



Press Release

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European funding for boosting SME competitiveness being probed by EU Auditors

The European Court of Auditors (ECA) has launched a new audit to examine whether EU funding for small and medium sized enterprises (SMEs) is helping to make them more competitive and future-proof. The auditors will assess whether the European Commission's support from the European regional development fund (ERDF) is ensuring lasting competitive gains for start-ups and scale-ups. In addition, they will check whether Member States funnel this funding to relevant recipients, address the most pertinent needs, and whether the projects funded are delivering results. The audit comes against the backdrop of the COVID-19 crisis, which demands extra effort from EU companies to survive on the market in a more challenging business environment.

SMEs are the backbone of the EU's economy and help spread innovation throughout its regions through cutting-edge solutions to challenges, such as climate change, resource efficiency and social cohesion. The EU aims to become the world's most attractive place for starting and scaling up businesses. SME funding from ERDF – currently under the auditors' microscope – provides just under €55 billion for the current 7-year budget period (2014-2020), mainly for Poland (around €11 billion), followed by Italy, Spain and Portugal (between €4.5 billion and €5.5 billion each). This includes almost €26 billion to make SMEs more competitive.

"Our audit is aimed at helping the Commission and the Member States make better use of the ERDF to make EU SMEs more competitive, resilient and fit for the future," said Pietro Russo, the ECA Member leading the audit. "This is particularly important given the challenges SMEs are facing in the COVID-19 crisis and the major role ERDF funding plays in some Member States for start-ups and scale-ups."

The COVID-19 pandemic and its ensuing global economic crisis have made it even harder for small businesses to survive on the market, due to a more challenging business environment.

The purpose of this press release is to convey the main messages of the European Court of Auditors' audit preview. The full preview is available at eca.europa.eu in English.

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Their ability to adjust to this situation will depend not only on their current competitiveness, but also on their competitive potential. However, EU SMEs often face difficulties accessing finance, a limited supply of skilled labour, and excessive regulation and red tape. To address these challenges, the Commission has already taken strategic regulatory initiatives such as the 2008 “small business act for Europe”, the 2016 “start-up and scale-up initiative”, and the 2020 “SME strategy for sustainable and digital Europe”. In addition, the EU budget supports SMEs through grants, loans and financial instruments in various areas including research, culture, cohesion and agriculture, as well as through coronavirus response investment initiatives such as CRII, CRII+ and REACT-EU, which provide additional ERDF money mainly in the form of working capital or investment support.

Support for SMEs will remain a key pillar of EU cohesion policy in the next long-term budget (2021-2027). The auditors will therefore also provide an initial assessment of the design of support for the new period.

Notes to Editors

In 2018, EU SMEs numbered over 25 million, employed around 98 million people and generated around 56 % of total added value. Their number varies considerably between Member States: Italy has most (3.7 million), while Malta has fewest (28 500). Per capita, the Czech Republic has most (96/1000), while Romania has fewest (25/1000). Most SMEs – over 6 million – are in the wholesale and retail trade, motor vehicle and motorcycle repair industry.

The final report is expected in autumn 2021. Today, the ECA published an audit preview available in English on eca.europa.eu. Audit previews are based on preparatory work undertaken before the start of an audit and should not be regarded as audit observations, conclusions or recommendations. This audit complements the ECA’s recent [special report](#) on EU support for SME innovation and another [ongoing audit](#) on EU support to help SMEs access international markets.

Information on the measures the ECA has taken in response to the COVID-19 pandemic can be found [here](#).

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