



EUROCITIES' response to the consultation on the Entrepreneurship 2020 Action Plan

Helping cities foster entrepreneurship

EUROCITIES

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EUROCITIES

EUROCITIES is the political platform for major European cities towards the EU institutions. We network the local governments of over 130 of Europe's largest cities and 40 partner cities that between them govern some 130 million citizens across 35 countries.

www.eurocities.eu

GENERAL COMMENTS - SUPPORTING ENTREPRENEURSHIP AND SMES: WHY CITIES MATTER

City governments provide locally tailored services to support business creation and growth

Cities are the engines of growth in Europe. They will also be the engines of recovery. Entrepreneurship flourishes in cities, where the majority of SMEs are created and grow. City authorities, in partnership with local organisations, are well placed to define the most appropriate strategies to create a favourable environment for the development of entrepreneurship and creation of new jobs.

Cities offer not only the business opportunities but also the combination of services, support and infrastructure that entrepreneurs need:

- Business education and training is organised, developed and delivered in cities.
- City governments know the local circumstances and specificities of the local economy (sectors, opportunities, strengths, weaknesses, and needs, e.g. for skills and premises).
- City authorities are in regular contact with local stakeholders involved in job creation. These include universities, local employment agencies, chambers of crafts and commerce and professional organisations.
- City governments control critical levers for business development, such as planning control, environmental and health regulation, transport services and infrastructure and, in many cases, vocational education and training.

City governments develop policies and programmes tailored to the specific needs of local entrepreneurs and small businesses, for example:

- providing financial incentives for business development, including in deprived areas. Cities in some member states can, for example, help small businesses with initial investment (seed money) that will help stimulate their growth, with the long term aim of encouraging private sector investment
- developing and managing business incubators and 'next step' premises
- encouraging local networking, for example between businesses, supply chains, service providers and property owners
- developing synergies between local companies, universities and research, linking knowledge flow and transfer
- launching and supporting clusters offering a wide range of business support services to local companies
- helping local small businesses maximise access to both public and private procurement opportunities, for example through dedicated online tools.

In the current difficult economic climate it is even more challenging for entrepreneurs and small businesses to find investment sources. The kind of support that cities can provide as facilitators becomes even more important if we are to continue to support job and wealth creation. Entrepreneurship and a thriving small and medium sized enterprise sector are crucial in this regard.

The Entrepreneurship 2020 Action Plan needs to have a strong territorial dimension

Entrepreneurship will be key to achieving both the Europe 2020 strategy goals and territorial cohesion. New businesses and small businesses contribute to fostering social and economic cohesion. These businesses stimulate economic activity, job creation and help integrate the unemployed or other disadvantaged groups into work.

The new EU territorial cohesion objective of the Lisbon Treaty calls for EU institutions to partner with local authorities and their stakeholders to deliver appropriate solutions and support the Union's development. It is therefore important that the future Entrepreneurship 2020 Action Plan reaches cities and has a strong territorial dimension.

COMMENTS ON SPECIFIC POINTS FROM THE CONSULTATION

We support all the initiatives proposed in the consultation. Below are further comments on the proposed initiatives.

Framework Conditions

In addition to the points raised in the consultation document we suggest that the future Entrepreneurship 2020 Action Plan should:

- support the dissemination and implementation of innovative best practices supporting entrepreneurship at local level
- support business networks and clusters development. Cities develop effective clustering policies by bringing together human resources, financial support, infrastructure development and partnership promotion. They can take a strategic role in cluster support and can facilitate collaboration across the public, private and research sectors. Whilst the EU does provide valuable guidance on clusters, there is undoubtedly potential to support cities in facilitating cluster development. A first step would be improved coordination between the policies and initiatives in support of clusters, for example, linking the European Clusters Observatory, Pro Inno Europe and Europe Innova.

Supporting new entrepreneurs

Targeted business support services, as mentioned in the consultation document, are particularly important. We would also suggest strengthening support for small businesses in gaining ICT capacity to help their business to grow (e.g. training to upgrade websites to allow e-commerce, getting the most of the social media).

