European SME-Action Programme

SME Envoys Network, 2017

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Foreword

Dear SME Envoys
Dear representatives from the business organisations,

Let me start by congratulating you for this action programme. It is a sign of the very active role you all assumed and play in SME policy and your willingness to invest time, knowledge and your experience so that Europe's entrepreneurs get what they need from all of us, policy makers and stakeholder organisations alike.

The Action Programme is the result of a joint effort that is a beacon for the way we implement policy in Europe: in a cooperative spirit and by making sure that we use the collective intelligence of all involved. The Small Business Act contains the guiding principles for our support to small- and medium sized enterprises but it only lives and delivers for Europe's entrepreneurs if it is translated into concrete actions. The wealth of different actions undertaken by Member States, with the support of stakeholders, shows that there are many excellent ideas that need replicating and developing further.

I commend you all for this work but I also encourage you to implement these excellent ideas in your own country and area of expertise. The more we can bring these practices to life in as many Member States as possible the stronger will be the impact of our joint work.

Without SMEs there are not enough jobs, there is not enough innovation and there is not enough growth for our economy. Their well-being is therefore crucial and I want us all to keep that in mind.

Our motto of 'Thinking Small First' is still valid but its implementation is in need of ideas like the ones presented in this action programme.

Presenting the ideas and initiatives is one thing but we need to make them happen, to turn them into reality. I hope you will join me in making every effort to implement them so that we continue doing our job and support European SMEs.

Elżbieta Bieńkowska

Introduction

Small and medium-sized enterprises (SMEs) are the backbone of the European economy with strong contributions to employment, innovation, growth, and social cohesion. They therefore deserve special attention and true support to enable them to further contribute to a prosperous Europe.

The 2008 Small Business Act (SBA) is the cornerstone of today's European SME policy. Together with the 2011 update, it provides objectives and guidance to policy makers at European and Member State level and has been the basis for substantial progress in European SME policy.

The SME-Envoy Network has decided to supplement the SBA with the SME-Action Programme as a working document. The SME-Action Programme reflects the knowledge of this unique European Network of SME policy makers and SME representatives. It provides an analysis of the current situation and main challenges for European SMEs including new dynamic topics like digitisation or the sharing economy that have to be addressed by current SME policies.

The chapters, which have been contributed via the SME-Envoy Network, include insights into national SME policies and good practices and identify directions and opportunities for action on European and Member State level. The SME-Action Programme thereby fosters the good practice sharing within the SME Envoy Network and provides direction and inspiration for different SME relevant policy areas. It is a call to the European Commission and Member States to clearly commit to the "Think Small First" principle and to help European SMEs start-up and scale-up with a dedicated SME policy agenda.

1 Better regulation

Current situation and main challenges

Unnecessarily burdensome regulation is a barrier to success for SMEs. The amount of time and/or money needed to comply with regulations is proportionately greater for SMEs than for larger businesses, which can make it difficult for them to compete and thrive in an ever-changing and developing market place. This underlines the importance of applying the "Think Small First" principle consistently and effectively to all new EU regulation.

SMEs experience a number of disadvantages in comparison to larger businesses when it comes to adopting and complying with regulation: SMEs do not have the benefit of economies of scale. They are unlikely to have dedicated compliance functions to help them understand new laws and therefore often do not know what steps are required to meet compliance standards. Constraints on resources mean (that where applicable) they are less likely to be represented by membership organisations or have the capacity to respond to consultations. Regulation can impose disproportionate costs on small businesses: some studies[1] have suggested that, compared to a large firm, it can cost the smallest firms ten times as much per employee to comply with legislation. To enable SMEs to grow, employ people and effectively contribute to the overall objectives EU legislation is aiming at, and to support new businesses to get off the ground, there is a need to reduce the cost of regulation to SMEs. All businesses, including SMEs, would benefit from a lightening of the regulatory load through better regulation – which necessarily incorporates the removal of red tape and the lowering of costs and regulatory burdens without compromising policy objectives. When regulation cannot be changed to reduce the underlying regulatory burden, then it should at least be made as simple as possible for SMEs to comply. This will reduce the administrative burden on business, and digital compliance assistance tools can and should facilitate this.

There are a number of mechanisms and commitments currently in place at an EU level which seek to reduce the burden of regulation on SMEs. The European Commission committed in its May 2015 Better Regulation package[2] to ensure that the "Think Small First" principle from the Better Regulation toolbox is applied more thoroughly when preparing initiatives – that is to say, to take the interests of SMEs into account when designing and evaluating policies and to envisage a lighter regime, including an outright exemption for micro enterprises, where possible and practical. The European Commission also monitors and assesses Member States' implementation of SME principles through its annual SME Performance Review.

The European Commission has committed to ensuring that the Regulatory Scrutiny Board (RSB)[3] has scrutinised and given a positive opinion on all impact assessments prior to the launch of any inter-service consultation or decision on new proposed initiatives[4]. The Commission has also committed to targeting its Regulatory Fitness ("REFIT") programme on the most serious sources of inefficiency and unnecessary burdens in existing EU legislation; and to ensuring that the REFIT platform recommends actions to the Commission reflecting Member State and stakeholder input.

1 European Commission (2007): Models to reduce the disproportionate regulatory burden on SMEs. Report of the Expert Group, Brussels, p. 4.
2 European Commission (2015): Better regulation for better results – An EU agenda, Brussels.
3 The RSB remit includes the scrutiny of draft impact assessments in respect of new initiatives and of major retrospective evaluation and fitness checks of existing Union policies and legislation.
4 European Commission (2015): Regulatory Scrutiny Board, Mission, tasks and staff, C(2015) 3262 final, Brussels.

The other EU institutions have also made a range of better regulation commitments in the Inter-Institutional Agreement (IIA) on better regulation.[5] All involved institutions made a renewed commitment to the role of impact assessments and placed a particular emphasis on assessing the potential burden on SMEs. The European Commission has committed to assessing the feasibility of establishing, within the REFIT framework, objectives for the reduction of burdens in specific sectors. Furthermore, the Competitiveness Council Conclusions of March 2016[6] urged the European Commission *"to enable the introduction of reduction targets in 2017"* and underlined that these targets should focus on particularly burdensome areas, especially for SMEs.

Businesses also experience burdens that do not primarily stem from the underlying legislation, but rather from its implementation by the administrative authorities. Complex administrative procedures represent one of the main challenges for SMEs when doing business. This is corroborated in several studies conducted over the last few years.[7] In the effort to improve the administrative environment for SMEs and to tackle the obstacles hampering their development, the European Commission committed to the promotion of the "Only Once" principle across the EU, whereby "public authorities and administrative bodies should refrain from requesting the same information, data, documents or certificates which have been already made available to them in the context of other procedures".[8] The "Only Once" principle thus entails the elimination of unnecessary administrative burdens when users are required to supply the same information more than once to government. Businesses and citizens would need to provide certain data only once and public administration would then take action to share this information internally.

However, the implementation of the "Only Once" principle at national level is not without obstacles. The main barriers can be summarised as follows: (1) fragmentation across and lack of communication between government departments; (2) implementation costs of introducing the "Only Once" principle, including the costs deriving from the introduction of new electronic tools and procedures; (3) data protection requirements representing a constraint on public administrations reusing and exchanging data; and (4) changes required at organisational and operational level, as well as in working practices and cultures.

Directions and opportunities for action

The terms of reference of the SME Envoy Network[9] state that the Network's mission is to "accelerate the implementation of the policy objectives of the Small Business Act and to anchor the "Think Small First" principle in policy making at EU and national level, in order to strengthen SMEs' competitiveness and so unleash their potential to grow and create jobs". In particular, the Network of SME Envoys will "support the European Commission in embedding the "Think Small First" principle at all levels of policy and legislation". The Network of SME Envoys "will have the opportunity to provide its views on where exemptions or lighter regimes are needed for SMEs, and for micro enterprises in particular".

5 Inter-Institutional Agreement between the European Parliament, the Council of the European Union and the European Commission on Better Law-Making, 13 April 2016.

6 Competitiveness Council (2016): Better regulation to strengthen competitiveness, 26 May 2016, Brussels.

7 See, for example, Eurochambres (2015): EU Internal Market Barriers and Solutions: The Business Perspective, Brussels and European Commission (2015): Flash Eurobarometer, Internationalisation of Small and Medium-sized Enterprises, No. 421, Brussels.

8 European Commission (2011): Review of the "Small Business Act" for Europe, COM(2011)0078 final, Brussels.

9 'Role of the Network of SME Envoys'

Measures at EU level:

- **Maximise opportunities available through REFIT**
  REFIT is one of a number of tools at the disposal of SME Envoys in order to achieve its mission. SME Envoys could raise awareness of, and encourage SMEs, SME representative organisations and other intermediaries such as the Enterprise Europe Network to make maximum use of the Commission's REFIT platform "Lighten the Load" portal[10] to draw attention to areas of EU regulation which they have identified as being burdensome or in need of improvement. They could make contact with the REFIT platform members in their national administrations and work with them to ensure that the REFIT platform takes account of SME concerns during the platform's deliberations and drafting of its opinions. SME Envoys could also engage with relevant stakeholder members of the REFIT platform to draw SME concerns to their attention.[11]

- **Foster greater transparency and partnership for the SME Network with the Regulatory Scrutiny Board**
  SME Envoys could extend an invitation via the European Commission to the chair of the Regulatory Scrutiny Board (RSB) to attend an SME Envoy Network meeting. Not only would this encourage cooperation but it would also give the RSB the opportunity to explain how, as a body, it is ensuring that the Commission's commitment to the "Think Small First" principle is properly applied in all Commission impact assessments. This could include examples of impact assessments in which the RSB's intervention has led to an improved analysis of impacts on SMEs.

Measures at EU and Member State level:

- **Identify particularly burdensome areas for SMEs and encourage national contributions to Commission consultations**
  It is important to assist the European Commission in its efforts to reduce burdens in specific sectors. SME Envoys could, with the cooperation and input from national and EU-level SME organisations, analyse the Commission's Annual Work Programme to identify legislation that is likely to have a significant impact on SMEs. It could be helpful to use a monitoring mechanism such as Germany's "Mittelstandsmonitor"[12] in order to identify measures with the greatest potential impact on SMEs. Having done so, national authorities and relevant stakeholder groups could be encouraged to contribute constructively to Commission consultations on those proposals most likely to affect SMEs. At a later stage in the legislative process, SME Envoys could support the scrutiny of SME aspects of impact assessments in Council. The outcome of such a monitoring process could be further utilised through the work of the REFIT platform.

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10 REFIT platform "Lighten the Load" portal
11 REFIT platform, members
12 Mittelstandsmonitor des BMWi für EU Vorhaben (Information in German language)

- **Establish reduction targets in particularly burdensome areas**
  SME Envoys should assist the European Commission in its efforts to establish objectives for the reduction of burdens in specific sectors. Building on the SME Envoys' work in respect of the Commission's Work Programme and of REFIT, SME Envoys should produce a report for the Commission identifying particularly burdensome areas of EU law for SMEs. This report would be compiled on the basis of input from national and EU level SME organisations, and would aid the development of "reduction targets in particularly burdensome areas, especially for SMEs" as called for by the Competitiveness Council.

- **Pursue a continuous monitoring of progress in identified reduction areas**
  In order to address the directions and opportunities for action, the SME Envoys should commit to continued engagement with the European Commission in its work programme on SMEs; to monitor the progress in achieving opportunities for action annually, for example, through the SME Performance Review; and, on the basis of a report prepared by the lead SME Envoy on better regulation, to hold an annual stocktake discussion on the progress of those agreed actions.

- **Support the cross-border implementation of the "Only Once" principle**
  The aim is to reduce red tape and make it less burdensome for SMEs to engage in business activities within the internal market. A case in point are SMEs that deliver specific products and services in the context of construction works in other EU countries. They face significant costs due to the different national requirements in terms of safety training certificates to be possessed by workers involved in these activities. The multiplicity of national certificates, and of the exams that have to be passed for obtaining them, places significant costs and work planning constraints on SMEs that want to operate in other EU countries.

Measures at Member State level:

- **Share good practices related to the implementation of the "Only Once" principle**
  The "Only Once" principle is applied by most EU Member States, with varying degrees of development and achievement of administrative burden reduction. It is often part of a specific e-Government policy and can be found within a larger package of measures aimed at the reduction of administrative burdens. The Network of SME Envoys should gather information on the current implementation status and share examples of good practice among the Member States.

- **Establish national REFIT platforms**
  Member States should put in place national REFIT platforms or equivalent tools.

- **Implement national "SME Tests", in particular in cases of gold plating**
  Furthermore, Member States should promote the effective implementation of the "SME Test" (or equivalent tool) to ensure that the SME aspects are properly taken into account at an early stage in policy making, and in particular in cases of national gold plating.

The Irish Government Integrated Licence Application Service
The Irish Government operates an Integrated Licence Application Service (ILAS), an innovative digital application which assists businesses, including SMEs, by dramatically reducing the amount of time spent applying for licences and thereby also reducing the administrative burden and changing the nature of their interaction with licencing bodies. A Steering Group, chaired at Ministerial level, with membership from the key licensing authorities with a remit for retail licensing was established to oversee the process.

The Service went live on 16 December 2015 and is available to all businesses, including SMEs, to apply for, renew and pay for their licences (as currently available through the Service). A number of licensing authorities both on the local and national level within the consumer, environment, postal and retail sectors are using the Service. Amongst other features of benefit to businesses, not least SMEs, the Service is free to use; is accessible 24/7; provides a simple secure on-line registration and application tracker; and allows for multiple licences across a number of authorities to be applied for at the same time. In addition, with the aim of achieving a harmonised simplification of the overall licensing process, there is on-going expansion of the Service to include other licensing authorities and other licenses within key economic sectors in order to provide a "one stop shop" for businesses.

Implementation of the national digital ID and "Only Once" principle in Estonia
With the Digital Signatures Act in 2000, digital signatures were given equal legal value as hand-written signatures, both for public and private and commercial transactions. In Estonia, almost all public services for businesses and citizens (e.g. electronic registration of businesses, voting, health records, declaration of residence, etc.) are available online and can be accessed through the national digital ID, with which it is possible to sign documents online. In 2001, the data exchange system X-Road was launched. This flexibly links together a network of databases and services from both the public and the private sectors, thus allowing the application of the "Only Once" principle, as users submit a standardised form with the required information via e-service and such information is subsequently distributed to the relevant organisations. As far as privacy protection is concerned, Estonia established the principle that individuals should have control over the use of their personal data. This principle is respected through a mechanism that logs any access to personal data and enables users to see which department has consulted their data. Should a privacy breach be suspected, a data protection claims procedure can be opened.[13]

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13 OECD (2015): Estonia and Finland. Fostering strategic capacity across governments and digital services across borders, OECD Public Governance Reviews, Paris.

2 Access to markets

Access to markets is a pre-requisite to business sustainability, economic success and growth. A business' market(s) may be local, national, international or any combination thereof. The wider a business can expand its market, the greater its opportunity to sell and the lesser its exposure to fluctuations in market conditions and consumer behaviour. There is also a strong correlation between internationalisation and growth, so the link with the European Commission's enhanced focus on supporting start-ups and scale-ups is strong. Historically, smaller businesses have had less scope to expand beyond their immediate area, while only larger companies – "multinational corporations" – tended to trade internationally. This was mainly due to logistical and commercial barriers that proved to be particularly burdensome to relatively low volume producers or service providers.

More recently though, many such barriers have been reduced or even removed, due to the reduction or removal of tariffs and non-tariff trade barriers and the consequent expansion of global value chains, but also because of digital technology advances. Consequently, international markets are – in many respects – more readily accessible also to medium, small and even micro enterprises. However, various non-tariff barriers still remain in place, notably of a regulatory and administrative nature and these impact exponentially on SMEs. Digital technologies, by nature borderless, also present new challenges for lawmakers and the disjuncture between business practice and the legal framework is wide in some sectors and activities, while there is considerable legal uncertainty in others. While the European Commission's call for a single market that is "Digital by default, open by default and cross-border by default" is laudable, it remains a distant reality within the EU. These issues are also a source of much discussion and reflection internationally in relation to multilateral, regional and bilateral trading conditions.

Efforts to reduce regulatory barriers between countries have characteristically focused more on goods than services, although the emphasis has to an extent shifted in recent years. This trend must be maintained, not only because services represent such a significant proportion of the economy, but also because more and more businesses combine products with services. There is also a need for more detailed data about trade in services.

A European Commission Flash Barometer from October 2015 provides detailed data on SME internationalisation: it indicates that 39% of SMEs have imported from another country, while 33% have exported.[1] Other SMEs have been internationally active via subcontracting or partners based abroad, while nearly half have not been active in any form beyond their national borders. One in five (20%) have exported to a country outside the Internal Market, while 19% have imported from one. 69% of SMEs had done no business outside the EU in the last three years. Furthermore, the recent annual report on European SMEs indicates a positive trend of increased SME internationalisation.[2] The number of SMEs engaged in extra-EU exporting increased by 20% from 2011 to 2013, while the number of SMEs exporting into the EU increased by about 15% in the same period. These positive trends must be maintained and accelerated.

1 European Commission (2015): Flash Eurobarometer, Internationalisation of Small and Medium-sized Enterprises, No. 421, Brussels.
2 European Commission (2016): Annual Report on European SMEs 2015/2016, Brussels, p. 39ff.

Considering that in a few years, 90% of world growth will be generated outside the EU,[3] market liberalisation is imperative in order to remain competitive and successful in a globalised economy. This objective cannot be achieved if it is not SME inclusive. This relates not only to trade policy but also to trade promotion and support, which must enable European SMEs to capitalize on market opportunities.

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3 European Commission (2012): Trade, Growth and Jobs. Commission contribution to the European Council, Brussels.

2.1 Third country markets

Current situation and main challenges

The predominant role of SMEs in creating jobs and growth is well-documented. Less prominent is the fact that SMEs are an increasingly important force for European Union exports (see figures in "Access to markets" chapter introduction). At the same time, it should be recognized that there remains huge scope to increase the internationalisation of the EU's +/-20 million SMEs and thus to enable them to take advantage of the opportunities that foreign markets provide, to the broader benefit of the EU economy.

SMEs encounter numerous obstacles to exporting products or services to a third country market. Some of these are internal to a business, others are caused by factors beyond its direct control. The obstacles can be specific to a given SME, to the sector in which it operates, or general to smaller businesses due to their limited resources and scale. As with so many economic barriers, the nature of obstacles to internationalisation may be similar for SMEs and larger companies, but often prove particularly burdensome for smaller operators. This restricts the international competitiveness of Europe's SMEs and thus warrants specific attention from policy makers.

