



EUROPEAN CLUSTER
COLLABORATION PLATFORM

“Relief” for SMEs: how to enhance business, funding access and skills

Summary



EU Clusters Talks
11 January 2023, 8:30 – 9:30 CET

An initiative of the European Union





Cluster policies and networks: Outcomes of the Expert Group on Clusters

The European Cluster Collaboration Platform organised this EU Clusters Talk on 11 January 2023, 8:30 – 9:30 CET, to discuss ways to facilitate doing business in Europe, getting access to funding, and enhancing the workforces' skills based on the proposals for the “SME Relief Package”.

Agenda of the meeting

Moderation: Chris Burns

1. News from the European Cluster Collaboration Platform
Nina Hoppmann, team member of the European Cluster Collaboration Platform
2. Perspectives from the European Commission
Bonifacio García Porrás, Head of Unit SMEs, DG GROW, European Commission
3. Panel debate: Support for SMEs
Véronique Willems, Secretary General, SMEunited
Montse Daban, Director of Science Policy and Internationalization, Biocat
Ola Svedin, President, Clusters of Sweden
Jorge Guillén, Export Manager, Agroveco Group
4. Funding opportunities
Nina Hoppmann, team member of the European Cluster Collaboration Platform

Key messages:

- The pillars of the “SME Relief Package” announced by the European Commission respond to the challenges that SMEs in Europe are facing.
- Combating late payments is essential to ensure the cash flow of SMEs and to make investments in the green and digital transition.
- We need effective enforcement mechanisms in the late payment directive.
- The cascade funding system channelled through clusters is a helpful tool to bring funds to SMEs.
- For the SME, investing in skills is working best by re-skilling their existing workforce. Attracting digital talent remains a challenge for non-IT SMEs.
- The design of public procurement procedures should take SMEs into account (e.g., division into lots).



1. News from the European Cluster Collaboration Platform

Nina Hoppmann, team member of the European Cluster Collaboration Platform

After the introduction by moderator Chris Burns, the following news items were presented:

1. [Public consultation](#) on European research and innovation programmes 2014-2027
2. Save the date for the [next C2Lab](#) in Lund, Sweden, on 21-22 March 2023
3. [Upcoming Clusters meet Regions events](#): Lyon, France, 8-9 March 2023; Kosice, Slovakia, 29-30 March 2023
4. Invitation to join the [ECCP Discussion Groups](#) on LinkedIn

2. Perspectives from the European Commission

Bonifacio García Porras, Head of Unit SMEs, DG GROW, European Commission

Bonifacio García Porras set the context of this EU Clusters Talk. He explains that 2022 has been a challenging year for SMEs, which had to put on hold investment plans for digitalisation and sustainability. Last September, the European Commission announced the SME “Relief Package” to tackle critical challenges as well as make a revision of the late payment directive.

He emphasises that the challenges for 2023 are similar - inflation, price increase, and uncertainty remain because of the war on Ukraine. The business confidence is lower than during the previous financial crisis. To mitigate the effects, many measures and initiatives have been undertaken on European level, including the RePowerEU plan, a proposal for a regulation on gas storage, flexibility in the use of cohesion funds, a state aid temporary crisis framework, and direct aids from Member States to SMEs.

Bonifacio García Porras highlights that the way out of the crisis is a collective effort, a partnership approach, to support SMEs. The “Relief Package” has four major pillars:

1. Remove regulatory obstacles

When adopting new legislation, we need to ensure that the proposals take on board the interests and costs for SMEs.

2. Revise the late payment directive

An important issue is ensuring the cash flow. 60% of the payments in Europe are being done outside of the contractual deadlines. The European Commission will launch a consultation for evidence and impact assessment, to which Bonifacio García Porras invites clusters to answer. Furthermore, it is crucial to work on enforcement and explore possibilities of digital tools to make payments easier.

3. Ensure a workforce with the right skills and enable the SMEs to make the transition to digitalisation and sustainability

Bonifacio García Porras explains that 67% of SMEs see access to labour as highly pressing, and that 66% of SMEs report an increase in labour costs. 2023 will be the European year of skills and the



Commission will pay particular attention to the topics of up-skilling, re-skilling, and incentivising training activities.

4. Access to finance

The last pillar is increasing the possibilities to access finance. Therefore, the Commission is examining the need to top up the InvestEU SME window with additional EUR 4 billion for the funding period 2024-2027.

3. Panel debate

The discussion among the panellists focuses on late payments, tax rules, funding, cutting red tape, skills, digitalisation, and energy.

