



Council of the  
European Union

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#### 'I/A' ITEM NOTE

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From: General Secretariat of the Council  
To: Permanent Representatives Committee (Part 2)/Council

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Subject: Draft Council conclusions on Special Report No 8/2022 entitled "ERDF support for SME competitiveness: Design weaknesses decrease effectiveness of funding"  
- Approval

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1. On 2 June 2022, the General Secretariat of the Council received the Special Report No 8/2022 "ERDF support for SME competitiveness: Design weaknesses decrease effectiveness of funding".
2. Pursuant to the rules laid down in the Council conclusions on improving the examination of special reports drawn up by the Court of Auditors<sup>1</sup>, the Permanent Representatives Committee, at its meeting on 15 June 2022, instructed the Working Party on Structural Measures and Outermost Regions to examine this report according to the rules laid down in the above-mentioned conclusions.

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<sup>1</sup> Doc. 7515/00 FIN 127 + COR 1.

2. The Court of Auditors presented the report at the meeting of the Working Party on Structural Measures and Outermost Regions of 6 July 2022. Draft Presidency conclusions were examined at the meetings of the Working Party on Structural Measures and Outermost Regions of 18 July<sup>2</sup> and 8 September 2022<sup>3</sup>. Delegations agreed to the draft Council conclusions as set out in the Annex<sup>4</sup> to this note.
  3. The Permanent Representatives Committee is therefore invited to recommend to the Council to approve, as an "A" item at a forthcoming meeting, these Council conclusions as set out in the Annex to this note.
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<sup>2</sup> WK 10195/22.

<sup>3</sup> WK 10195/1/22 REV 1.

<sup>4</sup> WK 11710/22.

**DRAFT**

**Council conclusions on Special Report No 8/2022 by the European Court of Auditors:  
ERDF support for SME competitiveness: Design weaknesses decrease effectiveness of funding**

THE COUNCIL OF THE EUROPEAN UNION:

- (1) WELCOMES the Special Report No 08/2022 by the European Court of Auditors (hereafter referred to as “the Court”) and the replies of the Commission to the Report;
- (2) NOTES that the Court’s audit assessed whether the support from the European Regional Development Fund (ERDF) during the 2014-2020 programming period under the thematic objective 3 “Enhancing the competitiveness of small and medium-sized enterprises” did effectively contribute to increase the competitiveness of the supported SMEs. In that endeavor, the Court reviewed:
  - How SME needs were addressed by ERDF programmes, programme calls and selection procedures;
  - Regional and national ERDF programmes in Germany, Italy, Poland and Portugal, for a sample of 24 projects;
- (3) ACKNOWLEDGES that SMEs are a mainstay of the EU economy and that EU policy aims to increase their competitiveness, and UNDERLINES that cohesion policy funds, and in particular the ERDF, are among the main sources of EU funding to support SMEs. The focus on enhancing sustainable growth and competitiveness of SMEs will be among main priorities for the 2021-2027 programmes;

- (4) TAKES NOTE of the findings of the Report, in particular that:
- In most of the audited ERDF programmes under thematic objective 3, the calls for project submission were not always successful in tackling all relevant obstacles to competitiveness encountered by beneficiary SMEs. In other cases, instead, the calls co-financed specific productive investments that did not result in demonstrable improvements to SMEs' competitive situation;
  - The audited ERDF project funding was mostly done through calls that did not prove to be sufficiently selective;
  - ERDF financing predominantly took the form of grants rather than financial instruments, which limited the number of supported businesses;
- (5) SHARES the Commission's opinion in its replies to the findings and recommendations included in the Court's Report, in particular that:
- The Managing Authority is ultimately responsible for drawing up appropriate ambitious selection procedures and criteria used for selection of operations, in order to ensure that operations contribute to the achievement of the specific objectives and results of the relevant priority;
  - Within this legal framework, the Managing Authority can choose between competitive and non-competitive calls upon due consideration of advantages and disadvantages of each method as appropriate, and with the aim of maximising the positive impact of the Union funding in relation to each situation;
  - The use of financial instruments is discussed with Managing Authorities at the level of specific objectives during programme negotiation;

(6) TAKES NOTE of the recommendations of the Court and thus INVITES the Commission, where relevant to encourage and support Member States to:

- Take into account the main elements of the audit report
  - Consider the advantages and disadvantages of competitive and non-competitive selection procedures on case-by-case basis;
  - Where relevant, promote the use of repayable aid for SME competitiveness and favour other forms of support such as financial instruments and non-financial support, while taking into account regional specificities.
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