Similarly to barriers to trading within the single market, external trade barriers also often relate to the cost of complying with information and administrative requirements to enter a foreign market. Such compliance costs may even discourage smaller businesses from trading in third country markets at all. A recent European Commission report entitled "SMEs are more important than you think" found that one-third of all respondent (SME) companies were not able to identify the actual source of the regulatory burdens that they faced. This points to an information gap regarding rules and requirements applicable to a specific product or service abroad. Additionally, product testing or certification required to comply with foreign technical regulations, paperwork and fees for customs processing or protecting intellectual property all generate costs, which make exporting that much more challenging for smaller firms.

The costs of entering a new market may have the same nominal level for SMEs and larger firms. However, they have a much greater impact on SMEs who have fewer resources to internationalisation, complying with regulation etc. Furthermore, tariffs can also be more significant for SMEs when they operate at a relatively low scale with narrower margins. Moreover, when tariff reductions or exemptions are negotiated in trade agreements, they often come with stringent rules and high documentation requirements for proving the origin of the products; these too add complexity for smaller operators and weigh more heavily on SMEs.

Furthermore, and in view of the fact that SMEs tend to export directly from their country of origin to clients abroad rather than via a secondary establishment, the temporary movement of high skilled professionals – academically qualified, or not – is pivotal to the ability of SMEs to capitalize on international opportunities. This is also an area of considerable complexity and many constraints, depending on the country of destination.

Concrete flanking measures to accompany trade agreements are crucial to enabling SMEs to reap the benefits of open markets. Such measures can take many forms and can be delivered in the country of origin, the country of destination or increasingly of course digitally. Regardless of the channel, their effectiveness and availability can make or break a small business' internationalisation strategy, so their availability and quality must be ensured in a coordinated manner by the relevant public and private actors at local, national and EU level.

Trade promotion is a Member State competence. Accordingly, Member States offer SMEs an extensive range of services and several dispose of wide-reaching international trade support networks. Trade policy, on the other hand, is a competence of the EU. Trade policy and trade promotion go hand-in-hand; trade policy should serve to bring down barriers and create opportunities for European businesses, while trade promotion should ensure that those businesses can effectively tap into these new opportunities.

The fact that competences are divided between the EU and its Member States should not detract from the provision of favourable conditions and services to SMEs for internationalisation. Indeed, the division of responsibilities is not always black and white; the considerable influence that national – and even sub-national policy makers – can play on EU led trade negotiations has been apparent in recent months, while there are situations in which the EU can add value to national trade promotion activities, as some of the examples below indicate.

Directions and opportunities for action

In order to increase the involvement of the EU's SMEs in international trade, the trade policy agenda must logically be SME inclusive. For SMEs to fully exploit the potential of open markets, trade policy needs to be conceived in a manner that fully incorporates and reflects the smaller business perspective. The SME factor cannot be a tick-box element in this process. To that end, the "Think Small First" principle must firmly guide trade policy throughout, from preparing negotiations to the subsequent implementation, monitoring and enforcement of agreements.

Measures at EU level:

- **Enshrine the "Think Small First" principle across EU trade agreements**
  As trade agreements increasingly focus on behind the border measures and regulatory differences, they will become more relevant to the day-to-day business activities of SMEs. In light of this increasing impact, it is more important than ever that trade negotiators think small first from the outset when crafting the terms of a trade agreement. The aim of this should be to ensure that trade is easier, faster and less expensive through more transparent and simpler rules.

  To make the next generation of trade agreements more SME inclusive, efforts should be geared towards making progress in areas where smaller businesses encounter obstacles, such as: streamlining and reducing administrative burdens associated with customs procedures; increased harmonization of standards; arranging mutual recognition of certification and a reduction in onerous labelling requirements; taking steps to facilitate the movement of people; simplifying rules of origin. Additionally, trade agreements should lay the foundations for effective implementation, to ensure that they deliver for businesses, especially SMEs. Dedicated roadmaps for SME implementation could accompany EU trade agreements to ensure more coherent and targeted implementation efforts with important third country markets.

- **Create institutional mechanisms for effective participation of the SME community in trade policy**
  A holistic trade policy should also imply that businesses and SMEs are fully involved at all stages of the policy process, from the negotiation to the monitoring and implementation phase of trade agreements. Thus, it is crucial that the right institutional mechanisms are created for EU trade policy processes that allow SMEs and their representatives to be informed, heard, and provide input in a structured way to the negotiation, implementation and monitoring stages of EU trade agreements.

- **Enable better measurement of impact on SMEs pre and post trade agreement**
  To better measure the impact of trade agreements on SMEs, sustainability impact assessments (SIAs) should be strengthened by consistently creating a dedicated sub-section on SMEs within the economic impact analysis. This is consistent with the European Commission's internal Impact Assessment guidelines on the application of the "SME Test". More targeted efforts to gather quantitative and qualitative input and enhanced outreach towards the SME community in the elaboration of SIAs would contribute to the fulfilment of this objective.

  More data is also needed to track better the impact of trade agreements on SMEs during their life span, in particular with major EU trading partners. Ex-post SME impact assessment could be envisaged and integrated into EU trade agreements in order to track whether certain assumptions made and impacts anticipated during the negotiation and drafting of EU free trade agreements are proving valid in their implementation.

- **Integrate SMEs better into global trade at the multilateral level through EU leadership**
  The potential of SMEs to become the economic champions of tomorrow is not exclusive to the EU; it is a global trend, but conditions need to be right for this potential to be maximised. The innovative step taken recently at EU level with the negotiation of a dedicated Chapter on SMEs is a step in the right direction and positive model for a "Think Small First" approach in the context of multilateral trade. Transparency and good regulatory practices are crucial elements in the specific consideration of SMEs within the multilateral trade framework, but scope remains to go further. Further studies should thus be commissioned to explore further the scope for flexibility and cost savings for small business at the global level and within multilateral trade rules.

Measures at EU and Member State level:

- **Create single access points for information on applicable rules and regulations in third country markets**
  It is also important to enhance EU SMEs' knowledge of a foreign market's regulatory environment and its business practices. Currently, SMEs considering exporting their goods or services abroad face significant hurdles when it comes to identifying relevant regulations, applicable technical standards, import procedures (such as customs clearance documents), or knowing which administrative service to approach regarding the regulation of their product or service and how to do so.

To that aim, more dedicated SME chapters should strive for the creation of single access points that – principally in digital form – provide comprehensive guidance to navigate and accompany SMEs through applicable rules and regulations in a third country market. The fact that this has not yet been fully realised within the EU should not deter similar efforts with regard to third countries.

- **Increase synergies between relevant stakeholders at EU and Member State level to boost SME internationalization**
  Trade policy and trade promotion should be considered as two sides of the same coin, so the partition of responsibilities between the EU and Member States must be positively channelled to the benefit of the SME community. This requires effective and coordinated approaches that encompass all aspects of support for the internationalisation of EU businesses, from trade policy to trade promotion. It reflects the need for synergy – between the relevant authorities and actors at all levels and both public and private – in order to optimize the provision of support to European businesses that trade or seek to trade outside the EU. Achieving such synergy will only be possible if clearly defined principles – notably subsidiarity, but also non-duplication and complementarity – are adhered to. Such approaches for effective European Economic Diplomacy – respecting the principles of non-duplication and subsidiarity – will improve the framework, institutional architecture and delivery of support for the internationalisation of SMEs. As such, it is important that it is pursued in a coherent and effective manner under the coordination of the EU.

- **Strengthen EU SMEs in protecting their Intellectual Property (IP) rights in third country markets**
  Support EU SMEs to both protect and enforce their Intellectual Property (IP) rights, including through the recognition of EU geographical indications, in or relating to third country markets.

- **Consider SME interests in policy making through the Network of SME Envoys**
  The work of the Network of SME Envoys on access to markets outside the EU should take into account both trade policy and trade promotion. It should focus, for instance, on the type of trade support that SMEs require in different Member States, as well as on mechanisms and processes already in place at national and EU level to include SMEs in trade policy development and monitoring. The Network should also explore possible new approaches that would ensure that SME interests and peculiarities are sufficiently taken care of in the definition and monitoring of EU trade policy. Furthermore, SME Envoys should take note of effective trade promotion and internationalisation support measures in the Member States and analyse how they can be better coordinated between Member States and at EU level. There is also scope for cooperation and dissemination of effective approaches and new initiatives.

Complementary EU support measures for SMEs

Since 2013, the EU and the United States have been negotiating the Transatlantic Trade and Investment Partnership (TTIP). TTIP is the first free trade agreement (FTA) in which the EU is negotiating an entire chapter dedicated to SMEs. This chapter aims to ensure that the agreement delivers for small business and is implemented in an SME-friendly way. An "SME Committee" is envisaged to follow up on the implementation of priority areas for SMEs across the agreement with an active participation of the SMEs and their representatives. The EU Commission has also proposed that the SME chapter establishes a comprehensive online database listing all regulatory measures and requirements thus helping SMEs to achieve regulatory compliance. Even if TTIP ultimately does not materialize, the SME-inclusive approach should be maintained and applied by the EU in other FTA processes.

The EU SME Centre, working complementary with national initiatives, has offered European businesses a logical chain of support services to help them operate successfully in China since 2010. It provides valuable background information to companies and intermediary organisations via market reports, guidelines, training, B2B facilitation and missions to China. All activities are jointly organised with partners such as trade promotion agencies, local chambers, industrial federations, associations and other business support organisations at national or regional level to ensure coordination and synergy with existing actions and to bring added value. The Centre's extensive pool of experts offer customised support to individual companies. This mix is proving of significant value to European SMEs that are internationalising to China.

The IPR SME International Helpdesks support EU SMEs both to protect and enforce their Intellectual Property (IP) rights in or relating to China, Latin America and South-East Asia through the provision of free information and services. This information is in the form of jargon-free, first-line, confidential advice on intellectual property and related issues and is complemented with training, additional material and online resources. The added value of the IPR SME International Helpdesks is that the training and coaching modules organised by the project can be combined and embedded in other pre-existing initiatives, which are usually organised by national and local bodies. The technical advice provided by the experts is tailored to the specific sectors and target countries to maximise the benefits to EU SMEs and intermediaries at national and regional level.

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2.2 Growth/Scaling-up

Current situation and main challenges

Too few start-ups scale-up in Europe. Compared to the US, the EU experiences both a productivity gap and a scale-up gap. It has been estimated that there could be up to 1 million new jobs created and up to €2,000bn added to GDP in the EU over the next 20 years if the share of scale-ups would match that of the US. Due to the positive link between firm size and productivity, this would also improve Europe's productivity growth.[1]

Several policies can be beneficial for both start-ups and scale-ups. The European Commission's focus on structural reforms, as one of its three pillars of economic policy priorities, will benefit both start-ups and scale-ups. Structural reforms tackle obstacles for the fundamental drivers of growth by liberalising labour, product and service markets, and thereby encouraging job creation as well as investment and improving productivity. They are designed to boost an economy's competitiveness, growth potential and adjustment capacity.[2] A well-functioning Single Market is, for example, essential to scale-up companies!

The number of scale-ups varies greatly across regions/cities within countries. This suggests that scale-ups need more than structural policies that are equal within a country to succeed. An additional set of instruments based on the notion of an entrepreneurial ecosystem can be the solution.[3] The entrepreneurship ecosystem approach has emerged as an explanation as to why some cities/regions have considerably more start-ups and scale-ups than in another parts of the country, even though the overall regulatory framework is the same in the two places.

A scale-up company is pulling resources toward itself as it grows. Many policies are therefore aimed at increasing the supply and quality of the resources such as capital, both financial and human. A large number of reports have been written on how to stimulate the supply of financial capital like venture capital and loans. Stimulating the supply of capital can be an important task, but public policies can often do more harm than good if they do not understand the underlying mechanisms in the ecosystem, and have neither long term policies nor clearly stated exit plans for their policies. One of the great successes of the Israeli Yozma programme (www.yozma.com) was that they managed to exit the public fund and thereby transferred the management to the private sector.

1 European Commission (2016): Europe's next leaders: the Start-up and Scale-up Initiative, COM (2016) 733, Brussels.
2 http://ec.europa.eu/economy_finance/publications/economic_briefs/2014/eb34_en.htm
3 Daniel Isenberg argues in his Harvard Business Review article from 2010 for a concept of entrepreneurial ecosystems: https://hbr.org/2010/06/the-big-idea-how-to-start-an-entrepreneurial-revolution

Directions and opportunities for action

Entrepreneurial ecosystems can be viewed as resource allocation systems that drive the allocation of resources towards the most productive activities. Policies cannot create ecosystems by themselves or even ensure that they work satisfactorily. However, policies for stimulating the creation of more scale-up companies should have three (broader-defined) main goals for the long-term: (1) stimulating growth in individual companies; (2) stimulating the supply/quality of resources in the ecosystem; and (3) stimulating stronger links in the ecosystems.

(1) Stimulate growth in individual companies

Accelerator programmes[4], mentoring programmes and subsidies to advice services and other programmes focusing on increasing the chance of success of an individual firm are part of this category. A challenge for these types of programmes is that it is not possible to pick the winners. Scale-up companies can emerge from all sectors and from old or new companies. Many programmes spend a lot of time screening applicants and only allow a very low share to enter their programme. Two of the world's best known accelerator programmes, Y Combinator and Techstarts, accept about 1–2% of the applications they receive. (Related examples in the good practice section below: the German Accelerator Programme, Lifetech.brussels, Sirris Flanders, Scale-Up Denmark, Start-up Sweden and the Irish Leadership 4 Growth)

(2) Stimulate the supply/quality of resources in the ecosystem

Capital is not the silver bullet of stimulating scale-ups, as many argue. Endeavor[5], for example, asked 150 founders of some of the fastest growing companies in the US what was most important for them in respect to where they started and scaled their company.[6] Quality of life factors came in high, but access to talent came in above any other resource that a city could offer (like low rent, low taxes, few administrative burdens and so on). Policies aimed at stimulating capital should therefore be supplemented with a focus on stimulating human capital. Several policies can increase the quality of the human resources in the ecosystem. A final possibility can be to attract talent from abroad. The start-up visa movement is spreading across the globe, established by the great exposure of Start-up Chile (www.startupchile.org). (Related examples in the good practice section below: the Belgian tax related programmes, Croatian start-up support for the commercialization phase and the Dutch "NLgroeit" initiative)

4 An accelerator programme is typically a limited time intervention (3–6 months), during which the accelerator's team works intensively with their participating firms to get them in best possible shape before a final pitch to investors.

5 Endeavor is an organisation aimed at stimulating high-impact entrepreneurship around the world.

6 http://www.endeavor.org/insight/endeavor-insight-report-reveals-the-top-qualities-that-entrepreneurs-look-for-in-a-city/

(3) Build stronger links in the ecosystems

A common misunderstanding of ecosystems is that entrepreneurs are the drivers. However, an ecosystem is a dynamic, self-regulating network of many different types of actors. All of these actors pursue their own goals in their interactions with others; so if the links among the actors are weak, then the outcome of these interactions will have limited impact on scale-up.[7]

Again, policies can be aimed at building stronger links, although careful implementation is needed here. Often these policies are aimed at having researchers or bankers meet entrepreneurs. These meetings will build bridges among the groups and increase the interaction among them. Unfortunately, many of these policies often waste peoples' time in endless meetings and conferences. Therefore, new policies need to be aimed at the incentives of the individual actors, and how it is in the interest of the actor to engage in the ecosystem (see, for instance, the examples of Wallonia's Creative Hubs or France's Tech Label initiatives below).

In addition to these broader defined policy recommendations, some more specific policy actions should be taken in the short term by the European Commission and the Member States:

Measures at EU level:

- **Evaluate barriers for scaling within "SME Test" and Better Regulation guidelines**
  The "SME Test" analyses the possible effects of EU legislative proposals on SMEs. By evaluating the costs and benefits of policy options, it helps to improve the business environment for SMEs. The European Commission should expand the current "SME Test" and the Better Regulation guidelines with questions regarding possible barriers for scaling, including discussions about possible trade-offs between SME exceptions vs. the possibility of introducing barriers for growth.

- **Target elements of EU funding more specifically towards scale-up support**
  The budget for COSME and other EU funding programmes could be more targeted towards programmes and actions aimed at scale-ups.[8]

- **Create a Scale-up Observatory**
  The creation of a Scale-up Observatory could be helpful for both Member States and the European Commission in providing a fact based analysis of this new policy area, which can be expected to be the focus of attention in the coming years. The Scale-up Observatory should not be another new publication or another new institute but a strategy controlled by DG GROW. The strategy should have two goals: (1) improve data on scale-ups, including definitions, in Europe; and (2) provide a platform for the knowledge sharing on good practice programmes and evaluations of scale-up programmes to the benefit of both Member States and the European Commission.

7 https://hbr.org/2014/05/what-an-entrepreneurial-ecosystem-actually-is
8 As an example, the Enterprise Europe Network scale-up advisors will help scale-ups develop their business outside their home country by providing advisory services in close cooperation with the local ecosystem.

Measures at EU and Member State level:

- **Develop a new narrative around the "Scale-up" principle**
  Today, the EU and the Member States perform "SME Tests" of new regulation and the "Think Small First" principle plays an important role. However, from a growth perspective, it could be more interesting to do a "Scale-up" check. It is therefore suggested that the European Commission develops a new narrative around the "Scale-up" principle, not as a competitor to "Think Small First" but as an important supplement.

- **Conduct "Scale-up Fitness Checks" of current EU and Member State legislation**
  The European Commission has great emphasis on the "Fitness Checks" of current legislation. A "Scale-up" check could be a separate section in all of these checks or the European Commission could do a separate "Scale-up Fitness Check", where a policy area undergoes a genuine check of a company's possibilities and the barriers for scaling-up in this sector. The check could build on questions similar to the ones in the guidelines. Many of the barriers to scale-ups stem from national legislation, so the "Scale-up" check can in some cases also be extended to reviews of the national level policies.

Stimulate growth in individual companies
Several Member States have policies aimed at stimulating growth in individual companies. Many of the programmes build on accelerator type models and most of them have a specialised sector focus. **The German Accelerator** programme, for example, offers mentoring with experienced entrepreneurs, boot camps, access to the world's start-up hotspots and so on. Eligible are high potential technology and life sciences start-ups as well as emerging companies to successfully enter the US market and scale their business internationally. **Lifetech.brussels** offers similar services but is focused on the health cluster. The programme also has explicit goals to develop the ecosystem by bringing the companies together. **Sirris** is focused on digital scale-ups in Flanders and builds on a funnel system – at each stage the participating companies are tested for certain criteria. Resulting from that analysis, the companies can either enter the next support phase or be redirected to other service providers or programmes. Similar ideas are the basis of **Scale-Up Denmark** that is an ambitious training concept for 14 entrepreneurs and small enterprises. The aim is to establish an elite group of high growth companies in Denmark. Programmes that combine scale-up with regional objectives can, for example, be found in Sweden, where **Start-up Sweden** combines a growth focus with a regional objective. It is a boot camp for digital companies, where the start-up scene among IT companies is very strong in Stockholm, so the programme aims to spread this to the rest of the country by including companies from all of Sweden and then hope that the companies taking part in the programme bring their networks "home" and fertilize their own business community. Other programmes have explicitly focused on management skills. **Leadership 4 Growth** in Ireland is an exclusive programme designed to build and enhance the strategic leadership capabilities of ambitious CEOs/Managing Directors. The programme has been evaluated with very positive results.

