compulsory and on its scope. The proposal is currently being discussed by the Council working group and the European Parliament and the European Economic and Social Committee have adopted their opinions. If it is adopted in the second half of 2006, the final implementation of the One Stop Shop System is expected to be on 1 January 2008 at the earliest.

9.C

The MAP project “**Simplified tax compliance procedures for SMEs**” was launched mid-2004. The 25-members expert group met 3 times so far and identified

⁴⁹ Communication from the Commission on tackling the corporation tax obstacles of small and medium-sized enterprises in the Internal Market – outline of a possible Home State Taxation pilot scheme . COM (2005) 702 of 23.12.2005. The text is available at the following website: <http://europa.eu.int/eur-lex/lex/LexUriServ/LexUriServ.do?uri=CELEX:52005DC0702:EN:NOT>

⁵⁰ Following reservations expressed by a number of Member States during Council discussions, Austria is nevertheless considering to propose a pilot project to some of its neighbouring countries.

⁵¹ Proposal: COM (2004) 728 of 29.10.2004. The text is available at the following website: http://www.eur-lex.europa.eu/LexUriServ/site/en/com/2004/com2004_0728en01.pdf

⁵² High on the agenda of the 2006 Spring Summit in Brussels on 24 and 25 March was the fact that the Council should swiftly adopt the Commission’s proposals for a VAT one-stop shop



high potential areas for simplification in participating countries in view to reducing taxation-wise administrative burden for SMEs. Corporate income tax, income tax and wage tax are the backbones of this benchmarking exercise. Based on the existing difficulties pointed out by SMEs, the experts are focussing on tax obligations in the field of registration, filing tax returns, tax accounting/ documentation and payment of taxes and have discussed existing good practices. The final report is scheduled for publication by the end of 2006.

8. THE FUTURE

The Entrepreneurship Action Plan key actions were started in 2004. To date **more than 90% of the work** on the sub-actions is done. Only in seven sub-actions some delays have been incurred. These sub-actions are being continued and will be completed in 2007 with the corresponding deliverables being published when the work is completed.





















The Entrepreneurship Action Plan has proved to be an invaluable tool to contribute to the common strategic objective of boosting entrepreneurship in Europe. Achieving tangible result requires a real common action involving the private and the public sector; local, national and EU administrations. The Commission for its part is committed to bringing this issue forward in the framework of the renewed Growth and Jobs Strategy and build on the already tangible achievements under the Modern SME Policy agenda⁵³. There will be no phase II of the Entrepreneurship Action Plan. As highlighted in point 1.2 of this document, the initiatives on entrepreneurship have been integrated into the **Modern SME Policy** and will be followed up in this context.

⁵³ Commission Communication "Implementing the Community Lisbon Programme - Modern SME Policy for Growth and Employment" (COM (2005) 551 final of 10.11.2005) http://ec.europa.eu/enterprise/entrepreneurship/index_en.htm

ANNEX I: TABLE REFLECTING STATUS BY SUB-ACTION

| Sub-action | | Status | | | |
|------------|--|-----------|-------------|-----------------|-----------|
| | | Cancelled | In progress | Nearly finished | Completed |
| 1.A | Commission Communication | | | | ✓ |
| 1.B | Mini-companies | | | | ✓ |
| 1.C | Joint group EAC | | | | ✓ |
| 1.D | Charter process | | | | ✓ |
| 1.E | EAC programmes | | | | ✓ |
| 2.A | Charter process | | | | ✓ |
| 2.B | Information kit | | ✓ | | |
| 2.C | Conference | | | | ✓ |
| 2.D | Self-evaluation tools | | ✓ | | |
| 3.A | Commission Communication | | | | ✓ |
| 3.B | Transfer markets | | | | ✓ |
| 3.C | Study: transfers failure | ✓ | | | |
| 3.D | Funding | | | | ✓ |
| 4.A | Seminar women | | | | ✓ |
| 4.B | Study: social security | | ✓ | | |
| 4.C | Second career | | | | ✓ |
| 5.A | Study/Conf. ethnic minority entrepreneurs | | | ✓ | |
| 5.B | Expert meetings ethnic minority entrepreneurs. | | ✓ | | |
| 5.C | Women: access to finance | | | | ✓ |
| 5.D | Women: networking | | | | ✓ |
| 6.A.A | Matchmaking events | | | | ✓ |
| 6.B.A | Study: analysis clusters | | ✓ | | |
| 6.B.B | Study: successful clusters | ✓ | | | |
| 6.B.C | Cooperation IRC | | | | ✓ |
| 6.B.D | Regional authorities | | | | ✓ |
| 6.B.E | Networking sectoral clusters | | ✓ | | |
| 7.A | Early stage finance | | | | ✓ |
| 7.B | Reshaping Comm. Funds | | | | ✓ |
| 7.C | ABS Study. Basel guide. Basel seminars | | | | ✓ |
| 7.D | Retained earnings | | ✓ | | |
| 7.E | State aid rules review - risk capital | | | ✓ | |
| 8.A | Consultation of stakeholders | | | | ✓ |
| 8.B | Inter-service SME network | | | | ✓ |
| 8.C | SME test panel | | | | ✓ |
| 8.D | SME feedback | | | | ✓ |
| 9.A | Commission Communic. Home State Taxation | | | | ✓ |
| 9.B | VAT One-Stop-Shop (proposal) | | | | ✓ |
| 9.C | Simplified tax compliance | | | ✓ | |

