Improving access to finance

Financial instruments developed at EU level, including European venture capital fund, are welcome and should be easily accessible for SMEs, i.e.:

- they should be easy to use for enterprises and administrative procedures should be reduced as much as possible; procedures for use of the financial instruments should be the same in all member states;
- information has to reach local entrepreneurs. National contact points or helpdesks should be set up to provide information and assistance to SMEs willing to use the financial instruments;
- they should easily be combined with other European funds, in particular the structural funds.

Entrepreneurial education and training for youth

Actions aiming to improve entrepreneurship education and business competences and skills for both future and new entrepreneurs are essential. These should be implemented and available at all educational levels and during professional career development.

Untapped entrepreneurial potential of women

Adequate facilities for child/dependant care and tailored support for women willing to launch their businesses, as mentioned in the consultation document, are important measures.

We need in particular to support organisations specialised in promoting female entrepreneurship. These organisations, which already exist in some cities, help address specific issues faced by women entrepreneurs in the start up and development of their activities, through individual training, support and advice. These types of initiatives are proven to be successful and should be encouraged and supported by European funding programmes.

EUROCITIES is hosting a seminar 'Cities supporting female entrepreneurship' on 4 October 2012 in Riga. Conclusions and recommendations from the seminar will be forwarded to the European Commission.

Seniors – second careers and business experience

People aged 50 and over are less likely to start their own business than younger people, but their businesses have much better 'survival' rates.⁷

European funding should support programmes specifically tailored to the older age group. Cities, as they gather key stakeholders on a defined geographical area, are the ideal partners to coordinate activities such as information provision, advisory services, mentoring, training, workshops and match-making events.

⁷ OECD Policy Brief on Senior Entrepreneurship, 2011: www.oecd.org

Specific support for migrant, minority or other specific groups of potential entrepreneurs

Tailored support for migrant, minority or other specific groups of potential entrepreneurs is very important and should be developed. This is particularly necessary in large cities, which are meeting places for different cultures and are becoming increasingly diverse. This cultural diversity sustains and promotes creativity, innovation and competitiveness.

Ethnic entrepreneurs often set up businesses in run down areas, thus contributing to urban regeneration and to the integration of migrants into employment.

Cities have a key role to play, for example by facilitating cooperation between local stakeholders (including ethnic business associations, trade bodies, professional training organisations) and by increasing their intercultural awareness and competences. Programmes aiming to foster ethnic entrepreneurship at local level should be supported by European funding.

OTHER SUGGESTIONS

Improve coordination between European funds to help support entrepreneurship as part of local integrated development

Entrepreneurship is part of integrated local development. It is important in the future that different European funds can be combined for projects that create a favourable environment for entrepreneurs to start businesses and for existing small businesses to flourish. This is particularly relevant for structural funds. Cities should be able to access a greater proportion of European social fund (ESF) money to combine with European regional development fund (ERDF) money through multi-fund programmes.

Funding from the ESF can be channelled towards training people, SMEs and third sector organisations operating in deprived city areas, whereas the ERDF is used for the physical renewal of run-down buildings and their transformation into community and training centres, incubators and other facilities. At the moment, funding integrated urban development by combining ESF and ERDF is often very difficult, if not impossible at project level.

Support the internationalisation of new and small businesses

Small businesses need information and support to target markets outside their countries and the EU. The Entrepreneurship 2020 Action Plan could improve that through:

- strengthening the Europe Enterprise network. The network, with its one-stop-shops for small businesses at local level, provides very useful information on various EU programmes and initiatives. It plays an important role to facilitate the expansion of SMEs in the single market and beyond. Enterprise Europe needs appropriate resources to facilitate access for small businesses to markets.
- making sure the websites of national points of single contact for entrepreneurs and existing businesses are available in various languages, and therefore accessible to all potential entrepreneurs
- further developing the Erasmus for young entrepreneurs scheme.

Promote research and development

Many entrepreneurs and small businesses, including new ones, have new ideas but lack financial means to turn them into reality. Support actions from European policies and programmes should therefore include:

- strengthening cooperation amongst SMEs and research centres
- supporting research and technological development undertaken by small businesses
- developing the overall research and development capacity of cities and regions.

Develop indicators and gather evidence on entrepreneurship

Figures and data on entrepreneurship are available at city level but there is no comparable data available at European level (for example on survival rates of newly created businesses). Data must be collected at the local level but should be consolidated at European level to ensure comparability and learning outcomes. This could be done through the annual SME performance review, and also through the urban audit.