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Stimulate the supply/quality of resources in the ecosystem
Among Member States most policies are aimed at increasing the supply of capital. Some countries have chosen to use fiscal measures to increase access to capital. **Belgium** has several tax related programmes aimed at stimulating growth among small firms. For example, they allow small sized companies to maintain their profits after tax in separate liability accounts (called "liquidity reserves"), on payment of a 10% tax contribution. After 5 years, the withholding tax rate applied to dividends distributed from a "liquidity reserve" is 5%, instead of 27%. **Croatia** provides start-ups with means for the commercialization phase of their innovative projects/ideas. This support serves as leverage in preparation for the next round of investment from private/VC or similar sources for the scaling up phase. Start-ups can receive support either for testing in an operative environment and finalization of product/service prototype according to the feedback from initial customers, or for product demonstration and activities connected with the process of launching their product/service in the market. **The Netherlands** provides an interesting example of a programme that aims at all three objectives in their "NLgroeit". It was launched by Queen Maxima as a platform to increase the growth potential of SMEs, ultimately creating a strong entrepreneurship ecosystem in the Netherlands. The programme is executed by the Chamber of Commerce and NLevator, a foundation of growth entrepreneurs. Furthermore, "NLgroeit" is supported by the movement NL2025, which gathers 80 high-profile personalities in the Netherlands from various disciplines that are committed to create a better Netherlands.

Build stronger links in the ecosystems
Building links in the ecosystem is often done as part of the accelerator programmes but some programmes like Wallonia's **Creative Hubs** and France's Tech Label are more directly aimed at stimulating links in the ecosystem. The Creative Hubs are living labs, which propose innovative actions by mixing multiple profiles, competences and sectors: large companies, SMEs, start-ups, institutions, public sector representatives, teachers, students, researchers, artists, geeks, cultural and social associations, citizens, and many others. The **Tech Label** is an open and shared brand that is seen as a key success factor to bring together start-up ecosystems and accelerate growth of French start-ups.

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3 Access to finance

Sufficient access to external finance for SMEs is crucial to obtain economic growth, job creation and competitiveness of enterprises; it is one of the central elements in the European economic policy debates. To improve access to finance for SMEs, the EU as well as most EU Member States support SMEs with a wide range of loan, guarantee and/or equity instruments to mitigate market failures in SME-finance. In addition, in the past years the EU initiated both the Investment Plan – of which SME-financing is an important part – and the Capital Markets Union Action Plan aiming at establishing an integrated capital market in the EU to boost the creation of jobs and economic growth. However, we still see some directions and opportunities for action to improve access to finance, especially for traditional finance, alternative finance and microfinance.

Traditional finance: The analytical report 2015 of the SAFE monitor[1] shows EU-28 SMEs mention credit line and overdraft and bank loans as the most relevant sources of external finance, providing about 85% of SME funding. As banks have less space to provide risk finance due to stricter regulations, this seems to be an impediment for financing the growth of SMEs and thereby a constraint for SMEs' ability to invest and expand.

Alternative finance: In recent years, the financial markets have undergone a fundamental change. First, a diversification of sources of finance is developing outside the traditional banking system: crowdfunding, venture capital, private equity and microfinance. Secondly, "FinTech" developments influence the financial markets, which bring a new generation of products tailored to the needs of small businesses. It is offering funding solutions that are efficient and effective even for smaller loans. Thirdly, risk capital (venture capital, private equity, business angels) is becoming more crucial for SMEs: they need larger investments (bigger tickets) and the investments involve increasingly a high risk in order to meet the global competition.

Microfinance: Micro-enterprises (employing fewer than 10 people) represent more than nine out of ten (92.7%) enterprises in the EU-28 non-financial business economy[2] and are thus decisive for boosting jobs, growth and investment in Europe. Lack of access to finance is one of the main obstacles micro-enterprises face. Microfinance, which includes different sources of financial support, can help overcome this. The European microfinance market is a growing sector which has considerable potential. It is therefore important to stimulate this type of financing.

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1 http://ec.europa.eu/growth/access-to-finance/data-surveys_en
2 Eurostat (2016): Business economy – size class analysis (http://ec.europa.eu/eurostat/statistics-explained/pdfscache/10100.pdf).

3.1 Traditional finance

Current situation and main challenges

Having sufficient access to finance is an important determinant for the development of small and medium-sized enterprises (SMEs). They strongly need financial resources to realise their growth and innovation potential. However, SMEs often have difficulties to cover their financial needs. For these SMEs sufficient financing should be made available which allows them to finance their capital investments and innovation activities.

2014 was the first year since the financial crisis which showed positive employment growth in European SMEs. SMEs signalled a further improvement in the availability of external sources of finance. In the period between April and September 2016 there were signs of improvement in the financial situation of SMEs in the euro area across all firm sizes, supported by the ongoing economic recovery and more favourable financing conditions.[1] During this period, 29% of all SMEs applied for a loan. Of these, 69% were fully successful in their loan applications and 7% reported that their application had been rejected. The overall indicator of financing obstacles to receiving a bank loan declined slightly to 10%. As a consequence, fewer SMEs considered access to finance as the main impediment to their business. This suggests a further improvement in financing conditions.

Bank-related products remained the most relevant source of finance for SMEs as opposed to market-based products and other sources of finance. During the survey period, 54% of SMEs considered bank loans to be relevant and an equal percentage included bank overdrafts. Furthermore, 34% signalled that grants and subsidised loans, which involve support from public sources in the form of guarantees or other interventions, were relevant for their financing. Leasing and trade credit were also relevant for 45% and 33% of SMEs respectively. Other loans, for example from family, friends or related companies, were important sources of financing for 21% of SMEs. Market-based sources of finance, as well as factoring, were reported less often as relevant instruments. Internal funds also played an important role as a source of finance, as indicated by 26% of SMEs.

Traditional bank debt remains the main source of financing for SMEs. During the survey period a high percentage indicated that “retained earnings” were relevant to their enterprise. Indeed, equity finance is key to strong and sustainable business growth. For some SMEs, it is the most important form of finance. It comes in two main forms, paid-in capital and retained earnings. However, a large majority of corporate tax systems in Europe[2] (and internationally) favour financing by debt against equity financing by allowing deduction of interest costs, while there is no similar treatment for the costs incurred in raising equity. This tax bias towards debt financing may incentivise companies to take on more debt and may penalise innovative companies and start-ups financed through equity.[3] This could also explain why traditional bank debt remains the dominant source of financing for SMEs.

One of the main EU measures to support access to finance is the European Fund for Strategic Investments (EFSI) which drives the Investment Plan for Europe. The EFSI aims to overcome current market failures by addressing market gaps and mobilising private investment. It will support strategic investments in key areas such as infrastructure, education, and innovation, as well as risk finance for small

1 European Central Bank (2016): Survey on the Access to Finance of Enterprises in the euro area. April to September 2016, Frankfurt.
2 Some Member States have introduced reforms or are currently working on to remedy the distortion (e.g. Belgium, Italy and Sweden)
3 http://ec.europa.eu/internal_market/finances/docs/financing-growth/long-term/140327-communication_en.pdf

businesses. This instrument establishes the legal framework and provides the budgetary allocations for the first two strands of the Investment Plan – mobilising finance and financing investment.

COSME is the EU programme for the Competitiveness of Enterprises and SMEs. It runs from 2014 to 2020 with a planned budget of €2.3bn. COSME will support a better access to finance and markets for SMEs. It also provides entrepreneurs with more favourable conditions for business creation and growth.

With a budget of €454bn for 2014–20, the European Structural and Investment Funds (ESIFs) is the European Union's main investment policy tool. By 2023, the ESIFs will deliver a critical mass of investments in key EU priority areas, to respond to the needs of the real economy by supporting job creation and by getting the European economy growing again in a sustainable way. Using these funds, EU countries commit to: (1) support more than 2 million enterprises with the aim to increase their competitiveness, develop products, find new markets and create new jobs; (2) invest in infrastructure, especially in areas such as broadband, IT and telecoms, and water supplies; and (3) invest in the skills and adaptability of Europe's workforce, giving tens of millions of people (including young people, refugees and legal migrants) the opportunities to train, retrain, or start a business.

Directions and opportunities for action

Measures at EU and Member State level:

- **Maintain the SME Supporting Factor for bank loans at EU and Member State level**
  Following the introduction of stricter capital rules (Basel III) and in the context of credit tightening after the financial crisis, a capital reduction factor for bank loans to SMEs – the so called SME Supporting Factor – was introduced by the Capital Requirements Regulation (CRR). The intention was to allow credit institutions to counterbalance the rise in capital requirements resulting from the Capital Conservation Buffer (CCB), and to provide an adequate flow of credit to SMEs. The effectiveness of the Supporting Factor for SME financing should not be assessed against the background of the current favourable economic conditions. Even if there is currently no substantial restriction on access to finance, uncertain and difficult financial times cannot be dismissed for the future. Thus, there is good reason to maintain the SME Supporting Factor on national and European scale. Accordingly, announcements of the European Commission to expand the favourable capital treatment for loans to SMEs should be welcomed.

- **Make European State aid law less restrictive for innovative forms of SME financing**
  Policy makers who design and implement loan-based business support programmes have to observe European State aid law. It stipulates the framework in terms of competition policy and determines the nature and extent of the admissible assistance. If no market interest rate can be ascertained, the Commission's communication on reference interest rates is used. In their daily work, however, policy makers encounter restrictions which are perceived as contradicting the EU's political goal of facilitating SMEs' access to finance. For instance, support programmes with subordinated elements and an appropriate equity replacement effect have always to be notified. These mixed financing forms are not considered in the European regulatory framework. Every pro-

gramme has to be examined in a lengthy process. This leads in practice to considerable legal uncertainty and restricts the opportunities for innovative forms of funding. Innovative funding approaches such as subordinated loans are very important for SMEs to improve both their equity position and further access to finance.

- **Strengthen guarantee institutions to facilitate SMEs' access to finance**
  As they proved to be able to help address financial market imperfections, guarantee institutions should be strengthened as well as national promotional institutes focusing on SME finance (providing guarantees or direct lending).

  One way to do so, is to optimise the support that guarantee institutions or national promotional institutes receive from EU programmes such as COSME and InnovFin (i.e. EU Finance for Innovators programme). Under these programmes, guarantee institutions or national promotional institutes are provided with EU financial instruments in the form of counter-guarantees (i.e. a guarantee for a guarantee). This would have several advantages. The provision of counter-guarantees helps to achieve a higher leverage effect, supports SMEs more efficiently and involves a lot of experts with specific local knowledge and expertise (e.g. from chambers of industry and commerce or skilled craft).[4]

Measures at Member State level

- **Review the fiscal environment to encourage growth and stability in SMEs**
  It should be examined whether fiscal measures can be introduced to encourage the use of equity financing for SMEs.

Portfolio of SME funding programmes in Germany
The Federal Government of Germany is promoting a spirit of enterprise, entrepreneurial initiative and better financing conditions in order to boost entrepreneurial dynamism and to better develop the potential for SMEs to grow. It is implementing a broad portfolio of measures to facilitate access to finance with different funding programmes via the KfW, the main German public promotional bank, which are then paid out by the company's high-street banks (Hausbank):

- The KfW has set up the "ERP Start-up Loan" funding programme to top up liable capital. This serves to increase the creditworthiness of start-ups and gives them greater capacity to act. Promotional loans – which sometimes come with a grace period (such as in the case of the "ERP Start-up Loan-Universal") – can be used to finance investment and working capital. Under a counter-guarantee of the COSME programme, KfW also offers the "KfW starter loan" (KfW Startgeld) for up to €100,000 covering 100% of financing needs (capital investments and working capital).

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4 cf., for instance, Inmit study "Macroeconomic benefits of German guarantee banks" (http://www.vdb-info.de/aktuelles/inmit-studie-20102/macroeconomic-benefits-of-german-guarantee-banks) or a study from the Portuguese Catholic University (http://aecm.eu/wp-content/uploads/2016/07/CEGEA_AECM_jun16-to-be-published.pdf).

- A flexible public loan programme for the financing of investment projects including working capital is the “KfW Entrepreneur Loan” (KfW Unternehmerkredit). Some industry-specific loan programmes offer very attractive loan conditions for investors to promote investments in industries which are part of the German economic policy focus.

- The ERP Innovation programme targets SMEs and self-employed working in the professional-services sector. The focus is on cooperation with research institutes. The idea is to promote innovation and to quickly bring new practical applications to the market. The ERP Innovation programme provides loans which are offered at lower interest rates. They consist of a subordinated tranche, which is not collateralised, and a debt tranche, which requires collateral as a normal bank loan would.

- The Central Innovation Programme for SMEs (ZIM) provides SMEs with grants and low-interest loans, so they can engage in research and innovation projects. The intention is to translate new scientific findings into marketable products as soon as possible.

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3.2 Alternative finance

Current situation and main challenges

SMEs are strongly dependent on banks for financing of growth and investments. Within Europe, bank financing still plays a prominent role: about 85% of SME financing is bank finance.[1] In recent years, however, there is a transition towards a more diverse financing landscape visible. Alternative finance – defined as all non-banking finance, such as private equity, venture capital, crowdfunding and business angels – is gaining in importance.[2] However, the size and professionalism of alternative finance suppliers and the legal framework in which they operate vary per Member State.

One of the key challenges on the demand side of capital markets in the European Union (EU) is that SMEs appear to have more difficulties than others in attracting finance in important lifecycle stages (e.g. start up and growth). Member States with a lot of family-owned micro enterprises mention difficulties with access to micro finance. SMEs based in countries with a particularly small home market look abroad for growth finance more quickly and use combinations of bank loans and alternative forms of finance more often. Finance specific for innovative companies remains difficult in many Member States as well. Also, capital for investment in (both tangible and intangible) assets and working capital/liquidity appears to be an important concern for entrepreneurs in many Member States.

On the supply side, many parties involved in alternative finance mention the lack of quality and quantity of deal flow as one of the big issues in alternative finance. Lack of knowledge, financial illiteracy and limited investment readiness by entrepreneurs are perceived to be big challenges. The market also faces an information asymmetry between entrepreneurs and investors. In general, there is an underdeveloped market for risk capital, with the equity investment culture being quite risk averse and venture capital (VC) funds in some Member States facing problems reaching the scale they need to spread their portfolio risk. There are also regulatory and other government-associated barriers to SME financing. These include differences in tax regimes and licensing requirements for monitoring across Member States that hinder the development of a single market for capital and cross-border finance.

The Capital Markets Union (CMU) Action Plan was published by the European Commission in September 2015 and aims to establish the building blocks of an integrated capital market in the EU by 2019. It seeks to support jobs and growth in the EU by making it easier for companies to finance investment through capital markets, by increasing investment opportunities for retail and institutional investors, and by facilitating cross-border investment. In addition, it will build resilience in the financial system by diversifying available funding sources and enabling more robust forms of risk sharing.

There are several factors that drive the development of alternative finance, such as the rise of the entrepreneurial economy, restrictive rules of traditional suppliers of finance and developments in financial technology (FinTech). Crowdfunding has been growing rapidly across Europe. Large IT-driven platforms are able to process billions of euros for SME finance. While the UK is still the forerunner in terms of market size, several European countries are catching up. In 2015, the market grew by 92% to reach €5.4bn.[3]

1 Association for Financial Markets in Europe (AFME) (2015): Bridging the growth gap, p. 9.
2 The information in this chapter is based on a discussion paper from KplusV (2015): Alternative Finance. Recent developments in the EU, Amsterdam.
3 Cambridge Centre for Alternative Finance; KPMG; CME Group Foundation (2016): Sustaining Momentum. https://www.jbs.cam.ac.uk/faculty-research/centres/alternative-finance/publications/sustaining-momentum/.

Angel investments in Europe increased with 8.7% in 2013, although many financiers seem to notice a lack of deal flow. There is a wide variation in the development of risk capital markets among Member States: in 2014 around 90% of all venture capital investments were concentrated in eight Member States.[4] Starting from 2007, private equity and venture capital investments have declined for many years. On the positive side, there has been an overall growth of almost 15% in 2014, while venture capital as a separate category only grew by 6%. By contrast, seed capital investments in Europe declined for the seventh year in a row, with 12% in 2014. This underlines the difficulties, innovative SMEs (mostly start-ups) face to attract venture capital.

Against this background, at the end of 2014 most of the European SME Envoys called for the establishment of a temporary technical group of national experts on venture capital financing to discuss the main issues in the field. As a response, the European Commission established a working group chaired by Mr. Pieter Waasdorp, the Dutch SME Envoy and rapporteur for access to finance. In preparation of an expert meeting in 2015, the European Commission consulted nominated national experts on the most relevant issues and policies present at Member State level.

The consultation identified three main areas of interest: (1) tax incentives policies; (2) interventions to develop larger VC markets; and (3) development of financial literacy programmes.

Across Europe, there are large differences in the attention paid to working capital and particular forms of alternative finance such as supply chain finance. Late payment has a significant impact on businesses like additional interest charges, loss of income, less investment in innovation and loss of jobs. The bad debt loss percentage is approximately 3.1% and equals €360bn in the EU. Supply chain finance can support SMEs to improve their liquidity position. Due to FinTech applications and e-invoicing automation, supply chain finance is estimated to be a "game-changer" with significant impact on the economy.

Finally, the FinTech sector is experiencing rapid growth and this can be an important driver for alternative finance and entrepreneurship. The exact impact is not clear yet, but the recent developments and investments are promising. FinTech changes the business models of (alternative) financiers. It is therefore important to support the FinTech developments that strengthen the alternative finance market within Europe and to be aware of the impact this can have.

Directions and opportunities for action

Measures at EU level:

- **Reduce regulatory barriers in order to stimulate alternative financing across borders**
  The national market is often too small to take full advantage of the company's growth potential. Research[5] has identified cross-border funding as key to supporting a company's international growth. It is therefore necessary to harmonise legislation between countries to stimulate cross-border finance. At present, the Member States have their own regulatory systems. This creates various limited markets within the EU (and not one common market like in the US). Regulatory burdens include restrictions for (debt) crowdfunding,

4 UK, Germany, Sweden, Denmark, Finland, The Netherlands, France and Spain.
5 European Commission (2012): Cross border matching of Innovative firms with suitable investors, Brussels, p. 5.

venture capital, credit unions and angel investing. The European Commission is advised to take stock of important regulatory barriers to cross-border financing and suggest ways for dismantling or harmonising them.

