

EIF Annual General Meeting 2007

Intervention by

Heinz Zourek

Director-General,

DG Enterprise and Industry, European Commission

- Introduction

Good afternoon everyone. It's a great pleasure for me to address the General Meeting of the Fund as we draw to a close what has been another very good year, both in financial terms and in delivering on policy goals. Unfortunately, Commissioner Almunia was unable to join us today due to prior commitments, but he has asked me to convey his appreciation for all the hard work put in over the past year. These achievements have been accompanied by an improvement in the overall economic climate, good prospects for the continuing financial health of the Fund based on the forthcoming capital increase, and further progress in good governance, with the new Compliance Function now well established.

- The continued importance of SMEs

The Fund's *raison d'être* is to contribute to the pursuit of Community objectives and, in particular, to facilitate access to finance to SMEs. The importance of this mission is underlined by the scope of the new Financial Perspective, where substantial funds have been made available for SME financing. This recognition by the Council and Parliament of the crucial role played by the SME sector and EU financing programmes in delivering the Lisbon objectives, in supporting employment, economic growth and high-tech innovation is very welcome. The Commission is therefore looking forward to an even closer working relationship with the EIF in pursuit of these key goals.

From MAP to CIP

2006 was, of course, the last year of the MAP, the Multiannual Programme for Enterprise and Entrepreneurship, whose financial instruments have now been taken up in the CIP, the Competitiveness and Innovation Programme. I would like to take this opportunity to thank all the EIF staff who made MAP instruments such a success and congratulate them on having met the challenge of committing all the available budget to guarantee and VC operations for the benefit of Europe's SMEs. I know that an enormous amount of effort has been put in, both by the Fund and the Commission services, to negotiating the new Fiduciary & Management Agreements for the CIP financial instruments. These should soon be ready for signature and I think we are all looking forward to seeing the first operations approved, which will mark the beginning of a new, 7-year effort to help thousands of SMEs realise their full potential.

- **Capital Increase**

As you know, the Council and the Parliament have recently approved the Fund's capital increase, which will ensure that the Fund's activities are properly resourced. The broad support for the capital increase from Council, Parliament and Commission is a clear reflection of the importance they attach to the EIF's current and future role in contributing to the pursuit of Community objectives. It is, in fact, a vote of confidence and I am sure that, by focusing on its core mission, the Fund will not fall short of the high expectations that go with it. The enhanced capital base will both ensure the EIF's self-sustainability in the medium term and give greater scope for it to partner activities by the Commission and the other shareholders. It will, for example, allow EIF own resources to complement funds invested through the EIF's mandates (such as the financial instruments under the CIP and JEREMIE), give it greater scope for co-investing with EU and EIB funds in venture capital, and allow it to develop

further innovative arrangements combining securitisation techniques and budget funds for SME portfolio guarantees. It will also support expansion of the geographical scope of the Fund's activities, as reflected in the revised Article 23, which I hope the other shareholders will support. As a footnote to this subject, I would add that the Commission very much supports the proposal to transfer 40% of this year's net income to the Statutory Reserve, in order to further reinforce the capital base.

- **JEREMIE and TTA**

The JEREMIE initiative is now reality and it is already clear that the Fund is going to play a major role in its implementation. This initiative has the potential to make a big contribution to improving access to finance for SMEs in the regions and is an excellent example of how the leverage of Community resources can be increased. I am sure that the Fund's involvement will enhance the quality of the operations supported, as well as helping to ensure that there is maximum complementarity between JEREMIE, CIP and other mandates, which is a key issue for the Commission. It is also good to see that the technology transfer activity is picking up momentum – indeed, one of the first operations supported is here in Leuven. Supporting cooperation between universities and the private sector by facilitating the transition of innovative ideas and technologies from laboratory to market place is something that the Commission is keen to encourage, which is why the EIF will also be entrusted with implementing the technology transfer preparatory action approved by the European Parliament. I'm confident that this is an area where the EIF will also be able to bring significant added value.

- Accompanying actions by the Commission

In addition to the close cooperation with the EIF, the Commission services are also working constantly to improve the business environment for SMEs. For instance, we have been very pro-active with proposals for improving the regulatory environment for European SMEs. A welcome recent development is the review of the State aid rules, which has resulted in the *de minimis* threshold being doubled, as well as a special mention for EIF in the regulation that we negotiated in order to help reduce the burden of complying with the reporting requirements. The Commission is also continuing to re-orientate its focus towards better, more efficient legislation and systematically apply the principle of 'think small first'.

- Conclusion

To conclude, I would like to underline that the Commission considers that the EIF has a major role to play in helping to achieve the EU's policy goals. It has the resources and the professionalism to make a real difference in the parts of the market where intervention is still justified, especially in early stage and high tech funds. The commitment of new capital by its shareholders is a measure of their continued belief in its mission and we look forward to seeing it deliver results of which we can all be proud.

Thank You