ANNEX II: THE DELIVERABLES



| Sub-action | | Downloads | Printed ⁵⁴ copies ⁵⁵ | Languages | | | |
|------------|--------------------------|--|---|---|---|---|------------|
| 1.A | Commission Communication | Booklet “Helping to create an entrepreneurial culture” http://ec.europa.eu/comm/enterprise/entrepreneurship/support_measures/training_education/index.htm |  |  |  |  | +9, +NO |
| | | Commission Communication on entrepreneurship education http://ec.europa.eu/comm/enterprise/entrepreneurship/support_measures/training_education/index.htm |  |  |  |  | +17 |
| 1.B | Mini-companies | Final report by the expert group http://ec.europa.eu/comm/enterprise/entrepreneurship/support_measures/training_education/index.htm |  |  |  |  | +13 |
| 1.C | Joint group EAC | Progress Report on the implementation of the “Education and Training 2010” Work Programme, Group B “Key Competences http://ec.europa.eu/comm/education/policies/2010/doc/basic2004.pdf | | |  | | |
| 1.D | Charter process | Implementation reports and highlights of the 2005 conference http://ec.europa.eu/comm/enterprise/enterprise_policy/charter/charter2005_base.htm |  |  |  |  | +17 |
| | | See the fifth report on the Implementation of the European Charter for Small Enterprises in the Member States - SEC(2005)167, pages 15 to 20. http://ec.europa.eu/comm/enterprise/events/charter/conf_2005.htm | | | | | |
| 1.E | EAC | Commission proposals | |  |  |  | +17 |





⁵⁴ Whenever printed materials are available, you can request them to:
European Commission
Enterprise and Industry DG - Documentation Centre
Office: Breydel 5/150
B-1049 Brussels
Fax n° +32-2/296.99.30

There exists an on-line request form at <http://ec.europa.eu/comm/enterprise/informa/index.cfm>

⁵⁵ The printer icon reflects that paper copies of the deliverables are available upon request


| Sub-action | | Downloads | Printed ⁵⁴ copies ⁵⁵ | Languages | | | |
|------------|--------------------------|---|---|---|--|---|--|
| | programmes | http://ec.europa.eu/comm/dgs/education_culture/newprog/index_en.html | | | | | |
| 2.A | Charter process | <p>Implementation reports and highlights of the 2005 conference</p> <p>http://europa.eu.int/comm/enterprise/enterprise_policy/charter/charter2005_base.htm</p> <p>See the fifth report on the Implementation of the European Charter for Small Enterprises in the Member States - SEC(2005)167.</p> <p>http://ec.europa.eu/comm/enterprise/events/charter/conf_2005.htm</p> |  |  |   |  | +17 |
| 2.B | Information kits | Not available yet | | | | | |
| 2.C | Conference | <p>Highlights of the conference</p> <p>http://ec.europa.eu/comm/enterprise/entrepreneurship/support_measures/failure_bankruptcy/conference.htm</p> | | |  | | |
| 2.D | Self-evaluation tools | Not available yet | | | | | |
| 3.A | Commission Communication | <p>Commission Communication on business transfers</p> <p>http://ec.europa.eu/comm/enterprise/entrepreneurship/support_measures/transfer_business/trans_com.htm</p> |  |  |  |  | +17 |
| 3.B | Transfer markets | <p>Final report by the expert group</p> <p>http://europa.eu.int/comm/enterprise/entrepreneurship/support_measures/transfer_business/index.htm</p> |  | |  | | |
| 3.D | Funding | <p>Competitiveness and Innovation Framework Programme, including funding for business transfers</p> <p>http://ec.europa.eu/enterprise/enterprise_policy/cip/index_en.htm</p> | |  |  |  | +17 |
| 4.A | Seminar women | <p>Conclusions of the event</p> <p>http://ec.europa.eu/comm/enterprise/entrepreneurship/craft/craft-women/documents/conclusions-en.pdf</p> | |  |  |  |   |
| 4.B | Social security study | Not available yet | | | | | |
| 4.C | Second career | <p>Study</p> <p>http://ec.europa.eu/comm/enterprise/entrepreneurship/support_measures/second_career/</p> |  |  |  |  | |