- **Establish Fund-of-Funds for alternative equity and debt financing**
  Part of the envisaged Capital Markets Union is the planned establishment of one or more Venture Capital Fund-of-Funds to support innovative investments in Europe. In addition to this, policy makers should also consider creating a new Pan-European Fund-of-Funds which could focus on other forms of alternative (equity) finance to stimulate (cross-border) finance, like crowd investing. In this context, it is also useful to examine possibilities for alternative (non-banking) debt instruments such as crowd lending (and/or peer-to-peer lending) in a co-investing facility. Such a Fund-of-Funds should be executed by a professional party (e.g. EIB/EIF) with a mandate of the European Commission, and (partly) funded by institutional parties (e.g. pension funds and insurance companies).

- **Create an expert group on alternative finance to offer inspiration and guidance**
  In order to address the directions and opportunities for action mentioned above, an expert group on alternative finance could be started. The expert group should promote the exchange of knowledge and evaluate the feasibility of the suggested measures to promote alternative financing. It should consist of a few guiding Member States and experts from national promotional banks and institutions. This expert group can have a leading role to make calls for proposals on selected actions to the Member States and entrepreneurs. Both the European Commission as well as Member States could contribute to a budget for starting projects aimed at implementing these actions.

Measures at Member State level:

- **Increase SMEs' awareness of alternative finance through targeted initiatives**
  In many Member States, there is scope for improving entrepreneurs' awareness of alternative finance. SMEs are often unaware that alternative sources of finance exist and different financing forms can be combined. Furthermore, they often lack basic knowledge to understand the requirements and effects of alternative finance. This applies in particular to start-ups and micro enterprises which could benefit most from alternative finance. With respect to raising awareness an important role is to be played first and foremost by investors, the immediate experts on finance. Governments could take joint action, e.g. with business angel networks, venture capitalists and other experts to raise awareness and design education programmes. One concrete measure that Member States could take is to stimulate or require their major national banks to give SMEs whose finance applications they reject the option of being referred to online finance platforms. These platforms will help match the SMEs with alternative finance providers that could provide them with the financing they need to grow and expand. The UK Government, for example, passed a law requiring this in 2015 and the policy was implemented in 2016.

- **Promote diversification of financing sources through national promotional banks and institutions**
  It is necessary to offer SMEs capital for all development stages (seed, start, growth). When banks are not interested in financing an SME, in many cases alternative financiers (like business angels, venture capital and microcredits) can offer the SME a broad range of alternative financing opportunities. National promotional banks and institutions should aim to attract a broader range of (institutional) investors and improve their understanding of the SME markets. Adequate policy attention should go to the development of hybrid tools (subsidy, guarantee, debt and equity) to strengthen SMEs' capital structure and boost investment in innovative start-ups and (high-growth) SMEs. The national promotional banks and institutions could be an important starting point for government initiatives to increase SMEs' take-up of alternative finance. They usually act as a one-stop-shop for SMEs with respect to traditional and alternative finance in all development phases. Therefore, they should offer a greater variety of types of finance for SMEs and opportunities for multiple source finance. Successful initiatives have been taken, for example, by development banks in France (Bpi), Lithuania (INVEGA) and Estonia (KredEx). In general, it is important to gain more insights into how national promotional banks and institutions can stimulate an increased diversification of financing sources.

Dutch Venture Initiative (DVI)
DVI-I is a €202.5m Fund-of-Funds initiative of the European Investment Fund (EIF) and PPM Oost (a Dutch regional venture capital company), supported by the Dutch Ministry of Economic Affairs and the Brabant Development Agency (BOM). It was launched in 2013 to boost equity investments into innovative and/or high-tech early and development stage enterprises in the Netherlands. A specific feature of DVI is that it is often the cornerstone investor: i.e. the first party to invest in a new fund and thereby attracting others to also invest in this fund. DVI-I was greeted with high demand from the market, which has led to the full allocation of the resources available to the selected fund management companies and to the launch of DVI-II, the successor programme. By the end of 2015, DVI-I had committed a total amount of €136.5m into 12 different venture capital and growth capital investment funds, leveraging over €1bn of capital. In addition, DVI-I invested €45m in the European Angels Fund (EAF) Netherlands, bringing the overall DVI-I commitments to €181.5m.

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coparion – a venture capital fund for young, German technology companies

coparion is a co-investment fund set up in 2016 by the ERP Special Fund – represented by the Federal Ministry for Economic Affairs and Energy – and the German promotional bank Kreditanstalt für Wiederaufbau (KfW). In order to provide venture capital to innovative start-ups and young technology companies, coparion teams up with lead investors from the private sector. As a general rule, the investment is limited to €10m per company. The type of investment made by coparion will depend on the type of investment the lead investor makes. Both partners therefore invest on matching terms ("pari-passu"-approach). As a result, the €225m fund enables innovative young companies to draw on funding worth at least approx. €450m. By cooperating with all relevant market players (e.g. business angels, family offices, venture capital funds), coparion is making a key contribution to the development of the venture capital market across the board in Germany.

Spanish Fund-of-Funds Initiative (Fond-ICO Global)

Fond-ICO Global is a €1.5 bn initiative realized through Axis, the private equity entity wholly-owned by ICO, the Spanish National Promotional Institution. Since its launch in March 2013, Fond-ICO Global has been fundamental for the development of the private equity ecosystem in Spain. The ordinary mechanism of Fond-ICO Global begins with the launch of public tendering processes (eight public tendering processes up to April 2017) to select general partners who then establish new Private Equity funds. Public tendering processes aim to select private equity funds from Venture Capital, Incubation and Technology Transfer, and Growth. Under some conditions, Fond-ICO Global invests in a partnership with other limited partners in the selected funds, always with a minimum commitment of investment in Spain. Following this scheme, after the aforementioned 8th public tender, Fond-ICO Global allocated amount will be around €1.2 bn generating a compromise of investment by the selected funds well above € 4.1bn. Fond-ICO Global has been fundamental for the development of the private equity sector, attracting actors from Spain and outside Spain.

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3.3 Microfinance

Current situation and main challenges

Micro, small and medium-sized enterprises (MSMEs) form the core of the European economy. In 2016, 99.8% of active enterprises within the EU-28 had less than 250 employees; of which 92.8% were micro-enterprises with fewer than 10 employees.[1] Consequently, the ability of the banking system to reach and serve MSMEs is crucial to improve the general socio-economic situation in the EU. Exclusion from banking services often constitutes a major obstacle to the launch of new (smaller scaled) business activities. The European Commission is committed to "Think Small First" when preparing new proposals of legal acts and other policy measures, including access to finance. For this reason, microfinance is an important tool to support entrepreneurship and MSMEs in EU Member States. It generally includes different sources of financial support, e.g. microloans, insurance, savings, fund transfers, etc. In the following, the focus is set on the provision of microloans for micro-enterprises.

The EU Member States have different definitions of microcredits. The European Commission defines microcredit as the extension of very small loans (microloans) to entrepreneurs, to social economy enterprises, to employees who wish to become self-employed, to people working in the informal economy and to the unemployed and others living in poverty who are not considered bankable. It stands at the crossroads between economic and social preoccupations. It contributes to economic initiative and entrepreneurship, job creation and self-employment, the development of skills and active inclusion for people suffering disadvantages.[2] A business microloan is a loan under €25,000 to support the development of self-employment and micro-enterprises.

The European microfinance market is a growing sector which has considerable potential. In the EU, microloans are provided by financial institutions (such as commercial banks, savings banks, cooperative banks and public banks) as well as by a number of non-bank entities (such as microfinance institutions (MFIs), foundations, credit unions, charities, non-profit organisation (NPOs) and others). In Central and Eastern Europe, microcredit is already a dynamic sector. With the formal banking sector unable to respond to emerging needs, microcredit has proved capable of filling the gap by providing transitional support for people needing to enhance their own livelihoods. In addition to the involvement of MFIs and NPOs, commercial banks and credit unions are increasingly interested in downscaling in order to provide microloans for the poor. In Western Europe, the sector's growth has been more limited, despite increasing interest in its potential.

The European Microfinance Network (EMN) brings together organisations from EU and EFTA countries that address issues related to professional and personal microcredit, as well as business development and training to entrepreneurs. Other financial services (e.g. insurance, savings) are still underdeveloped. According to the EMN Overview survey report for the period 2012 to 2013, both the total volume and the number of microloans show strong growth.[3] MFIs from the 24 European countries surveyed disbursed 387,812 microloans with a total volume of €1.53bn in 2013. Compared to 2011, this is an increase of 90% and 46% respectively. In 2013, the average loan size reached €8,507 (2011: €5,135) and 79% of the total microloan value was issued for business purposes, while the remaining 21% for personal consumption. The surveyed MFIs are estimated to have

1 European Commission (2017): 2016 SBA Fact Sheet.
2 European Commission (2007): A European initiative for the development of microcredit in support of growth and employment, COM(2007) 708 final, Brussels.
3 http://www.european-microfinance.org/docs/emn_publications/emn_overview/Overview2012-2013_Nov2014.pdf

supported a minimum of 121,270 micro-enterprises and start-ups with financial and non-financial services.

The European Commission has launched several initiatives in the field of microfinance and is part of a dynamics to promote microfinance as an economic development tool. The European Code of Good Conduct for Microcredit Provision, adopted in 2013, aims to enhance good practices and to further improve governance and sound management in the microfinance sector in the EU. Running from 2014 until 2020, "Microfinance and Social Entrepreneurship" (MF/SE) is a key pillar of the EU's recent umbrella programme "Employment and Social Innovation" (EaSI).[4] With a budget of approx. €200m, MF/SE continues to facilitate access to microfinance for individuals and micro-enterprises (as the EU has done from 2010 until 2016 with the European Progress Microfinance Facility), while adding capacity-building for microcredit providers and support for social entrepreneurship.

Directions and opportunities for action

Microfinance services provided either by banks or by other intermediaries, need to be developed to fill the financial gap and to serve as a kick-starter for economic and social impact. The aim of promoting and using the microfinance facilities is to expand the access to financial services and at the same time help special target groups (like social enterprises, women entrepreneurs, young entrepreneurs, etc.), i. e. those who were previously considered "unbankable" because of their lack of collateral. The key measures to further develop and promote microfinance can be grouped under raising awareness, obtaining and sharing knowledge and creating the (regulatory) framework.

Measures at EU level:

- **Improve and enhance the activities of the European Microfinance Network**
  Trainings and monitoring activities should be prepared and organized by the European Microfinance Network with the support of the European Commission. The beneficiaries of these services are governments that prepare the policy level documents and MFIs on national level that will build up additional knowledge, expertise and skills. This will help them to prepare better microfinance programmes that correspond to the market needs.

- **Analyse the need for target group-specific microfinancing**
  The European Commission should conduct research and studies based on empirical data of every Member State. The aim is to evaluate if special microfinancing programmes should be designed for different target groups (e. g. social enterprises, start-ups, women, etc.).

4 http://ec.europa.eu/social/BlobServlet?docId=11158&langId=en

Measures at EU and Member State level:

- **Raise awareness of the socio-economic and greening impact of microfinance activities**
  The European Commission and the Member States should inform stakeholders and promote the real impact of microfinance on job creation, financial inclusion and greening the economy for MSMEs that need small amounts of money. A variety of different events (i.e. not only conferences but also more proactive international or national events such as B2B events among MFIs and enterprises, workshops for designing modern financial products, etc.) should be organised with the ultimate aim of facilitating the use of microfinance among MSMEs and especially among specific target groups (e.g. youths, women, social enterprises, etc.).

- **Increase the knowledge on the impact of microfinance activities**
  Knowledge transfer about the impact of microfinance activities on job creation, financial inclusion and greening the economy should be improved among all relevant stakeholder groups (MSMEs, MFIs, business chambers, policymakers, etc.). Promotion activities should be carried out by the European Commission and various actors on Member State level (e.g. governments, MFIs, supportive environment, MSMEs).

- **Offer long-term, stable and affordable funding patterns for microfinance providers**
  This is the basis for a sustainable development of qualitative and flexible financial products and services for MSMEs. The EU and Member States should anchor microfinance instruments into their policies and strategic programming documents so as to safeguard the long-term viability of built-up structures, networks and public relations/awareness among the target groups.

- **Implement closer monitoring of MFIs' financial and socio-economic performance**
  Closer scrutiny and monitoring of MFIs is needed to ensure favourable, transparent and easy-to-get microfinance services, especially for special target groups. Funders and policy makers on both the EU and national level should monitor the financial and socio-economic performance of MFIs more closely.

Measures at Member State level:

- **Design the regulatory framework for microfinance**
  In order to reach large numbers of MSMEs, microfinance must operate through institutions that are licenced and supervised by financial authorities in the Member States. As microfinance is substantially different from conventional banking, some adjustments of the regulatory framework are needed. These activities should also include and promote different forms of microfinancing (i. e. not only microloans) and MFIs, especially at national level. Governments should construct the regulatory framework in such a way that it corresponds to the specific needs of MSMEs.

- **Enrich financial instruments with mentoring, coaching and training**
  Policy makers in Member States should design support measures that combine microfinance with mentoring/coaching/training. They should analyse the impact of these programmes on MSMEs. The aim is to blend financial instruments with non-financial support for MSMEs offered by the supportive environment in the Member States.

- **Support digitisation in the microfinance sector**
  Digitisation enables easy and more efficient access to microfinance services. The overall goal is to provide new business opportunities and to exploit efficiency gains.

Lithuanian Entrepreneurship Promotion Fund
In Lithuania, the Entrepreneurship Promotion Fund was operating from July 2009 until September 2015 and was funded by the European Social Fund (ESF). It provided loans in combination with training and consultations. The final recipients could also make use of other related instruments, i.e. guarantees, interest rate subsidies and subsidies for employee salaries. The size of the fund was €14.49m (entirely ESF). By the end of December 2013, the absorption rate was 137%. Eligible as final recipients were micro and small enterprises younger than one year, entrepreneurs and business-oriented social enterprises. Priority was given to unemployed, disabled and young people under the age of 29 as well as to individuals over 50. Financial intermediation and training were assigned to a consortium of 57 credit unions coordinated by the Lithuanian Central Credit Union (LCCU). Labour exchange offices, NGOs and local communities were involved in publicity actions. In total, 1,307 individuals/enterprises used the scheme and created 3,580 new jobs.

Microfinance facilities for MSMEs in Slovenia
Slovenia is one of the first Member States that has implemented microfinance for MSMEs. It started in 2012, first by commercial bank Volksbank Slovenia in combination with the European Progress Microfinance Facility. The Government also recognised the importance of microfinance and offered microloans for micro and small enterprises through the Slovene Enterprise Fund and SID bank. The financial products have been successfully implemented, as there is a huge demand among micro and small enterprises and a specific need for working capital. In addition, ex-ante assessments of financial instruments for 2014-2020 in Slovenia prepared by the Slovene Managing Authority and PwC show a large potential financial gap in microfinancing that will be filled by European cohesion funds and managed by a Slovene fund of funds.

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4 Entrepreneurship

In any corporate environment, to be competitive, businesses rely on flexible problem-solvers and disruptive innovators. Promoting an entrepreneurial mind-set and show-casing entrepreneurial activities has a key role in this. There are many different models at EU level, formal and informal, which offer support and prepare individuals for entrepreneurship. One proven method is project-based learning, where those individuals are tackling specific problems, using teamwork approach, and involving real-life cases.

Fostering entrepreneurship is an important driver of employment, innovation, productivity and economic growth. The following sections cover different measures and good practices for increasing entrepreneurship in Europe: improving entrepreneurship education, building a fertile entrepreneurship support infrastructure, giving entrepreneurs a "second chance", enabling business transfers and exploring the opportunities the sharing economy offers. Whenever addressing entrepreneurship, it is important to be aware of the diversity of available business models (e. g. self-employment, cooperatives, franchises).

The developments addressed in this chapter are particularly important in the context of the Europe 2020 strategy, with its goal of increasing employment levels to 75% by 2020. The "Small Business Act" for Europe calls on the Union and its Member States to develop an environment "within which entrepreneurs and family businesses can thrive and entrepreneurship is rewarded". For a prosperous Europe, it is key to maintain the motivation for self-empowerment of those people who are willing to create their own job opportunities and thus contribute to overall growth and innovation.

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4.1 Entrepreneurship education

Current situation and main challenges

The European Union's policy framework on SMEs, through the overarching *Small Business Act for Europe and the Entrepreneurship 2020 Action Plan*, emphasises the importance of entrepreneurship education (EE) in building an entrepreneurial culture in the EU, which in turn will result in a more competitive economy, job creation and social cohesion. Therefore, entrepreneurship education has become a priority in the EU's Europe 2020 strategy and in the EU's key policy documents on education and training.[1] In 2006, "a sense of initiative and entrepreneurship" became one of the eight key competences for lifelong learning defined by the European Parliament and Council as the set of knowledge, skills and attitudes that are fundamental for each individual.

However, there is still no consensus on what the distinctive elements of entrepreneurship as a competence are. As highlighted in the 2016 edition of the Eurydice Report on "Entrepreneurship Education at School", about half the countries in Europe make use of the European Key Competence definition of entrepreneurship. A third of the countries use their own national definition and almost ten countries have no commonly agreed definition at national level. Furthermore, the lack of comprehensive learning outcomes for entrepreneurship education is identified by Eurydice as one of the main hindrances to the development of entrepreneurial learning in Europe.

Nevertheless, in all levels of education – pre-primary, primary, lower and upper secondary, especially in the sphere of tertiary – there still seems to be room to improve entrepreneurial learning as a key competence, putting in practice different approaches such as the Open Method of Coordination and peer-to-peer learning.

As a result, there is a clear need to define and describe entrepreneurship as a competence; to develop the reference framework describing its components in terms of knowledge, skills and attitudes; and to provide European citizens with the appropriate tools to assess and effectively develop this key competence. This is why in 2016 the Entrepreneurship Competence Framework (EntreComp) was developed by the Joint Research Centre (JRC) of the European Commission on behalf of the DG EMPL.

Sense of initiative and entrepreneurship can be broadly defined as the capacity to turn ideas into action, ideas that generate value for someone other than oneself. Sense of initiative and entrepreneurship is a transversal key competence, which every citizen needs for personal fulfilment and development, active citizenship, social inclusion and employment in the knowledge society.

All in all, the developed instruments need to be put in practice with the aim to bridge the world of education and business world. New generations should have an entrepreneurial way of thinking to be able to cope with the emerging technological development, where entrepreneurial learning is a necessity.

1 Among the most prominent policy documents with an explicit emphasis on entrepreneurship education are the following:
- Council conclusions of 12 May 2009 on a strategic framework for European cooperation in education and training (ET 2020) [Official Journal C 119 of 28.5.2009].
- Communication from the Commission to the European Parliament, the Council, The European Economic and Social Committee and the Committee of the Regions – Rethinking Education: Investing in skills for better socio-economic outcomes (COM (2012) 669).
- Council conclusions on entrepreneurship in education and training (2015/C 17/02).
- European Parliament resolution of 8 September 2015 on promoting youth entrepreneurship through education and training (2015/2006(INI)).