Late payments

Véronique Willems expresses that SMEUnited is happy that the Commission is tackling the issue of late payments, as this has been an issue for a long time. Late payments have a direct impact on the cash flow and resources of SMEs. SMEUnited has always defended a more rigid payment culture as it is scientifically proven that one out of four bankruptcies is due to late payments. Late payments have a snowball effect. A report from the Joint Research Centre shows that if the payment culture improves, the cash flow of small companies will also improve.

Bonifacio García Porrás agrees that faster payments reduce the financing costs of SMEs. Setting up a payment deadline needs to be for everybody, which is why it must be combined with enforcement mechanisms.

Tax rules

Véronique Willems emphasises that having a single set of tax rules would make it easier for SMEs to do business abroad. However, this is a very difficult topic as it is within the competence areas of the Member States.

Funding

SMEUnited has received the feedback from their members that 1/3 of SMEs is out of resources and, therefore, investment capacity in the green and digital transition. For funding to reach the SMEs, Montse Daban and Ola Svedin suggest using the cascade funding approach. Ola Svedin describes it as key to stimulating innovation and suggests organising it through national and regional innovation agencies to decentralise the system. Montse Daban highlights the role of cluster organisations as ecosystem connectors. By connecting with local players, they are ideally placed to manage funding in a cascade scheme. One good example is the EUROCLUSTER programme, where they set calls for companies to collaborate and finance solutions for their needs.

Regarding the Recovery and Resilience Facility (RRF), Bonifacio García Porrás explains that an important part of the money is channelled through public procurement, which does not foresee a quota for SMEs. It is up to the Member States and associations to include SMEs in the design of the public procurement, e.g., by division into lots. Montse Daban adds that her cluster has mapped the



players in the region to help create the links and to support the strategies of the Member State for the RRF. Thus, SMEs can be part of the consortia to reach for the calls.

Cutting red tape

Montse Daban explains the importance of cutting red tape with the example of medical devices companies. Currently, regulatory burdens are a bottleneck for companies that slow down the access of products to the market. A slow access is a threat to the companies' competitiveness. A faster system or more notifying bodies are needed.

Skills

Jorge Guillén outlines that the biggest challenge for his SME is connected to the real and practical implementation of the existing digital solutions and data management. Their agricultural company faces the problem that it is not interesting enough for skilled IT personnel. For them, it is hard work to attract people, which is why it is more practical to up-skill the own employees that are dedicated to the company. He emphasises that initiatives like the Pact for Skills are helpful.

Ola Svedin shares that we should look to a higher extent at funding for re-skilling the workforce that is not as digitally advanced. Good programmes came as a response to the pandemic, e.g., ReactEU. Montse Daban adds that one solution they are pursuing is integrating workforce from different sectors and to use different training approaches, e.g., gamification.

Digitalisation

Ola Svedin suggests looking into data handling and GDPR to not stifle innovation. Europe is leading in data integrity and the rest of the world is looking to Europe, but we should be careful to not impose too strict regulations. In a shorter term, he would like to see a push to a more simplified digital signature and the use of the EU-wide electronic ID card.

Digital Innovation Hubs are also targeting the goal of digitalisation. This tool will be used in Sweden, where they have four European Digital Innovation Hubs. Montse Daban agrees that they are good collaboration partners for clusters.

Energy

Ola Svedin confirms that Sweden is highly affected by the high energy prices, which has brought their region in a vulnerable position. The late payment directive can directly affect the cash flow of SME which have to deal with these high prices and inflation.

Véronique Willems says that SMEUnited is working with the European Covenant for Energy and Climate to support SMEs in the energy transition. It is important to both switch to renewable energies and save energy. That is why they help SMEs in defining the right funding tools and energy systems.



4. Funding examples

Nina Hoppmann, team member of the European Cluster Collaboration Platform

Closing the EU Clusters Talk, Nina Hoppmann shares the following examples of funding opportunities:

1. [Preparatory action for setting up joint programmes among innovation ecosystems actors](#); Deadline: 23 March 2023
2. [Boosting generation and diffusion of advanced technologies in SMEs based on a supply chain model \(CSA\)](#); Deadline: 20 April 2023
3. The SURE 5.0 project - [Acceleration Programme 1](#); Deadline: 1 March 2023
4. [GreenOffshoreTech](#): Making offshore production and transport green, clean and sustainable; Deadline: 24 March 2023
5. AMULET [2nd Open Call](#); Deadline: 22 March 2023
6. [SecurIT](#): Critical infrastructure protection, disaster resilience and public spaces protection; Deadline: 14 March 2023