| Sub-action | | Downloads | Printed ⁵⁴ copies ⁵⁵ | Languages | | | |
|------------|--|--|---|-----------|----------------|--|--|
| | | Final report by the expert group http://ec.europa.eu/comm/enterprise/entrepreneurship/support_measures/second_career/ |  | | EN | | |
| 5.A | Study/Conf. ethnic minority entrepreneurs | Not applicable | | | | | |
| 5.B | Expert meetings ethnic minority entrepreneurs. | Not applicable | | | | | |
| 5.C | Women: access to finance | Conclusions of the event http://ec.europa.eu/comm/enterprise/entrepreneurship/craft/craft-women/conference/women_led.htm | | | EN | | |
| 5.D | Women: networking | Women's entrepreneurship portal http://ec.europa.eu/comm/enterprise/entrepreneurship/craft/craft-women/womenentr_portal.htm | | | EN | | |
| 6.A.A | Matchmaking events | Business co-operation database http://eic.ccc.eu.int/BCD/ Calendar of relevant events Obtainable via your nearest EIC: http://ec.europa.eu/enterprise/networks/eic/eic.html "Pan-European Business Co-operation Schemes - PES" 2004 – 2006 http://www.eic.ec.europa.eu/PES/ | | | EN EN EN | | |
| 6.B.A | Study: analysis clusters | Not available yet | | | | | |
| 6.B.C | Cooperation IRC | The final report – an internal working document for IRCs - can be made available to cluster managers upon request through entr-support-for-innovation@ccc.eu.int |  | | EN | | |

| Sub-action | | Downloads | Printed ⁵⁴ copies ⁵⁵ | Languages | | | |
|------------|--|---|---|------------------|----|------------------|-----|
| 6.B.D | Regional cooperation | Learning modules http://www.innovating-regions.org/services/pub_library/index.cfm Documentation of the final conference http://www.innovating-regions.org/content_db/cddb.cfm?action=article&publication_id=3090&is_article=1&appId=2 | | | EN | | |
| 6.B.E | Networking sectoral clusters | Not applicable | | | | | |
| 7.A | Early stage finance | Survey on the state of business angel financing Not available yet Best practices in accessing early-stage finance http://ec.europa.eu/comm/enterprise/entrepreneurship/financing/publications_documents.htm |  | | EN | | |
| 7.B | Reshaping Comm. Funds | Not applicable | | | | | |
| 7.C | ABS Study. Basel guide. Basel seminars | Study on asset-backed securities http://ec.europa.eu/comm/enterprise/entrepreneurship/financing/publications_documents.htm |  | DE ⁵⁶ | EN | FR ⁵¹ | |
| | | “Guide for SMEs on how to work with banks” http://ec.europa.eu/comm/enterprise/entrepreneurship/financing/publications_documents.htm |  | DE | EN | FR | +17 |
| | | Basel seminar material “Basel II: capital adequacy and rating conferences” http://ec.europa.eu/comm/enterprise/entrepreneurship/financing/capital_adequacy_and_rating_conferences_table.htm |  | DE | EN | FR | +17 |
| 7.D | Retained earnings | Not available yet | | | | | |

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The executive summary only

| Sub-action | | Downloads | Printed ⁵⁴ copies ⁵⁵ | Languages | | | |
|------------|---------------------------------------|---|---|-----------|----|----|-----|
| 7.E | State aid rules review - risk capital | Draft Community guidelines on State aid and risk capital to small- and medium-sized enterprises http://ec.europa.eu/comm/competition/state_aid/others/action_plan/draft_community_guidelines_en.pdf | | DE | EN | FR | +17 |
| 8.A | Consultation of stakeholders | Results of public consultation http://ec.europa.eu/comm/enterprise/entrepreneurship/consultation/index.htm |  | DE | EN | FR | +13 |
| | | Final report of the expert group http://ec.europa.eu/comm/enterprise/entrepreneurship/support_measures/stakehold/index.htm | | DE | EN | FR | +17 |
| | | Conclusions of the conference http://ec.europa.eu/comm/enterprise/entrepreneurship/support_measures/stakehold/index.htm | | | EN | | |
| 8.B | SME Envoy/ Inter-service SME network | SME Envoy website http://ec.europa.eu/enterprise/smes/sme_envoy_en.htm | | | | | |
| 8.C | SME test panel | Not applicable | | | | | |
| 8.D | SME feedback | Not applicable | | | | | |
| 9.A | Communication on Home State Taxation | Commission Communication on Home State Taxation http://europa.eu.int/eur-lex/lex/LexUriServ/LexUriServ.do?uri=CELEX:52005DC0702:EN:NOT | | DE | EN | FR | +17 |
| 9.B | VAT One-Stop-Shop (proposal) | Commission proposal http://www.eur-lex.europa.eu/LexUriServ/site/en/com/2004/com2004_0728en01.pdf | | DE | EN | FR | +17 |
| 9.C | Simplified tax compliance | Not available yet | | | | | |