Directions and opportunities for action

Based on the main findings of the thematic research on entrepreneurial learning policies in the EU, performed and led by the Croatian SME Envoy team (2015)[2], reinforcing directions and actions in entrepreneurial learning are:

Measures at EU level:

- **Create an Entrepreneurial Learning group within the EU SME Envoy Network**
  The aim is to support and advise EU SME Envoys about all issues related to entrepreneurship as a key competence. The active participation of many SME Envoys in the 2016 SME Assembly session on entrepreneurship education in the framework of the European Commission co-financed "EE-HUB" project and the request for follow-up underline the importance attached to the topic by the SME Envoys and the desire to collaborate further.

- **Support the establishment of a European Centre for Entrepreneurial Learning**
  The European Centre for Entrepreneurial Learning will serve as a know-how and support centre for the systematic development of an entrepreneurial and innovation driven mind-set and would have the support of the EU SME Envoy Network as Governing Board. This centre could build on current experiences such as the European Entrepreneurship Education NETwork ("EE-HUB") and the South East European Centre for Entrepreneurial Learning – SEECEL (see good practice section below).

Measures at EU and Member State level:

- **Ensure that the entrepreneurship education ecosystems at all levels provide full involvement of all stakeholders**
  Achieve community engagement and the development of entrepreneurial learning ecosystems, which are crucial for the successful development of entrepreneurial societies at local, national and international level.

- **Create a legacy of high quality research, instruments and tools through improved knowledge sharing on entrepreneurship education between Member States**
  Consider how to improve the Open Method of Coordination on entrepreneurship education: (1) between Member States through the platform of the EU SME Envoy Network (EU Level); and (2) within Member States through structured national and local partnerships.

2 South East European Centre for Entrepreneurial Learning (SEECEL) (2015): Entrepreneurship education in the European Union: an overview of policies and practices: Results of thematic survey for the EU SME Envoy Network, Zagreb. Available at: http://www.seecel.hr/new-seecel-publication-on-entrepreneurship-education-in-the-eu.

- **Put final focus of entrepreneurship education policy work on developing the entrepreneurial student, the entrepreneurial teacher and school manager, and ultimately the entrepreneurial school**
  Education systems should include entrepreneurship education outcomes as a key competence in the obligatory curriculum. This requires that teachers and school managers themselves are trained with respect to entrepreneurship education (pre service and in service training). Clear commitment and monitoring of these activities is needed at school, local and national level.
  As a steppingstone in fostering an entrepreneurial and innovation-oriented mind-set, schools have to ensure an enabling environment for the integration of entrepreneurship education across different subjects. In this context, they need to establish partnerships and networks with the local community and businesses/SMEs and should use different media and networks to create visibility for activities, achievements and "success stories".

Measures at Member State level:

- **Lobby at local and national level for continued attention to and support for the development of entrepreneurial learning (e.g. steering groups and monitoring of policy implementation)**
  Establish a partner dialogue between line ministries; in particular Ministry of Economy and Ministry of Education. Build international cooperation and networking to create impact at national policy level.

- **Work systematically on strengthening the "key competence approach" to entrepreneurship education at school-level in the EU Member States**
  It is essential that the school provides a culture conducive to the acquisition of knowledge and the development of attitudes, capacities and values that promote the entrepreneurial spirit, namely creativity, innovation, organization, planning, responsibility, leadership, work in group, vision of the future, risk taking, resilience and scientific curiosity, among others. Education and training policies play a key role in this by ensuring that young people acquire the knowledge and skills they need through the education system.

  Thus, entrepreneurial learning should be a reality at all levels of education and training, by means of applying a cross-curricula approach (being therefore neither a separate subject nor an extracurricular activity).
  EU tools can be used for this purpose, in particular the EU Entrepreneurship Competence Framework (EntreComp).

The regional think tank SEECEL in Croatia
The South East European Centre for Entrepreneurial Learning (www.seecel.hr) is a regional think tank for human capital development and lifelong entrepreneurial learning. SEECEL's mission is to work on the systematic development of lifelong entrepreneurial learning, on entrepreneurship as a key competence, and on the alignment of policies and practices with those of the EU (Small Business Act; Entrepreneurship 2020 Action, New Skills Agenda for Europe, EC Communication on Rethinking Education, Investment Plan for Europe and UN 2030 Agenda for Sustainable Development) by strengthening structural regional cooperation. SEECEL's vision is to build entrepreneurially literate societies by strengthening entrepreneur-friendly environments and entrepreneurial mind-sets that lead to sustainable economic growth and development.

SEECEL's work programme and activities are supported by the European Commission and the Croatian Government represented by the Ministry of Economy, Entrepreneurship and Crafts, being one of the two co-founders. The second co-founder is the Croatian Chamber of Economy.

Since its establishment SEECEL has developed a comprehensive practical package of activities, tools and materials, intended for capacity building and guidance in efficient implementation of entrepreneurial learning for all actors within the ecosystem, such as:

- a key competence framework for lower and upper secondary and higher education students,
- a competence framework for teachers and school leaders, including teacher training modules and guidance for development of entrepreneurial school,
- entrepreneurial learning instruments for primary, lower and upper secondary and tertiary education that were piloted in eight participating countries in 136 educational institutions,
- teacher mentoring frame, networks and knowledge sharing platforms,
- support for the development of Entrepreneurial Nests (protected and supportive environments for students to gain their entrepreneurial knowledge and skills) and support for local, national and international cooperation (SEECEL provided various resources such as financial, human etc. for nurturing and supportive partnerships based on SEECEL network of pilot institutions, both education and business support institutions, to drive change).

The numbers presenting SEECEL outcomes are available via the following link:
The SEECEL Story in Numbers

For more detailed information on each policies and tools, please see:
http://www.seecel.hr/documents-5053

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The German internet portal “Entrepreneurial Spirit in Schools”
The Federal Ministry for Economic Affairs and Energy (BMWi) has brought together a large number of entrepreneurship projects and initiatives under the umbrella of the joint initiative “Entrepreneurial Spirit in Schools”. The members aim to strengthen the culture of entrepreneurship in Germany and safeguard it for the future. To this end, they foster and develop entrepreneurial thinking and acting in secondary schools. They encourage schools to create space and attention for entrepreneurship themes in classroom teaching. A key instrument is the theme-specific website “Entrepreneurial Spirit in Schools” which provides practical examples and encourages young people to venture into business.

In order to help teachers integrate entrepreneurship theory and practice into their classes in a stimulating way, the website offers information on projects and contact points, materials, and online training courses. In addition, the Ministry has also developed practical teaching aids. The information and materials provide ideas for classroom teaching and entrepreneurship projects. The website also helps to set up contacts with business people, e.g. in business plan games. In another practical classroom project school students set up companies and develop business ideas. The website also has a dedicated section for young people, offering target-group specific information and, e.g. the online entrepreneurship game “Be Boss” as well as business projects for school students to help them approach business topics in an entertaining way. Further information in English: http://www.unternehmergeist-macht-schule.de/EN/englisch_node.html

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4.2 Entrepreneurship promotion and start-up infrastructure

Current situation and main challenges

A country's general attitude towards entrepreneurship is a product of societal values, tolerance of risk, fear of failure, rewards of success, encouragement of creativity and experimentation, and recognition of persistence. Negative socio-cultural perceptions about entrepreneurship can act as a significant barrier to enterprise creation and can undermine the impact of policy intervention in support of entrepreneurship. Therefore it is important to promote entrepreneurship and to design policies to build an entrepreneurial culture.

Entrepreneurs who have supportive networks are in general more successful, can identify more viable business opportunities, and access more and better resources. The ongoing digitisation creates a host of new opportunities to better connect entrepreneurs among themselves and with institutions of the start-up infrastructure. The support infrastructure is one of the key elements of the entrepreneurship ecosystem. It is composed of service providers who understand the needs of entrepreneurs in their particular development phase and assist them accordingly. Assistance in the ecosystem approach mainly takes the form of "relational" support. This includes network building, developing connections between entrepreneurial actors, institutional alignment of priorities as well as fostering peer-based interactions. Experience from the US shows that building a scalable start-up innovation cluster requires an ecosystem that comprises private, non-government run incubators and venture capital firms, outward-looking universities, and a rigorous start-up selection process.

There are already a lot of institutions and networks in the EU that provide support to future (aspiring) and established entrepreneurs. These structures facilitate networking and the development of new ideas and business ventures. Business starters can find like-minded but differently skilled possible team members and co-founders. In recent years, the start-up infrastructure has been developed further quite strongly. In particular, support from informal learning activities to aspiring entrepreneurs has increased. Studies show that this is the right path to follow. Nonetheless, Europe is still lagging behind, with the United States still being the preferred place for aspiring entrepreneurs and high-reaching start-ups.

Based on a survey among fellow SME Envoys, the Croatian SME Envoy team prepared in December 2016, an internal report on EU practices in entrepreneurship promotion and support infrastructure and the role that governments play in developing these elements of the entrepreneurial ecosystem.

Most countries report having policies for promoting entrepreneurship and the methods used predominantly take the form of organising or supporting award ceremonies or similar events for entrepreneurs. Almost 90% of the countries that participated in the survey discern enterprises by phases of the enterprises' life cycle, whereas discerning entrepreneurship by demography varies. Those that do have a specific focus, target policies for youth and women entrepreneurs, treated mostly as a horizontal issue in a broader policy document. There is no unified definition that countries use to define "women entrepreneurship". Besides having measures for youth or women entrepreneurs, a significant number of countries report having also measures for migrants and refugees (e.g. Austria, Finland, Germany, Lithuania, Portugal and Sweden).

The report shows that all Member States have different types of entrepreneurship support infrastructure (incubators, co-working spaces, science parks, development agencies, accelerators). In addition, some countries emphasise the important role of their chambers of commerce and crafts (e.g. Germany, Slovenia) or start-up centres at universities (Austria). In most cases, the entrepreneurial support infrastructure is founded by public bodies, followed by the civil sector and the private sector. The main source of funding is public, followed by public-private co-financing and private means. The role of public intervention usually includes (co-) financing service development, establishment, management and operations. The vast majority of Member States engage in start-up funding; sources are mostly public or a mix of sources. The entrepreneurship support infrastructure in the Member States appears to serve mostly as a catalyst for public funding via other schemes but usually does not engage directly in financing. Based on the responses from the Member States, there seems to be a different perception and understanding of what accelerators are and do and how they differ from incubators. Furthermore, most countries report that institutions of their entrepreneurial ecosystems and participating enterprises usually do not have particular links to their European counterparts such as collaborating in joint projects, supranational networks, funding campaigns, platforms aiming at peer learning, opening new markets etc.

Since start-ups represent the most important source of new employment, creating more than four million jobs every year in the EU, the EU should make better use of the start-up system to foster innovation, growth and prosperity.

Directions and opportunities for action

Measures at EU and Member State level:

- **Promote entrepreneurs as role models at local and national level**
  The Eurobarometer survey on "Entrepreneurship in the EU and beyond" revealed that a majority of Europeans have a negative perception of entrepreneurs.[1] Hence, raising awareness of the key role of entrepreneurs in creating growth and jobs is crucial.

- **Use existing structures and networks more efficiently**
  Considering the large variety of existing institutions and networks that offer start-up support, policy makers should generally focus on making them more efficient and client-oriented instead of duplicating them.

- **Boost cross-border cooperation of start-up ecosystems in the EU**
  Policy makers should develop a better understanding of the ecosystem approach in order to boost and improve or diversify support for cross border cooperation in creating European ecosystems, networking and supportive environments for entrepreneurial opportunities. A growth oriented approach to the entrepreneurial ecosystem sees it as relational in nature, wanting to understand networks of growing firms and then use this knowledge to build and foster such networks at the local, national and international level. It is recommended to raise awareness of the relational nature of entrepreneurship and the value of structural capital for start-ups, and integrate such an approach into the design of new measures. An additional recommendation would be to create synergies between internationalisation, innovation, and entrepreneurship schemes at the EU and also national level.

1 European Commission (2012): Flash Eurobarometer, Entrepreneurship in the EU and beyond, No. 354, Brussels.

- **Include the synergetic accelerator approach into the design of new tailor-made support measures for growth-oriented start-ups**
  Following the results from the SME Envoy report on entrepreneurship infrastructure there seems to be a different perception and understanding of what accelerators are and do, and how they differ from incubators. In contrast to incubators, start-up accelerators support early-stage, growth-driven companies through physical infrastructure, education, mentorship and financing. They provide start-ups with their tacit knowledge of how start-ups operate, what the market opportunities are and also have investment logics that can better assess start-ups' prospects to succeed. Such comprehensive support approach can multiply the effect of a measure that addresses only one of these aspects. It is recommended to the EU level to include this synergetic approach in designing future programmes. Since many Member States reported using European Structural and Investment (ESI) Funds for supporting entrepreneurship incubators and accelerators, it would be useful to update the State aid rules.

Measures at Member State level:

- **Design and implement strategies that promote entrepreneurship eco-systems**
  Member States should design and implement strategies aiming to promote entrepreneurship, ensuring the longevity of enterprises in order to foster job creation and added value. The strategies may be based on three specific areas: (1) ecosystems (e.g. creation of a national network of incubators, improving the relationship between start-ups and public administration, and aligning job creation policies with the policies of entrepreneurship); (2) financing (e.g. policies aiming to offer alternatives to bank credit); and (3) internationalisation (e.g. promoting start-ups, incubators and investors in international markets as well as attracting foreign investors).

- **Discuss policy making process and governance system of start-up (scale-up) support**
  One of the recommendations often offered from academic scholarship and business literature on entrepreneurial ecosystems is that the government should provide leadership but delegate responsibility and ownership to the private or civil sector, i.e. to be the facilitator, instead of the manager of entrepreneurship policy. It is recommended to investigate the level of proximity between different elements of the ecosystem, by assessing the number, appropriateness and quality of institutions that serve as bridges between different elements of the ecosystem, with the view of designing policies to foster public-private partnerships in supporting start-ups. Transparency and efficiency of public-private partnerships and concessions need to be increased, particularly at local and regional level.

Support for women entrepreneurship in Belgium
An interesting measure to raise awareness among alternative investment actors of challenges faced by women entrepreneurs who are seeking financial means is being implemented in Belgium as a Federal Award to highlight the best financial platform in terms of female entrepreneurship visibility.

Austrian Youth Strategy
The Austrian Youth Strategy is an example of a dedicated demographic approach to promoting entrepreneurship taken as an important component in a wider policy document. The Strategy is focused on the 14-24 year olds (extended further to encompass young people under 30 years of age). Core criterion is the active inclusion of young people, whereby "employment and entrepreneurship" is a strategic priority, setting a goal of Austria producing more company founders under 30 years of age.

Portuguese National Strategy for Entrepreneurship – Start-up Portugal
A good example of a national policy designed to boost a national entrepreneurial ecosystem is the Portuguese National Strategy for Entrepreneurship – Start-up Portugal. The Strategy identifies five goals: to create and support the ecosystems at national level; to attract national and international investors; to co-finance start-ups in their idea stage; to promote and support the development of Portuguese start-ups in foreign markets and to implement public measures to support entrepreneurship.

Start-up Portugal is putting incubators, accelerators, fablabs and maker communities at the heart of public policies for entrepreneurship. Several measures of the Start-up Portugal strategy – not only the Incubation Voucher - call upon incubators to be empowered. For example, incubators now certify which start-ups receive the Start-up Voucher. So, if a start-up is not yet in any incubation, it needs to approach one to submit an application for that voucher. Incubators also have a word to say about Business Angels being selected to co-invest with public funds. The National Network of Incubators in Portugal (also created within the context of Start-up Portugal) already comprises 120 incubators from all around the country. It is helping all this entities to share good practices and resources (such as mentors and professional partners), and is ultimately raising the bar and pushing up the quality of services being provided to start-ups and entrepreneurs all around the country.

Dutch StartupDelta initiative
A good example of a public-private entrepreneurial ecosystem and building its networking assets is the Dutch StartupDelta initiative, founded in 2015. It is a public-private partnership that collaborates with eight primary innovation hubs in the Netherlands to speed up innovation, attract start-ups, corporations and investors to the Netherlands and to serve as an advocate for the start-up community to policy makers. A small core team works to boost the entrepreneurial spirit by specifically targeting barriers, and improving access to talent, capital, network, knowledge and markets.

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4.3 Second chance

Current situation and main challenges

The entrepreneurial dynamic in Europe is improving. For instance, in France, the number of companies started by under-30-year-olds has tripled in ten years. Nevertheless, there is still plenty of room to improve the business environment in the EU. Entrepreneurial activity could be further stimulated if the stigma attached to failure was less prominent: it is the main blocking factor mentioned by almost half of the French people interviewed in a survey.[1] This fear is notably fuelled by the perception among 69% of the respondents, that society does not sufficiently provide honest[2] entrepreneurs who experienced failure with a second chance. It is a paradox, since entrepreneurs who had to face difficult situations are often better equipped to manage new business projects. It has indeed been shown that success rates in France are higher for second entrepreneurial projects.[3]

Strong entrepreneurial dynamics automatically lead to a higher number of failed businesses, including those started by young entrepreneurs. They also lead to high renewal rates within manufacturing and service sectors.[4] In this context, the restart of entrepreneurs and enterprises is an important economic but also a social and cultural issue. It is therefore vital to promote second chance by further preparing entrepreneurs to bounce back from failure. Several actions could usefully contribute to this objective: (1) amplifying the activities of players who assist entrepreneurs facing difficulties or who are in the process of relaunching their business; (2) strengthening access to finance for re-starters; (3) promoting a positive attitude in society towards giving entrepreneurs a fresh start; (4) ensuring that re-starters are treated on an equal footing with new start-ups, also in support schemes; and (5) limiting the cultural and regulatory rigidities hampering recovery.

Directions and opportunities for action

Measures at EU and Member State level:

- **Communicate a positive image of enterprise re-starters**
  The European Commission and Member States should develop a communication policy that provides a more positive image of failed entrepreneurs. It should concentrate on putting forward the experience acquired by the entrepreneur and pay attention to the used terminology. Rather than using phrases such as "second chance" or "business in difficulty", entrepreneurs would prefer a more positive and less stigmatising terminology, so that failure can become a springboard for bouncing back. Using the term "re-starter" could be an example of this.

1 Centre d'analyse stratégique (2012): L'entrepreneuriat en France, Volet 2: Comment mieux accompagner la prise de risque des créateurs d'entreprises?, Paris.
2 Member States try to develop pragmatic definitions of an honest entrepreneur, but there is still no universally accepted definition in the EU.
3 The firm survival rate after three years is 25% above average, see "Comment rebondir après un échec professionnel", IPSOS poll conducted for the French Ministry of Economy, December 2013.
4 According to information from INSEE (2015), one third of the local productive fabric is renewed every year.

