

Call to action: Supporting SMEs' access to COVID support funding via professional advice

The COVID-19 crisis continues to have a huge negative impact on hundreds of thousands of Small and Medium-Sized Entities (SMEs). The European Union (EU) and national governments are already addressing the issue, having set up strong support measures to assist companies including SMEs, that collectively provide two thirds of all jobs in the EU, and account for more than half of Europe's GDP.

However, these support measures will only be effective if SMEs can actually smoothly access them and are able to use the funding in most efficient ways. There are several challenges to this:

- The current landscape of SME funding and COVID support across the EU is complex. SMEs are busy with immediate crisis management and often do not have the time, capacity or knowledge to identify the sources of funding and support available to them
- The application processes and eligibility requirements to access the funds can be burdensome, complex and prone to mistakes
- SMEs may struggle to identify the best ways to invest the funding to prepare for a resilient and sustainable post-COVID future

Likewise, states are facing an unprecedented public financing challenge from COVID – on one hand, facing decreasing tax revenue due to the economic downturn, and on the other, the need for governments to continue to provide public services, and help citizens and otherwise viable businesses stay afloat. The EU's recovery package will make additional funding available for countries, but this funding should be used in the most effective and transparent way, not only to maximise the funding's effectiveness but for the sake of ensuring that European taxpayers' investment does not go to waste.

SME associations, business advisors and accountants can play a role in helping to mitigate these challenges¹:

- As the closest and trusted advisors for SMEs, they are well placed to help SMEs:
 - Navigate the various local, national and European support financing opportunities
 - Access the relevant support options and prepare necessary application documentation
 - In the development of financial plans to ensure the most effective use of the funding to make a swift recovery during the crisis
- In doing so, they also ensure that key information in the application is not missing or misrepresented due to human error, lack of evidence or lack of

¹ Further detail in Annex I

- understanding of sometimes complex application requirements. This helps to reduce the risk of support applications which could be considered as fraudulent
- They can ensure that COVID public support is allocated in the most effective way to those numerous businesses that most directly and genuinely need it. As part of their regular contact with SMEs, these experts could play a role in advising on making funding allocation most effective, thereby helping to reduce needless depletion of public resources

Therefore, SMEUnited, Accountancy Europe, European Federation of Accountants and Auditors for SMEs (EFAA for SMEs) and ACCA (the Association of Chartered Certified Accountants) recommend the following actions:

- Experts from SME associations and the accountancy profession play an important role in supporting SME survival and have financial expertise about the current state of small businesses. Therefore, the European Commission and national governments should **fully and at early stage involve them in discussions, planning and design of SME support schemes to ensure their efficiency.** This includes them also being involved in identifying sectors and business types most in need, and to act as a contact between SMEs in distress and the public authorities
- Governments should ensure that **SMEs are able to access professional advice** as it is already the case in certain EU member states, such as in Ireland where the Covid-19 Business Financial Planning Grant programme provides entrepreneurs with 100% funding of up to €5,000 to access an approved financial consultant's advice, or Finland where the national innovation support vouchers also cover professional advice. This professional advice should help SMEs to:
 - Identify the most appropriate COVID recovery support options available to them
 - Prepare documentation required for applications for support and recovery financing
 - Develop robust financial plans and use the support funding in the most efficient way for the business
- These provisions could be **included in National Recovery and Resilience plans under the EU's Recovery and Resilience Facility and Budget for 2021**
- An **overall simplification and, where relevant, harmonisation** of the support application requirements and procedures across different EU and national support funds, including a better coordination between all involved stakeholders to make procedures as seamless as possible

ANNEX

I. Why SME associations, business advisors and accountants?

SME associations, business advisors and accountants play a key role in helping SMEs with:

- **liquidity, solvency and recovery:**
 - ✓ Identifying and support in the application process to **EU funding tools**, such as NextGenerationEU programme Package, InvestEU, the Competitiveness for Small and Medium Enterprises (COSME) Programme, SME support actions funded under the Horizon 2020 programme, Digital Europe, financial support by the EIB Group plus the deployment of the ESM; the Just Transition Fund; SURE; and the European Structural Investment Funds
 - ✓ Identifying and applying for the **SME specific Governments support programmes** (e.g. Employee Wage Subsidy scheme; waiver of interest rates on warehoused VAT / PAYE liabilities, waiving of Capital Gains Tax on equity investments into small businesses, etc), as well as targeted **COVID-related State aid** measures.

- But also **providing expert advice** regarding:
 - ✓ Identifying EU and national support to foster **green and digital transitions**, such SME decarbonisation grants or grants for SMEs digitalisation
 - ✓ **Preventive restructuring frameworks and second chance**, including early Warning mechanisms for companies in financial difficulties to avoid bankruptcy
 - ✓ **Digital transformation**, one of the key factors for the resilient future of the small business sector, and on **Fintech innovation based on distributed-ledger technology** ("blockchain")
 - ✓ **Sustainability transition**
 - ✓ **Harnessing benefits of global markets.**

II. Examples of existing national initiatives providing financial support for access to professional advice

- *Ireland.* [Covid-19 Business Financial Planning Grant programme](#) provides entrepreneurs with 100% funding of up to €5,000 to access an approved financial consultant advice. The grant is designed to help companies to develop a robust financial plan, including the preparation of documentation required to support applications for external finance from banks and/or other finance providers

- *Finland*. Innovation support vouchers in Finland, that also cover the professional advice <https://www.businessfinland.fi/en/for-finnish-customers/services/funding/research-and-development/innovation-voucher/>

III. References

- **SMEunited**: [EU Financial Instruments for SMEs; Recommendations for Improving the Flow of Credit to SMEs](#)
- **Accountancy Europe**: [2020 publication](#) for indication of the role accountants can play in helping SMEs in sustainable transition; Accountancy Europe on the [role of accountants in supporting SMEs with COVID](#) crisis; [Accountancy Europe's COVID resources page](#)
- **EFAA for SMEs** COVID-19 Resource Centre - [guidance for SMPs, position statement and webinars](#)
- **ACCA**: [From ACCA call to action to involve SMPs ; Accountants can help bridge the 'advice gap' on funding and capital arrangements for SMEs](#), says ACCA UK and Capitalise; [ACCA Responsible SMP Pacesetters report 2020](#); ACCA Report [Growing globally: How SMPs can unlock international ambitions](#)); [ACCA Global Forum for SMEs demands coordinated government support for hardest hit businesses](#); [ACCA study reveals SMPs are real Covid-19 lifeline while facing their own challenges during crisis](#); [ACCA Covid 19-hub](#)