

DEVELOPING

GREEN SMEs

Intermediary-sized eco-companies: missing components of the ecological transition

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SYNTHESIS OF THE WORKINGPAPER

Since France is the land of world champions in terms of water, waste and energy services, why isn't it also the World Champion of ecological transition? Obviously, this transition can only be done with the help of communities, entrepreneurs and citizens: it is therefore as much a matter of involving "small" as "big" actors. This enables us to highlight the importance of an often neglected but essential level: the SME (Small and Medium Enterprises) and Intermediary-sized companies from the green economy.

France has plenty of green SMEs, or eco-SMEs: we count more than 10,000 on national territory.

However, this number struggles to grow enough to galvanize subsidiaries for, **in addition to the usual problems encountered by every French SMEs from every sector, eco-SMEs also face their own difficulties:** a strong legal uncertainty in sectors where regulation is omniscient; extreme prudence of investors following the failure of solar photovoltaic energy while eco-activities are usually capital-intensive; and an almost natural supremacy of historical "leaders".

Nowadays, our eco-SMEs bump into a glass ceiling and few of them help strengthening the number of French intermediary-sized eco-companies, which is particularly low: we count less than a hundred of them at the present time. This note analyses what prevents French eco-SMEs from developing, with international comparison. It also stresses out **three solutions to unlock the growth of our eco-SMEs:**

- The ecological transition must be done through a decentralizing approach, in which public authorities set an example. **Public procurement thus constitutes a priority for eco-SMEs.** The French Code of Procurement is full of processes to make the choice for innovative SMEs easier, but legal (reclassification of a market, favoritism...) and financial (failure of the SME itself or of the innovating offer) risks hinder their expansion. **The creation of a Mission to Support Innovative Public Procurement would help buyers implementing innovative markets,** free of legal risks. This Mission would be ensured by financial security provided by the French Caisse des Dépôts to communities.
- Green sectors change quickly and are often represented by small actors, more flexible, who can easily adapt to change, even in terms of regulations. Contrary to what is usually thought, what **kill eco-SMEs is not changes in regulation but rather immobilism or brutality.** Favoring consultation after decisions rather than before, refusing arbitration to last longer than three months by trusting Administration on technical topics, planning transitional periods: this new guidelines would **lessen the regulatory uncertainty by assuming the evolution and dynamism of green sectors.**
- The structural lack of intermediary-sized eco-companies greatly restrains the development of green subsidiaries. **A "fast-track" process for intermediary-sized eco-companies would enable for instance eco-SMEs to benefit from quicker procedures in funding, certification and export assistance,** as well as providing strategic support. Inspired from initiatives launched by competitiveness clusters (especially from the digital sector), such a process would make the emergence of intermediary-sized eco-companies easier, while not constituting a burden for public finances.

These solutions could be extended to other sectors, but the strategic aspect of "green growth", as well as difficulties in terms of structural and sector-specific eco-activities, justify their implementation in priority and in a rather offensive manner.