- **Develop scanning devices for entrepreneurs to detect potential difficulties early enough**
  Public authorities, entrepreneurial organisations and experienced consulting organisations should develop a "scanning device for entrepreneurs" that allows them to monitor the health of their businesses and thus become aware of potential difficulties early enough. This monitoring process could come with a quality label for enterprises that would undertake it, in order to avoid stigmatisation. Furthermore, instruments could be developed which allow enterprises to compare themselves with similar companies in the same sector. The target groups should be made aware of these and already existing tools.

- **Make information and advice easily accessible for ailing enterprises**
  For entrepreneurs who have become aware of financial problems that threaten the continuity of their firm, it is often difficult to know exactly what to do and whom to contact. Therefore, comprehensive information (e.g. what are the first alerts to pay attention to, what to do in case of difficulties etc.) should be made easily available to them: e.g. online, in the different networks of entrepreneurs as well as at the municipal level.[5] A "one stop shop" should be considered. Information should include a list of important organisations to contact and a list of "dos and don'ts".

- **Prepare entrepreneurs better to make a fresh start**
  Also for entrepreneurs who will make a new start after bankruptcy, a minimum of tools facilitating second chance should be made available. These should not only deal with the purely economic aspects of running a business but also the personal and environmental ones. It is also helpful to value and use the skills, competences and know-how acquired by honest entrepreneurs who have experienced a situation of entrepreneurial failure.

- **Expand the activities of networks dedicated to second chance, both in qualitative and quantitative terms**
  With a view to improving the overall support chain, the activities of networks dedicated to second chance should be expanded to respond more adequately to the needs of re-starters.[6] This includes both, an enlarged quantitative outreach and a better coordination with support networks for business start-up and take-over. Joint initiatives and actions at European level should be pursued and intensified if proven to be successful.

- **Provide finance for new projects of rebounding entrepreneurs**
  Non-stigmatising finance should be provided to re-starters within existing financial instruments. The COSME-programme, for example, could provide support for innovative instruments bringing together investment funds and rebounding entrepreneurs with substantial experience and a promising (start-up or take-over) project. Guarantees or public counter-guarantees for/open to re-starters could also be developed. In addition, the European Commission could launch a study on access to finance for rebounding entrepreneurs, analysing (amongst others) if and how various funds differ in providing finance to rebounding entrepreneurs and first starters.

5 For example, the European Commission has launched an Early Warning Europe Network.
6 For example, in France, only a few hundred "re-starters" are accompanied each year, as opposed to 60,000 business failures.

- **Remove regulatory rigidities which hamper re-start and limit rehabilitation periods**
  Stigmatising registration of rebounding entrepreneurs who acted in good faith should be limited in time and compensated by positive information (such as acquired competences). It is crucial that honest entrepreneurs are given the chance to re-establish themselves without too much delay.[7] Since insolvency procedures can have a domino effect on suppliers, the Commission should be encouraged to find a way whereby banks do not take virtually all the assets from a failing firm, leaving the suppliers with almost nothing. A better balance is needed that contributes to the sustainability of the overall economy.

Measures at Member State level:

- **Provide adequate legal framework for business re-start**
  Effective and predictable insolvency regimes should ensure creditor rights while supporting healthy companies and offering a second chance for honest entrepreneurs. Member States should aim to complete all legal procedures to wind up the business in the case of non-fraudulent bankruptcy within a year and to discharge from bankruptcy within no more than three years in the case of honest entrepreneurs.

- **Provide social security protection for business starters**
  Member States could establish a "business creator" status for company founders, which guarantees them adequate social protection. Examples might be the right to unemployment benefits in case of failure, a guaranteed basic income, reduced social security contributions, etc.

- **Third parties should advise ailing companies to use external assistance**
  When official bodies take legal action against an enterprise for default or late payment, this should be accompanied by a notice advising the company/entrepreneur to seek advice from an expert who could assess the enterprise's financial health. Bookkeepers and accountants should also regularly advise their clients to use external assistance when they detect signs of major financial imbalances. They could also inform their clients on a regular basis on scans they could pass or expert advice they could use. Basic training for bookkeepers and accountants might also be further developed to make them more familiar with new technologies and sector-specific knowledge, thus enabling them to provide more SME-specific advice and avoiding a potential bias. Furthermore, coordination efforts should be strengthened between public and private players; for instance regarding monitoring and early warning units.

- **Develop and promote a "silent" system to solve financial disputes**
  Similarly to existing credit mediators, a "silent" mediation system to solve disputes arising from SMEs' financial debts vis-à-vis suppliers and creditors should be developed and promoted. This way, SMEs are not exposed to the risk of trust loss that could result from the publicity given to their difficulties and could also benefit from a cheaper procedure than a trial.

7 See also European Commission (2016): Proposal for a directive on Insolvency, Restructuring and Second Chance, Strasbourg

The Centre for Businesses in Difficulty in Belgium
The Centre for Businesses in Difficulty (CEd, "Centre pour entreprises en difficulté") is dedicated to helping self-employed entrepreneurs in Brussels to take stock of their professional situation and find new solutions to the problems they encounter: trade disputes, cash flow problems, legal problems, staff worries, etc.

The Centre works mainly on a system of positive communication, awareness raising and then revitalization, through personalized guidance and reorientations. It is open free of charge to all entrepreneurs in the Brussels-Capital Region, regardless of the sector of activity and the size of the activity. Every year, it welcomes nearly 2,000 entrepreneurs and guarantees them absolute confidentiality. The Centre is co-financed by BECI, the Brussels Chamber of Commerce, and the Brussels-Capital Region.

It also benefits from the logistical support of the Bar Association of Brussels lawyers, several accounting associations of the Brussels-Capital Region and the social group Partena to guarantee the quality of its services.

Further information on the workings of the Centre: http://ced-com.be/fr/

PREventing business failure and inSOLVEncy (PRESOLVE)
The ongoing "PRESOLVE" project, co-financed by the European Commission and co-ordinated by EUROCHAMBRES, seeks to build on the above methodology of CEd and provide business intermediaries in eight EU member states (BE, BG, CY, CZ, ES, FR, IT and RO) with tools to support natural or legal persons in difficulties with their business activities where there is a likelihood of insolvency, where insolvency proceedings are pending, or after insolvency proceeding.

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4.4 Business transfer

Current situation and main challenges

Buying an existing company is an alternative way of starting a business. It is often more advantageous than starting from scratch. On the supply side, transfers of firms may have several drivers. In addition to owners' retirement or selling to set up a new business, there are also unpredictable causes such as death or serious illness. Whenever business transfer is imminent, but only insufficient precautions have been taken, firms are highly vulnerable. Most vulnerable are usually very small and/or young enterprises as well as sole proprietorships. In the EU, every year, around 450,000 firms with over two million employees are transferred to new owners.[1] However, up to one-third of these transfers may not be successful, leading to large (potential) job and economic losses. Safeguarding successful business transfers is therefore a key priority for both the European Commission and Member States.

The main barriers to successful business transfers relate to planning and management. Enterprise owners and stakeholders (e.g. professional associations, legal firms and consultants) are often insufficiently aware of the importance of timely and careful planning and preparation. Closely related to this are problems regarding the availability and quality of support and advisory services, both for current and (potential) new owners. The lack of guidance and training is particularly pressing for employees/workers who take over a business, since existing training or education is often not adapted to these target groups. Trainings organised by cooperative organisations across the EU, however, are a remarkable exception, focusing on a large variety of important issues in the field of financial, economic and even social management. Furthermore, matching current business owners with third parties (outside the family and the company) is often hampered by imperfectly functioning online markets, and their limited outreach to potential target groups that are only partly connected to the internet. Another key policy area requiring policy attention refers to taxation. A simplification of the tax framework and the reduction of tax levels can facilitate business transfers and safeguard financial stability of the firms. At present, however, the different tax treatment of inheritance and retirement can set negative incentives, e.g. inducing elder enterprise owners to hold on to control of their business for tax reasons. This can be frustrating for the next generation and act as a constraint on business growth. By contrast, fiscal neutrality (when the transfer of firms to family members or third parties is not seen as a taxable event) would enable enterprise owners to plan and execute business transfer free from tax burdens. As regards financing, banking institutions generally set high requirements. This is already a difficult situation and it is even more difficult when the loan is requested to develop a worker cooperative in the case of business transfers. This is partly explained by the cooperative system of profit distribution and the fact that external shareholders have limited rights.

Regular research and empirical data are required in order to better evaluate the magnitude of the challenges associated with business transfer (e.g. the projected annual number of companies to be transferred to other owners and the number of jobs concerned). If feasible and not entailing excessive statistical burdens, a systematic monitoring of actual business transfer activities may be installed to obtain additional evidence in support of relevant national and European policy making. Further analysis is also needed to identify the main obstacles for successful business transfers as well as the main reasons for those having failed, including the economic cost in terms of enterprise and job losses. On this basis, proposals should be developed for business support and policy measures to respond to these obstacles.

1 European Commission (2011): Business Dynamics: Start-ups, Business Transfers and Bankruptcy, Brussels, p. 94f.

Directions and opportunities for action

The European Commission has worked on business transfers for the last 20 years, producing a series of important initiatives, actions and support measures to facilitate the transfer of businesses. At national and regional level, governments can use EU Structural Funds to support actions that improve awareness raising programmes, on-line platforms, and advisory services. The recommendations put forward by the European Commission in the 2006 Communication[2] on business transfers and continuity are still key drivers at both the European and national level. Hence, further efforts are required to: (1) provide for adequate financial conditions; (2) ensure that tax systems are transfer-friendly; and (3) to organise transparent markets for business transfers.

Measures at EU level:

- **Raise awareness among administrations for the importance of business transfers**
  DG GROW should continue to communicate to national administrations, and internally within the European Commission, the importance of transfer of businesses.

- **Monitor and review the legal, administrative and fiscal environment of business transfers**
  The European Commission is the ideal institution to monitor and review the legal, administrative, and fiscal environment that surrounds business transfers across Europe. It should perform regular appraisals and submit recommendations to Member States when necessary. In order to further improve the functioning of the Single Market, the Commission should also monitor the situation of business transfers in the cross-border context.

- **Encourage Eurostat to compile accurate yearly data on the situation of business transfers in the EU**
  Statistical data on business transfers are not available from Eurostat. The only sources are national, but their comparison and analysis is greatly hampered by differences in definitions and methodologies employed by each country. Hence, in order to provide a factual basis for policy making, there is the need to compile (harmonised) annual data related to the development of business transfers in the EU.

- **Improve the dissemination of good practices among Member States**
  More support is needed to help SMEs to better prepare their transfers. The European Commission should support and promote a study to identify national good practices in the area of business transfers (including those under the cooperative form). Furthermore, existing working groups at European level such as the Network of SME Envoys should be used to intensify the exchange of good practices. For this reason, a rapporteur could be specifically appointed within the network who is in charge of all policy issues related to business transfer.

2 European Commission (2006): Implementing the Lisbon Community Programme for Growth and Jobs. Transfers of Business – Continuity through a new beginning, COM(2006) 117 final, Brussels.

Measures at EU and Member State level:

- **Develop schemes for matching transferable businesses with potential new owners**
  Possible examples include the creation and/or further development of databases targeting national and European sellers and buyers.

Measures at Member State level:

- **Improve entrepreneurial skills through training and management tools**
  To ensure business success and continuity especially at the pivotal and sensitive point of transfer, policy makers should develop alternative or additional tailor-made training and management tools for both existing and future owners of small family-owned businesses. In addition, support networks should be developed which offer coaching and mentoring in entrepreneurial skills. A precise example of policy making in this respect is policy legislation enacted in Malta titled the Family Business Act which provides governance assistance in the form of training and management tools to operating family businesses.

- **Devote specific funds to business transfers to employees**
  Inspiration could be gained from some Member States, e. g. Italy[3], where such a measure already exists.

- **Distinguish between firms as legal entities and entrepreneurs as individuals**
  Research should be initiated focusing on the legal aspects of distinguishing enterprises as legal entities and entrepreneurs as physical persons. The former should focus on the impact of such a distinction on the entrepreneurial life of physical persons (i.e. support to re-start, reduce the stigma from bankruptcy, access to finance, etc.). This differentiation is important and necessary since legal entities and entrepreneurs require and need different assistance in the running of their business and growing it. Transferring a legal entity also poses different requirements and challenges whilst the requirements and challenges for an entrepreneur in acquiring a business in the process of being transferred or transferring one himself are different all together.

- **Support the creation of a network of cooperative business support services**
  With regard to support services active in transfer of businesses, Member States should support the creation of a network of cooperative business support services with a specific approach for transfer of businesses to employees under the form of a cooperative. The transfer of a business to the employees through the creation of a cooperative and other forms of employee ownership can be a promising way of ensuring the continuity of an enterprise. The European Parliament called for special support for these forms of business transfers through an EU budget line that also includes financial instruments.[4] Support should be built upon the experience gained in existing organisations as proposed by the Global Report on Cooperatives.[5]

3 Cooperazione Finanza Impresa (CFI): http://www.cfi.it/public/
4 European Parliament (2013): Report on the contribution of cooperatives to overcoming the crisis, (2012/2321(INI)); para 25.
5 Roelants, B.; Hyungsik, E.; Terrasi, E. (2014): Cooperatives and Employment: A Global Report, Brussels.

- **Train professionals involved in business transfer on the specifics of ownership transfers in cooperatives**
  Training and education for professionals involved in business transfers (lawyers, accountants, judicial representatives etc.) should also target business transfers to employees under the cooperative form, including training programmes to business organisations and constituted bodies such as those representing professionals, employees and leading business organisations within a Member State.

Malta's Family Business Act
Malta has created the first known legislation to support business transfers specifically for family businesses. This takes the form of an Act of Parliament titled the "Family Business Act", launched on 1 January 2017.

Such legislation intends to:

- Make the business owner aware of the problems of transfer and thus encourage him to prepare for such an event at an early stage;
- Provide a financial environment which helps towards successful transfers;
- Enable entrepreneurs to prepare effectively for the transfer by offering adequate business and legal support including financial mentoring;
- Ensure the continuity of partnerships and sole proprietorships in the event of the death of a partner or the business owner;
- Ensure the successful transfer within a family by seeing that inheritance or gift taxes do not endanger the survival of the business;
- Encourage the owner, through taxation measures, to pass on his business by selling it or by transferring it to the employees, particularly when there is no successor in the family.

Further information can be accessed at: www.economy.gov.mt.

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4.5 Sharing economy

Current situation and main challenges

The sharing – or collaborative – economy is highly diverse. This is true both of the sectors and of the involved service providers. In addition to forms of pure neighbourhood assistance, there are now many internet-based commercial intermediary and rental platforms. The various sectors include, for example, crowdlending market places, platforms for sharing office and work space, private housing, cars, clothing, tools and toys as well as a large variety of other products. The platforms can be categorised as operating on the B2B, B2C or C2C level.

Current studies suggest that sharing economy platforms can contribute to a significant increase in economic output in the future. Either they contribute directly themselves, or they do so indirectly by generating demand for services from third parties. In some service industries, however, sharing offers on the C2C level can lead to rapid market changes and require a clear regulatory framework.

At the moment the sharing economy in the EU is still rather small – with an estimated gross turnover of sharing platforms of €28bn in 2015 – , but growing rapidly.[1] Turnover almost doubled in five key sectors compared to 2014, and is expected to show continued strong growth. Under ideal conditions – i. e. maximum use of all sharable economic goods and the removal of all regulatory barriers – the EU economy could realise economic gains linked with a better use of capacities worth €572 billion a year.[2] Substantial (regulatory) barriers, however, still prevent the realisation of the full benefits. Moreover, there seem to be few attempts to quantify the potential impact on markets. The total (future) effect on the demand and supply of products and services is indeed very difficult to estimate since at various levels opposing substitution (e. g. Airbnb rather than a hotel, Uber rather than a taxi) and demand/growth effects are at work. However, the numerous positive effects of the internet-based sharing economy – e. g. increased market transparency, reduction of transaction costs, creation of new or enlarged markets, intensified competition - indicate substantial economic benefits that exceed immediate substitution effects.

In expectance of these positive overall economic effects, many Member States do welcome the development of new, innovative business models and want to encourage them. In the case of services from private citizens where the transfer of use involves the provision of a service, however, an unlevel playing field often emerges placing established providers at a disadvantage. For example, the income is liable to tax but is often not payed or private citizens ignore sector-specific rules (in the accommodation sector, for example, the levying and passing on of a tourist tax). It is also more difficult to monitor compliance with safety rules (e.g. fire protection rules) or rules on workplace safety and health, since in many cases the private services are not subject to a registration requirement and are hard to monitor due to privacy. It is also often unclear when a platform operator has to be classified as an employer of the (private) service providers (with the corresponding legal obligations) or simply as an intermediary or broker. Whether these negative effects of various sharing business models are due to unfamiliarity with, or conscious abuse of the existing national legal framework, has not been sufficiently investigated. At present, many business models of the sharing

1 PwC UK (2016): Assessing the size and presence of the collaborative economy in Europe, London. http://ec.europa.eu/DocsRoom/documents/16952/attachments/1/translations/en/renditions/native
2 European Parliamentary Research Service (2016): The Cost of Non-Europe in the Sharing Economy, Brussels.

economy entail a high level of legal uncertainty for all market participants – users, private providers and platform operators – which can have a negative impact on supply and growth. The issue of legal certainty is thus a key factor for future policy measures.

It is therefore very positive that the sharing economy has now been included as a field of action in the Commission's Single Market Strategy. The European Agenda for the Collaborative Economy, which was presented in June 2016, already provides indications of how the current European legal framework (services directive, e-commerce directive, consumer protection directives) applies to sharing economy companies. It also defines areas in which the current legal framework is to be adapted. The Commission's initiative is expected to provide increased legal certainty regarding the implementation of existing EU rules.

Beyond the societal and political debate about the business models of Uber and Airbnb, sharing economy business models certainly offer a host of opportunities for SMEs. A key effect of the B2B sector is supposed to be that size-related disadvantages will be much less restrictive for the exploitation of market opportunities by SMEs and start-ups. Through the use of sharing platforms also small companies have access to a sizable pool of resources at affordable cost. New services (such as co-working spaces, digital secretarial services, cloud computing, or equipment rental) help start-ups and existing small firms to cut their fixed costs and benefit from economies of scale. The possibility to use such tailored, cost-effective "components" greatly facilitates business start-ups and also improves the competitiveness of established SMEs. In the B2C sector, the sharing economy creates opportunities for start-ups in sectors which were previously reserved for stationary retailers only. Collaborative platforms now allow even very small SMEs to reach a large number of distant (potential) customers. This will have a permanent and substantial impact on the service sector, and will result in new consumer-supplier-structures. The greatest impact on the SME sector, however, is likely to be exerted by C2C platforms, which provide new opportunities for private individuals to engage in commercial activities. These platforms enable people to set up a business (mostly in the form of occasional or secondary employment), often without any significant initial investment or qualification requirements.

