Ref. Ares(2022)6281665 - 12/09/2022

EUROPEAN COMMISSION
DIRECTORATE-GENERAL
REGIONAL AND URBAN POLICY
Better Implementation, closure and Programme Implementation III
Austria, Germany and the Netherlands

Brussels,
REGIO. F.2/MP/hk

Dear Colleagues in the Managing Authorities,

The European Court of Auditors (ECA) has recently carried out a performance audit on the European Regional Development Fund (ERDF) support to SMEs competitiveness for the 2014-2020 programming period.

The report, published on 1st June 2022, acknowledges the key role of cohesion policy in encouraging SMEs competitiveness across the EU. However, the European Court of Auditors has also identified some perspectives for improvement, to focus the ERDF funding on competitiveness factors such as improvements in SMEs operations and market position, their integration in global value chains and strengthening their financial situation and capacity to innovate.

To maximise the impact of support from ERDF programmes, **Member States are invited to design calls which encourage the submission of proposals that are more likely to be effective in increasing SME competitiveness**. In practice, this would mean organising calls aimed at:

a) addressing factors that limit the competitiveness inside a project, by for example, combining research and innovation with investments, support to training and capacity building, design of an export market strategy etc.; and
b) strengthening the cooperation between SMEs and other bodies (e.g. other SMEs, businesses associations, universities/research organisations); and
c) supporting the participation of SMEs in advisory services and networks (such as for example the Enterprise Europe Network (EEN), Clusters organisations, Business Innovation Centres (BICs), European Business and Innovation Centre Network (EBN), etc.).

In addition to the above, **Member States are invited to review ERDF selection procedures**, in particular for grant financing, with the aim that projects are selected on the basis of ambitious selection criteria and thresholds in order to achieve the best relationship between the amount of support, the activities undertaken and the achievement of objectives.

The Commission has committed to support Member States in this process, in particular during the first calls for proposals of the 2021 – 2027 programming period. **To this end, the Commission invites Member States to include in the agenda of the first monitoring committee** of the concerned programmes **a point related to call design and selection criteria**, in order to discuss the points highlighted by the ECA in its recommendations. The logic behind the choice of selection procedure, on which the legal basis leaves managing authorities the possibility to choose between competitive and non-competitive calls, should also be part of the discussions.

In addition, and in line with the provisions of article 40(2)(a) of Regulation (EU) 2021/1060, the **Commission would like to request the selection criteria prior to their submission to the monitoring committee**. This would allow the possibility to discuss and provide support on a case-by-case basis, if requested, for the design of selection criteria for the calls aimed at enhancing SMEs competitiveness.

Yours faithfully,

electronically signed

Leo Maier
Head of Unit

Electronically signed on 10/09/2022 15:31 (UTC+02) in accordance with Article 11 of Commission Decision (EU) 2021/2121