How the increased market dynamics and changes in consumer behaviour impact established SMEs depends on a large number of different factors (e. g. the specific sector). In some areas SMEs face significant competition from sharing economy platforms. Across the board, they have to react to the newly evolving supply and demand structures. Some SMEs might focus on their traditional competitive advantages such as customer proximity and flexibility, while others modify existing or develop new business models which take advantage of the opportunities offered by the sharing economy and thus complement their traditional business activities.[3]

3 E.g. the car manufacturer Opel has developed its own car sharing platform, CarUnity.

Directions and opportunities for action

Measures at EU level:

- **Continue to closely monitor new developments in the area of the sharing economy**
  Initiatives organised by the European Commission such as the collaborative tourist accommodation service project give the opportunity to exchange good practices and policy approaches among the Member States. This will reduce regulatory fragmentation in the single market and facilitate the balanced development of the collaborative economy.

Measures at Member State level:

- **Create legal certainty for all participants**
  In order to create legal certainty for all market participants, law makers should develop clear and balanced regulatory framework conditions where it is required, or should inform about the existing law to be observed. Important are rules that determine the respective rights and obligations of platform operators and their (private) service providers. These rules should also make sure that there is a level playing field between traditional and new service providers. The introduction of thresholds for occasional activity, on which exemptions under national law could be based, would appear to be a viable approach (e. g. max. number of days in the case of housing rentals in business models like Airbnb, Wimdu).

- **Establish learning partnerships between municipalities and platform operators**
  When services of the sharing economy have considerable local effects, e. g. in the case of short-term rental of private accommodation (with possible disruptions to the neighbourhood structure, scarcity of rented housing in central areas for local residents etc.), learning partnerships between municipalities and platform operators could result in better mutual understanding and a more balanced use of new business models.

- **Select experimental areas to try out new rules and regulations**
  A new regulatory environment (e.g. new rules on passenger transport or the introduction of thresholds for short-term letting of private apartments) could initially be tried out in a restricted area (e.g. in a specific region or sector). The gathered experiences and insights could then be used for the further development of the legal framework. Success in these experimental areas would greatly facilitate a general roll-out.

Car Sharing Act in Germany
The German federal cabinet has passed a bill (Car Sharing Act) that intends to promote car sharing. The Car Sharing Act aims at encouraging and enabling car sharing business models across the country. It provides the legal basis for introducing privileges for car-sharing vehicles. These could be, e.g., exemptions from parking charges or exclusive rights to use dedicated parking spaces.

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5 Skills and training

Although unemployment in Europe has recently been falling, the unemployment rates and especially the youth unemployment rates remain unacceptably high in too many Member States. Besides this, most of them are facing the problem of an ageing population. Thus a lack of skilled labour is looming on the horizon, already manifesting itself in particular regions and sectors, such as health and social services, ICT, engineering and research. In an autumn 2015 Eurochambres survey, responded to by nearly 60,000 businesses (the vast majority of which are SMEs), the lack of skilled employees was identified as the fourth most significant challenge after domestic demand, economic conditions and labour costs. The situation might even become more alarming in the future as the ageing of the population will reach a perceptible dimension in some – although not in all – Member States; e.g. in Germany, a decline of the workforce by at least 1 million by 2030 is expected.

In terms of the level and type of qualification, there are some differences among the Member States: in most Member States, many young people are attracted to a conventional academic education, while the number of those following vocational education and training (VET) is declining. All in all, more than a third of all people in the EU between 30 and 34 years held a tertiary degree in 2013, with the highest shares of over 50% being in Ireland, Lithuania and Luxembourg. At the same time, some Member States observe rising shares of people in the secondary segment of education and/or very attractive and successful VET systems. These can often help avoid two problematic phenomena: over-qualification on the one hand – where young people with tertiary degrees are forced to accept jobs designed for persons with lower qualifications – and inadequate qualification on the other hand.

All of these developments point to the main challenge for the future workforce: to acquire a level and type of qualification which meets the needs of the labour market in order to avoid skills shortages and mismatches. In the Joint Employment Report published in March 2015, the European Commission notes that the number of job vacancies in many EU countries has not changed over the past years while unemployment has risen and that the mismatch between demand and supply on the labour market has increased since mid 2011. Such a mismatch makes it hard for companies, especially for SMEs, to find qualified personnel and thus to remain competitive and to grow. A Eurofound survey from 2013 shows that almost 40% of employers in the EU Member States have some difficulties to find personnel with adequate qualifications; the shares range from about 20% in Cyprus to almost 70% in Estonia. Besides this, around a quarter of the European adult population struggles with reading and writing and has poor numeracy and digital skills. More than 65 million people in the EU have not achieved a qualification corresponding to upper secondary level, whereby this rate varies significantly across EU countries, reaching 50% or more in some. With the New Skills Agenda for Europe[1] the European Commission proposes ten actions to address these pressing issues – from ensuring better recognition of qualifications across EU borders, to a Skills Guarantee to improve the employment opportunities of low-skilled adults. It also includes a Blueprint for Sectoral Cooperation on Skills which will be implemented in 2017 in six pilot sectors: automotive, space, defence, maritime technologies, textile-clothing-footwear-leather and tourism. The New Skills Agenda aims at making better use of the skills that are available, equipping people with new skills, e.g. adequate digital skills, and making skills more visible and comparable.

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1 European Commission (2016): A New Skills Agenda for Europe – Working together to strengthen human capital, employability and competitiveness, COM(2016) 381, Brussels.

5.1 Work-based learning

Current situation and main challenges

When employers try to recruit adequately skilled personnel, they often do not only observe a lack of appropriate knowledge, but also of practical work experience.[1] Attractive and well-functioning VET systems with dual elements – i.e. school-based and work-based learning – can often help avoid this problem. There are several arguments, why work-based learning is a good approach to meet different social but also economic policy challenges. Countries with a well-established system of dual vocational training tend to have a lower rate of youth unemployment than countries that offer only general education.[2] In addition, apprenticeship training often serves as a valuable "springboard" for later business start-up or take-over of a company.[3] Furthermore, countries with dual vocational training systems tend to enjoy pronounced advantages with regard to innovation and overall competitiveness.[4]

These advantages can be attributed to the general principle of dual vocational training: "learning in practice for practice" – which creates benefits for apprentices and companies alike. First of all, company based training takes place at the most advanced level of economic and technological development. The training is consistent with current economic developments and it also imparts essential (soft) skills that are widely needed in professional life. Moreover, entrepreneurial thinking is taught by direct experiences in the implementation of process-related and/or product-related innovations. And last but not least, companies involved in apprenticeship training can train their own future professionals based on competency-based training curricula. Therefore, they are less dependent on the supply of skilled employees as offered by the labour market.

Against this background, several Member States have been introducing or strengthening the work-based components in their VET systems in recent years. Still, in doing this, several challenges have to be overcome: First of all, because many jobs were lost during the financial and economic crisis in Europe, it is often not easy to provide enough training places "on the job", especially in smaller enterprises which sometimes cannot provide the whole required training. Second – and equally important –, many Member States face a lack of acceptance and positive image of VET. Apprentices often have the reputation that they are incapable of pursuing a higher education path so that VET becomes an unattractive career choice compared to academic education. Moreover, in higher education, work-based learning is rarely offered at all.

On the European level, some successful initiatives have already been launched: The European Alliance for Apprenticeships, for example, has so far mobilized approx. 250,000 in-company training and job opportunities for young people. The European Qualification Framework (EQF) and the guidance provided by the European Quality Assurance Reference Framework for Vocational Education and Training (EQAVET), contribute to developing an important culture of training quality all over Europe. And besides, the Commission currently works on facilitating cooperation on apprenticeships, and to make the results of knowledge sharing and joint projects widely accessible and help them being put into practice.

1 Shown, for example, by a survey conducted for the 2016 report of the German and the Austrian SME Envoys "Avoiding skills shortages and mismatches", http://www.bmwi.de/EN/Service/publications,did=766910.html.
2 ibw (2014): Success-factors for the Dual VET System, Vienna.
3 ibw, öibf (2016): Report on the situation of youth employment and apprenticeship training in Austria in 2014 and 2015, Vienna.
4 E.g., Rauner, F. (2007): Kosten, Nutzen und Qualität der beruflichen Ausbildung, in: ITB Forschungsberichte 23/2007, Bremen.

Directions and opportunities for action

Measures at EU and Member State level:

- **Consider financial support for SMEs which engage in vocational education and training**
The participation of SMEs in training can also be increased by offering financial incentives. Several Member States already partly cover training-related costs. In Hungary, for example, the costs can be deducted from the VET levy which is compulsory for all employers and normally amounts to 1.5% of their payroll. Bank loans at favourable interest rates, related to skills and training activities could be another form of financial incentives. The Commission is exploring EU support for such loans. Austria has established an apportionment system: 0.2% of the nationwide gross wage bill (approx. €170m per year) is available annually to promote firms who are engaged in apprenticeship training.

- **Promote the equal value of VET and academic education and raise awareness among young people for the positive employment outcomes of VET**
Every effort has to be made on national and European level to promote the equal value of VET and academic education and to raise awareness for the good employment outcomes of VET. In addition, VET should be made more attractive by increasing the permeability in the education systems. Thus, VET students should be able to switch to academic education and vice-versa without being unduly penalised in terms of their overall educational progression.

- **Establish a common methodology for a long-term outlook for jobs and skills in each industry in order to forecast SMEs' training and labour needs**
In order to better match demand and supply of skills, Member States should produce long-term outlooks for jobs and skills for each branch of industry, based on empirical observations and using a common methodology. These outlooks can be used by all players, including SMEs. Similar discussions should also be intensified at the European level with a focus on forecasting the training and labour needs of SMEs. A good area to start with would be new technologies and digital skills because here the need to sensitise SMEs for changes of supply and demand is particularly important.

Measures at Member State level:

- **Combine theoretical and company-based elements in apprenticeship training**
According to the experience of countries with successful dual VET systems, it is vital to combine theoretical and practical training elements. While the theoretical foundations and general education should be provided by vocational schools, the work-based training takes place in the companies. It is based on job-specific, standardised training curricula and carried out by practitioners with a specific instructor qualification. This presupposes that companies have sufficient self-interest to train on a high quality level because they consider work-based learning as an investment in the future. A key motive is that SMEs gain access to future skilled employees in a way that perfectly meets their company- and job-specific needs.

- **Introduce collaborative training arrangements for SMEs**
  In order to provide enough training places even if a company cannot cover the full training alone, alternatives for (specific parts of) practical training outside the company have to be offered and the VET and educational systems as a whole have to be made more flexible to respond to these needs. Possible measures include the creation of specialised (external) VET centres or inter-company networks of SMEs (training alliances) which help smaller enterprises to provide training in all areas needed even if their own resources are very limited.

- **Cooperate with the world of work to adapt VET to labour market requirements**
  VET needs to maintain and further increase its attractiveness through the continuous adaption of training contents and curricula to actual labour market needs. This requires close links between practitioners and intermediaries from the world of work. Business and social partners should therefore be steadily involved in designing and delivering VET at all levels, as demonstrated in successful "dual systems" of apprenticeship training. Whenever possible, VET should also be coupled with an international experience. In this context, the Blueprint for Sectoral Cooperation on Skills[5] proposed by the European Commission in the New Skills Agenda for Europe is offering a new opportunity at EU and national level.

- **Consider introducing a dual study approach in higher education**
  In order to improve job and career prospects for graduates of tertiary education, Member States could apply the successful idea of combining theoretical learning and practical work also to higher education. To the benefit of students, companies and the overall economy, some countries are already successfully offering dual study programmes which combine alternating phases of academic studies with paid on-the-job training in companies.[6]

A toolbox for work based learning
As underlined at a CEDEFOP conference in May 2014, support concerning VET should not be considered in the form of copying another country's system, but rather to explore how the essential features of dual models can be developed within another system. To support national authorities, Austria, Denmark, Germany, Luxemburg and Switzerland – all of them countries with proven dual VET systems – have formed a partnership, which is offering a structured and evidence-based approach to promote the development of work-based VET systems in Europe. One of the aims is to develop an integrative and analytical digital toolbox which covers key features of the involved countries' work-based systems. The project is supported by Erasmus+. Further information on the results of the project can be accessed here: http://www.apprenticeship-toolbox.eu/.

In Flanders employees can follow a mentor training to increase their skills for guiding students to learn on the job (dual learning). The labour costs of the employee during the training are reimbursed by the Flemish Government (paid educational leave). Also the social contributions on the wage of the mentor are partly reimbursed when students are guided in the company.

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5 More information on the Blueprint on Sectoral Cooperation on Skills and the related brochure can be accessed online.
6 More information on dual study programmes, e.g., in the German Federal States of Baden-Württemberg (http://www.dhbw.de/english/home.html) and Bavaria (http://www.hochschule-dual.de/).

5.2 Digital skills

Current situation and main challenges

The digital transformation of our society – of our private lives, as well as of the economy – is quite a recent but pressing phenomenon, in particular when it comes to skills and qualifications. In the last ten years, the demand for digital technology professionals has grown by 4% annually.[1] This trend engenders the question as to whether activities need to be launched to enhance digital skills in companies, particularly in SMEs. This question requires a differentiated approach: on the one hand, some SMEs pursue business activities in the digital sector and basically "grow up" with digital skills; on the other hand, there are more traditional SMEs that pursue business activities in other areas and which are not yet fully aware of the opportunities and challenges of digitisation.

Recent estimates by the European Commission based on the Digital Competence Framework underline the urgency of this topic: in 2014, 22% of the EU population did not have any digital skills at all, while 40% had only insufficient ones – with shares varying considerably across the Member States, though.[2] A survey that IDC conducted on behalf of Microsoft in France in September 2014 showed that 51% of SME managers were planning to acquire new skills to cope with the digital transition and that, in addition to their own skills, they were planning to upgrade their employees' skills in customer relations (13%), digital marketing and networks (11%), and in the use of accounting and financial software (8%).[3]

Digital skills are a key competence to participate in our society. And yet, we may lack as many as 500,000 IT professionals by 2020. Against the threatening shortage of digital skills, the European Commission will launch a "Digital Skills and Jobs Coalition" [4] and bring together Member States and stakeholders, including social partners, to share good practices, to promote IT professionalism, to foster e-leadership skills and to develop a digital talent pool across Europe. In this context, the Member States are invited to develop their own comprehensive national digital skills strategies by mid-2017 on the basis of targets set by end-2016

Directions and opportunities for action

Measures at EU level:

- **Use the European Social Fund to finance digital skills training for SMEs**
  Financing provided under Priority 2 of the 2014-2020 programming cycle of the European Social Fund should be used to finance digital skills training actions for SMEs. Priority 2 aims at "anticipating changes and securing career paths and transitions" by building employees' skills, as well as the skills of supervisory personnel and employers. Some of the ESF funds disbursed under Priority 2 could be earmarked for training SME employees and managers.

1 European Commission (2016): A New Skills Agenda for Europe – Working together to strengthen human capital, employability and competitiveness, COM(2016) 381, Brussels.
2 European Commission (2015): Draft Joint Employment Report from the Commission and the Council, COM(2015) 700 final, Brussels.
3 Microsoft (2014): Les dirigeants des PME et le numérique. L'entrepreneur 3.0: Qui est-il?, Paris.
4 More information on the Digital Skills and Jobs Coalition can be accessed online.

- **Identify and share good practices in providing and adapting digital skills to elderly business owners**
  Digital leadership skills seem to be in many cases strongly linked to size and age, with SME owners and elderly business people being rather reluctant to invest in new technologies. Offering (low-threshold) programmes of lifelong learning and pairing older with younger, more digitally apt businesspeople or entrepreneurs might be a solution to allow these people initial access to digital skills and/or keeping their skills up-to-date.

Measures at Member State level:

- **Establish national digital skills coalitions connecting public authorities, business, education and training, and labour market stakeholders**
  All Member States should have digital skills strategies and support concrete measures to bring digital skills to all levels of education and training, support teachers and educators and promote active involvement of industry. They should encourage stakeholders to make pledges for concrete actions and share success lessons and good practices.

- **Adapt education systems to changing labour market requirements**
  It is vital to make education systems flexible enough to adapt to the ever-changing requirements on the labour market concerning digital skills – including creating possibilities to recognise digital skills acquired outside the formal education system. A case in point can be short training programmes on digital skills launched by the private sector leading to the issuance of certificates which are recognised and valued by companies (for example, French initiatives such as Simplon.co, school 42 and Epitech). Another option are Massive Open Online Courses (MOOCs) which grant certificates to successful participants.[5]

- **Encourage the establishment of digital professions and qualifications campuses**
  In order to enhance vocational training, the French Government has approved the development of 50 professions and qualifications campuses ("campus des métiers et des qualifications"), at least three of them will focus on digital skills. Each campus is supposed to gather a group of different stakeholders, including local agencies of the central Government, local authorities, educational institutions and businesses, with the objective of providing initial and continuing education related to an industry of major regional or national economic importance. The campuses are encouraged to develop various cross-border activities and partnerships which can also help to pool systems for teaching digital skills and expand employment in this sector.

5 Launched in 2013, the French MOOC on project management by the renowned Graduate Engineering School, Centrale Lille, and the start-up "Unow" is the first French certification MOOC.

- **Pool resources of groups of employers to share digital skills**
  The organisational changes related to digital technology mean that SMEs may need certain skills, but not necessarily on a full-time basis (e.g. community managers who manage the social media presence of a company). Therefore, groups of employers can be a good solution for acquiring digital skills on an as-needed basis. Recognised as a social innovation by the European Commission's "Employment Package" in April 2012, such groups of employers exist in France for more than 30 years already. They are non-profit or cooperative structures in which several enterprises join together to hire one or more employees to work for the members of the group. After 2000, they were also set up in other European countries, such as Belgium, Austria and Germany.

- **Support the development of partnerships between national platforms for the industries of the future**
  This cooperation could take the form of joint projects, pilot projects and technological developments. The joint French-German research platform for industry, government and universities which was agreed in Hanover in spring 2016 is bound to become a place for bi-national training in such areas as advanced industrial engineering, big data, artificial intelligence and cyber security. Based on first joint research programmes and summer schools, a common certificate will be launched in 2017.

Digital Transition programme in France
In 2012, the French Government launched the "Digital Transition" programme in order to help the very small businesses and SMEs to take ownership of new digital practices and implement these technologies to enhance their competitiveness. This programme is backed by the French Government and various semi-public institutions (chambers of commerce, chambers of skilled trades and craft trades, tourist boards, approved management centres, public online centres), along with international, national and local private sector players. The programme includes a "skills" component with the deployment of several hundreds of digital advisers throughout France. These advisers will train very small businesses and SMEs in digital practices in trade, craftwork, manufacturing, services and tourism sectors.

In addition, some of the participating institutions have launched noteworthy initiatives, such as "Transition Numérique Ile-de-France", a training and consulting scheme to help SMEs in the Ile-de-France region modernise and grow using digital technology. It offers an Information and Communications Technology (ICT) diagnosis and a three-day training course.

Further information: http://transition-numerique.fr/

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Strengthening digital capabilities in the UK

The UK Government is committed to addressing the country's digital skills needs and is taking action across the whole skills pipeline. Programmes have been designed to strengthen the UK's digital capability and build a more robust and sustainable supply of digital skills. Alongside the new computing curriculum in schools, the Government is increasing the number of people who are benefitting from high quality digital skills provision such as through the National College for Digital Skills.

Further education has a key role to play in supplying the digital skills needed by individuals and businesses. Reformed apprenticeships are enabling employers to collaborate to set the standards that meet their needs. For digital roles, approval has been granted to develop seventeen standards, with ten ready for delivery. In 2015, apprenticeship numbers in ICT have increased.

In November 2014, the UK Government announced the innovative digital Degree Apprenticeship. The first cohort of apprentices started from September 2015, with over 40 employers and 9 universities collaborating to create a curriculum that meets the needs of industry. The Government intends to build and expand on the success of the first year, which saw 300 apprentices start – double what was initially announced.

Further information: https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/492889/DCMSDigitalSkillsReportJan2016.pdf

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5.3 Mobility and cross-border training

Current situation and main challenges

A promising way to counteract possible skills mismatches is to increase the mobility of job seekers across borders. EU-level initiatives can create an enormous value here because they can help to overcome imbalances on the European labour market in terms of regions suffering from high unemployment, while others face shortages of skilled labour. One positive example is the EURES network of public labour administrations which aims at supporting labour mobility within the EU by providing information as well as advisory and recruitment services for employers and employees since 1994 (https://ec.europa.eu/eures/public/en/homepage).

A key condition for unhindered cross-border mobility is the recognition of foreign qualifications. The European and National Qualification Frameworks are crucial to facilitate this recognition by making national and foreign qualifications easier to compare. Recently, the European Commission has put forward a proposal for the revision of the European Qualification Framework (EQF). It aims to facilitate the evaluation of foreign qualifications and to better integrate migrants into the EU labour market, e.g. by establishing common principles of quality assurance and by promoting comparability of qualifications in EQF countries and other countries.

Mobility can also be enhanced by information platforms, such as the German BQ Portal (www.bq-portal.de) where competent bodies (responsible for the recognition process), employers and stakeholders in vocational education and training (VET) can find more than 2,600 occupational profiles worldwide, as well as information on VET systems in more than 79 countries.

An increase in cross-border mobility is also very valuable as far as vocational education and training is concerned. When SMEs let their trainees gain occupational experience abroad, it is usually to the benefit of both sides: enterprises make new contacts abroad, explore new markets, learn about other ways of working and position themselves as attractive employers and innovative training enterprises. Trainees acquire new insights and perspectives. On their return, they can put their experience to good use in their daily work for the benefit of the training enterprise and their own personal development. A traineeship abroad is especially well suited to complement practice-oriented dual training. Young people learn about new ways of working, products and corporate set-ups. At the same time, they come to know other cultures and ways of thinking. However, planning and implementing a practical training phase abroad can be rather complicated. SMEs are often particularly reticent to make the effort.

An important support instrument is the EU Erasmus+ programme which enables young trainees to complete on-the-job training modules abroad. Within the German programme “Training without Borders”, most of the outgoing and incoming trainees were supported with funding from Erasmus+ (see good practice below).

Directions and opportunities for action

Measures at EU level:

- **Establish an EU-wide electronic qualifications platform to support the exchange of information**
  The recognition of foreign qualifications should be further facilitated by establishing an electronic platform on EU level which comprises compact information on all VET institutions and certificates in the Member States. The German BQ Portal could serve as a model for such a platform.

- **Ensure adequate and easily accessible funding for cross-border training**
  A rising demand for cross-border training opportunities in Europe increases the need for (financial) support in the Member States. Easily accessible, sufficient funding by Erasmus+ is a good way to boost national initiatives in this field. The Commission should therefore make the application procedures for support under Erasmus+ as easy as possible, avoid unnecessary bureaucratic burdens and make sure that the available funding is adequate for every Member State.

The German programme "Training without Borders"
The programme "Training without Borders" supports SMEs in providing training places that prepare young people for the demands of a globalised economy. As a by-product, SMEs present themselves as attractive employers to (future) skilled employees. A key component of the programme is a nation-wide network of mobility coaches who have been installed at 30 participating crafts chambers and chambers of industry and commerce. They support SMEs, apprentices and young skilled workers in all aspects that are relevant for planning, realising and evaluating a training phase abroad. For example, mobility coaches provide information on costs and funding facilities, they search for suitable foreign partner enterprises, help with issues such as insurance cover and contractual provisions or organise language courses and intercultural trainings.

The cooperation among mobility coaches with a broad spectrum of available expertise generates synergies and ensures a high quality of support. As a result, for almost every question, the network has at least one expert to answer it. The programme's website (http://www.berufsbildung-ohne-grenzen.de/) has established itself as a one-stop contact point for all interested enterprises, trainees and skilled workers. It offers comprehensive information in the form of leaflets, forms, booklets, links etc. In addition, the intranet platform "Mobipedia", developed as part of the programme, is used for networking among the coaches and now provides a whole range of up-to-date information.

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5.4 Integration of refugees[1] into training and employment

Current situation and main challenges

According to Eurostat data, more than 1.25 million first time asylum seekers applied for international protection in the EU Member States in 2015 – more than twice as many as in the previous year. Out of these, 333,350 were granted protection status, an increase of 72% as compared to 2014. About half of the beneficiaries were Syrians. This situation is a significant socio-economic challenge for the Member States, but in the longer term it can also turn into a chance for the economy.

The question is (in addition to tackling the issues of accommodation, supplies and medical care), how to integrate these individuals sustainably into the labour market. Major challenges relate to the knowledge of the host country's language and (work) culture as well as to the heterogeneity of qualification levels. For example, a check of educational competencies among 900 refugees in Austria has shown that 67% of Syrians, 90% of Iranians, 73% of Iraqis and only 26% of Afghans have a qualification above lower secondary education (ISCED 2).[2] Approx. 30% of Afghan participants in the competency-check have no (formal) educational qualification at all.

Directions and opportunities for action

Measures at EU and Member State level:

- **Help to develop reliable instruments to recognise individual skills and qualifications of refugees**
  First of all, it seems to be absolutely necessary for a sustainable integration into the labour market to determine skills as well as individual interests of refugees and international migrants. A major challenge is to develop reliable instruments to recognise vocational skills below the level of formal vocational qualifications.

- **Member States should use offered support and assistance from the European Commission**
  The European Commission is ready to help the Member States to identify, document and recognise skills and qualifications of incoming refugees with the "Skills Profile Tool for Third Country Nationals" which has been recently launched. Further assistance may include cooperation with national authorities, exchange of good practices and the provision of online language learning facilities. Where appropriate, Member States are advised to make use of this offered support in addition to their own infrastructures and ways of recognising foreign professional qualifications.

Measures at Member State level:

In general, refugees with approved asylum status and/or a legal access to the labour market should basically have access to the general training and employment measures. Additional targeted measures might be offered where they have specific (temporary) needs not covered by the general support infrastructure.

1 The term "refugees" in this context refers to people with a mid-to long-term perspective of staying in Europe (e.g. with an approved asylum status).
2 http://www.ams.at/ueber-ams/medien/ams-oesterreich-news/asylberechtigte-auf-jobsuche

- **Offer language, work culture and training courses for refugees**
  Based on the inventory of skills, the next steps for integration can be defined. These may include language courses, courses to provide information on values, life and work in the host countries, as well as the recognition and, where necessary, upgrading of qualifications – all of these being essential pre-requisites for a quick and successful integration. SMEs support the process of integration by offering trainings and practical courses.

- **Offer advice and direct support for SMEs that train or employ refugees**
  Companies that are interested in training or employing refugees should be directly supported, especially SMEs. Advisors or networks could help to exchange experiences and good practices and offer legal advice, e. g. in questions of asylum. Of particular importance for a sustainable integration seems to be the question of how to deal with specific challenges such as bridging cultural differences.

- **Create opportunities for community work for refugees**
  Community work can act as a "low-threshold" measure to introduce refugees to the labour market and bridge the time between immigration and recognition of asylum status.

- **Explore ways how to support the entrepreneurial potential of refugees**
  Member States should investigate how refugees could be integrated into the economy by supporting their entrepreneurial skills and specific knowledge. Potential measures could include awareness raising, information and advice, training, networking and mentoring. Access to target groups could be facilitated by cooperation with existing associations of migrant entrepreneurs. These measures could take inspiration from the evaluation and analysis of Good Practices in Promoting and Supporting Migrant Entrepreneurship published by the European Commission in 2016.[3]

Integration of refugees into the Austrian VET and labour market
Austria relies on its proven dual system of vocational education and training (VET) in order to successfully integrate refugees into training and work. The clear goal is to integrate around 1,000 young people into VET every year and to enable them to complete their apprenticeship training. In order to achieve this, a new funding scheme was introduced into the directive for company-based funding. It offers the opportunity to support projects that focus on one of three defined areas: (1) work integration of young adults who already have some specific competences in an occupational field; (2) transition of young refugees into an apprenticeship; and (3) branch specific qualification measures. All projects include preparatory activities such as language courses, career advice, coaching and mentoring for companies as well as for apprentices and young adults.

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3 The guidebook offers practical advice including 22 examples of good practices and a self-assessment tool for service providers to improve their actions targeting migrant entrepreneurs and would-be entrepreneurs: http://ec.europa.eu/DocsRoom/documents/18421.

The **online portal** www.fachkraeftepotenzial.at provides useful information on shortage occupations, legal framework conditions, examples of good practice and on support measures for enterprises that train or employ refugees.

In addition to that, the company and the refugee are accompanied by the nationwide programme **"Coaching and counselling of apprentices and training companies"** immediately after the refugee starts a regular apprenticeship training. One priority area of this programme is support for SMEs (www.lehre-statt-leere.at).

For further information on ongoing projects please visit:
https://www.wko.at/Content.Node/Lehre-F-rdern/Foerderschienen---Zielgruppen.html

Measures and activities to integrate refugees into the German labour market and training system
150 refugee recruitment advisors offer encouragement and assistance to SMEs on all questions regarding the employment and training of refugees, including cultural aspects. In a bottom-up approach, more than 1,200 enterprises participate in the network "Companies integrate refugees". It aims to identify and spread good practice measures on how to help to integrate refugees into training and employment. Interested companies can also be teamed up with potential partners and experts (www.unternehmen-integrieren-fluechtlinge.de). The German Centre of Excellence on securing skilled labour (KOFA) provides SMEs with practical information and guidance on available support and funding programmes as well as on procedures and legal framework conditions that apply when companies employ refugees (www.kofa.de/themen-von-a-z/fluechtlinge).

The **BQ Portal** is an information platform for business chambers that are responsible for the recognition of foreign professional qualifications (www.bq-portal.de). It is also open to companies that want to evaluate the professional qualifications of their foreign applicants. The portal has recently been extended to include information on training systems and occupational profiles from the main countries of origin of refugees and international migrants. Furthermore, the Ministry has commissioned an explorative study to help assess the potential for refugee start-ups and to prepare a pilot project that is to advocate entrepreneurship as an employment option.

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6 Digitisation of SMEs

Current situation and main challenges

The digital economy is the single most important driver for innovation, competitiveness and growth. How well and how quickly European businesses adopt digital technologies is key for their future development and growth.

Europe is not in a bad position with regard to digitisation. But competition from other parts of the world is increasing at great speed. A recent report by Boston Consulting Group[1] shows that Asia is catching up fast. South Korea is already number one in the world. Seven of the Top 10 digital countries are European today. By 2025, however, Boston Consulting Group estimates that only four European countries will be among the Top 10, while countries like China, Singapore, Taiwan and the US will have overtaken EU countries.

According to the European Commission's Digital Economy and Society Index (DESI) 2016, the huge potential of the digital economy is underexploited in Europe; with 41% of enterprises being non-digital, and only 2% taking full advantage of digital opportunities. Only one company out of five in the EU-28 is highly digitised, but the situation across countries is varied: from one out of two in Denmark to one out of nine in Greece and Bulgaria.[2] Despite the obvious benefits spelled out above, small European businesses are slow to change. Progress in online sales by European companies is slow. 16.8% of them sell online, which represents an increase of only 3.5 percentage points over five years.[3]

While for some SMEs a digital strategy may simply consist of installing a digital shopfront, it may affect the entire value chain for others. Mass customized products or fast deliveries are setting new standards. Rapid advances in technology, for example in virtual reality technologies or 3-D-printing, require SMEs to constantly monitor their business environment with regards to new threats and opportunities.

However, many SMEs face the challenge that due to their small size and economies of scale, they do not have digital experts within their organisation. Studies show that companies are insecure about the regulatory framework and IT security. Furthermore, due to a shortage of evaluation reports, policy makers need more factual information in order to decide which policy measures work best to raise awareness and boost specific implementation activities among SMEs.[4]

Directions and opportunities for action

Measures at EU level:

- **Develop an international regulatory framework**
  The most important measure is the accomplishment of the digital single market. To that end and to reduce insecurity and make long-term investments into digitisation more attractive, a regulatory framework with

1 Boston Consulting Group (2016): Digitizing Europe: Why Northern European Frontrunners Must Drive Digitization Of The EU Economy, Stockholm
2 European Commission (2016): European Digital Progress Report 2016, Brussels
3 European Commission (2016): European Digital Progress Report 2016, Brussels
4 See also the different reports of the Strategic Policy Forum on Digital Entrepreneurship

the maximum possible geographical coverage should be developed. In the development of this framework, the "Think Small First" principle is to be obeyed, especially in order to maintain the momentum for new entries into this strongly developing environment.

- **Produce a beginner's guide for SME digitisation**
  A possible EU initiative should create a tool or concept with information for SMEs which guides them along a digital journey in a step by step way. Such an initiative should demystify the "digital journey" with factual information and advice.

  Such information should be in simple and non-technical terms as possible. As a result, SMEs would be able to easily see what to expect and consider in making the digital journey to online trading. Such an online tool should use moving images and sound as well as text based information such as check lists and self-assessment tools taking into account that various SMEs have different needs. There should be filmed lectures with experts and pods that entrepreneurs could listen to. In the set-up phase of such tools there should be test groups of entrepreneurs involved.

- **Offer help for SMEs on digital regulation**
  SMEs would benefit from an easy-to-understand online self-assessment tool regarding the new data protection regulation[5] that will come into force in 2018. This online tool should also include other relevant regulation such as geo-blocking. SMEs, and especially the smallest enterprises, do not normally have the resources to keep themselves up-dated on rules and regulations regarding, for instance, consumer protection rules and VAT that vary between Member States. From a resource efficiency point of view, it would be very helpful if that kind of information was available on a common EU platform.

- **Use SME Envoy Network to share experiences and discuss policy-making**
  Digitisation should be included in each meeting with the SME Envoy Network as it involves virtually all other policy fields. The Network is a useful platform to share experiences, present new initiatives, discuss problems, benchmark studies etc. It need not always be done by sending questionnaires to everyone, which is sometimes perceived as burdensome, but by presenting two or three examples and introducing a topic for discussion.

Measures at EU and Member State level:

- **Support the establishment of broad band infrastructure**
  Fibre optic cables allow the fast and stable transmission of large data volumes and thus create the necessary precondition for the development of new ICT-based services and business models as well as for new forms of cooperation and linkages between business partners (and customers).

5 http://ec.europa.eu/justice/data-protection/reform/index_en.htm

- **Evaluate voucher schemes and other support measures to identify good practice**
  Vouchers and other support measures are widely used to help SMEs financially to go digital. What are the results? What works and what does not? SMEs who have received support are likely to be happy, but what is the real impact?

- **Provide good practice sharing opportunities for project managers across Member States, e. g. for developers of digital learning tools**
  There is also the possibility to do joint master classes and workshops for staff in the different Member States responsible for setting up digital learning tools for SMEs.

Measures at Member State level:

- **Introduce more public services online in order to nudge SMEs to use digital tools**
  An extended offer of public online services can induce SMEs to be more open to digital technologies. This in turn, can increase SMEs' interest in exploring new ways how to integrate digital tools into their business models.

- **Explore new ways in developing innovative digital learning tools for SMEs**
  Industry specific online training platforms should be explored (with inspiration from, for example, Australia). Especially for very small businesses from the same field, they provide the opportunity to deliver advice targeted to the specific business models of this particular industry.

- **Increase training activities for SMEs related to skills and leadership**
  Not only is further training needed at third level (such as incorporating a digital/e-commerce course into more business courses) but there needs to be an increase in training provided to SME managers to enable and empower them to identify their business' digital needs and engage with confidence with digital providers. The issue of skills gap between generations needs to be considered. Many elderly business owners do not take the necessary steps to invest in technology that they need to make their business survive and thrive long term.

- **Use sector-specific expertise of industry organisations in training and leadership activities**
  Industry organisations need to be involved in training and leadership activities with regard to their specific industries. They are also crucial in providing good practise and inspirational examples of companies, but also warning examples and information where rules and systems do not work for SMEs.

Online Platforms offer practical digitisation support for SMEs in the UK
The UK has an online platform that gives both practical advice and inspiration. It includes, for example, instructions on how to set up a web page with WordPress, how to include a blog etc.
http://www.greatbusiness.gov.uk/domoreonline/

The UK also has a free to access online platform providing advice on how to start and run a digital business. Offered advice on digital business skills includes building online brands and developing marketing campaigns.
http://www.digitalbusinessacademyuk.com

In order to help keep individuals and businesses safe online, the UK has developed a Massive Open Online Course (MOOC) offering cyber security advice.
https://www.futurelearn.com/courses/introduction-to-cyber-security/9

Germany provides real-life industrial digitisation experience to SMEs
In order to initiate networking and learning through real life examples and good practices, Germany has developed different tools for SMEs within its Industry 4.0 approach. There is an online map on the "Plattform Industrie 4.0" (http://www.plattform-i40.de) which shows more than 260 examples of Industry 4.0 implementation. Users can filter these with criteria like "region" or "business sector" and can receive contact data. The map also includes 34 information- and support measures for SMEs. In this respect, Germany has set up eleven SME 4.0 Competence Centres, which provide SMEs with information and testing environments for digitisation projects. Each centre has a somewhat different profile, sometimes relating to special regional business focusses. For the future, further centres are being planned. Furthermore, the online map includes 36 test environments where SMEs can test their solutions before implementing them in their own company. The labs are part of the newly emerging "Labs Network Industrie 4.0". Finally, the "Plattform Industrie 4.0" also provides recommendations for SMEs on how to deal with challenges like IT-Security or regulatory issues.

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