

Programme for the competitiveness of enterprises and SMEs, COSME 2014-2020

2011/0394(COD) - 13/12/2012 - Committee report tabled for plenary, 1st reading/single reading

The Committee on Industry, Research and Energy adopted the report by Jürgen CREUTZMANN (ALDE, DE) on the proposal for a Regulation of the European Parliament and of the Council establishing a Programme for the Competitiveness of Enterprises and small and medium-sized enterprises (2014-2020).

The parliamentary committee recommends that the European Parliament's position adopted at first reading under the ordinary legislative procedure should be to amend the Commission's proposal as follows:

Target all SMEs: Members consider that small- and medium-sized enterprises (SMEs) should play a crucial role in reaching the Europe 2020 objectives. This is why they call for easier access to the programme for all SMEs, in particular small and micro entities. To this effect, a **definition** of SMEs corresponding to the definition provided in [Commission Recommendation 2003/361/EC](#) is proposed in regard to micro-, small- and medium-sized businesses.

General objectives: in addition to the objectives proposed by the Commission, Members consider that COSME should also **encourage reduced administrative burdens**. Members favour measures that will reduce excessive administrative, financial and regulatory burdens on SMEs.

Specific objectives: Members go into further detail in regard to some of the specific objectives in the proposal:

- **access to finance:** Members stress the need to strengthen SMEs access to finance in the form of risk-capital and in the form of loans with the establishment of the two specific facilities;
- **access to European markets and the internationalisation of SMEs with the EEN network:** Members consider that the performance of the EEN network needs to be enhanced. Its tasks are redefined and include information services, feedback, business cooperation and internationalisation services in the Single Market and in third countries, as well as innovation services and services encouraging the participation of SMEs in Horizon 2020, based on the success observed in the 7th Framework Programme for RTD;
- **closer links with the Small Business Act and Think Small First:** Members consider that the programme should seek to improve the framework conditions to improve the competitiveness and viability of European enterprises, in particular SMEs, to encourage entrepreneurial spirit, improve access to finance and to markets in the Union and in the world, in line with the SBA. Particular attention should be given to actions implementing the "Think Small First" principle, announced in the Commission's communication of 25 June 2008.

Actions: Members insist on the following:

- **increased involvement of SME representative organisations:** COSME should support the development of policy on SMEs and cooperation between decision-makers and SME representative organisations. These activities should include a process to consult SMEs and groups of experts on the consistency of policies set in place;
- **support for the start-up, growth and transfer phases and access to so-called "second chance" measures:** Members consider that the programme should facilitate SMEs access to finance, in the start-up, growth but also transfer phases. The introduction of financial instruments should be

accompanied by provisions on **advice and personal counselling** and the **provision of knowledge-based services to businesses**. Members also call for “second chance” support for entrepreneurs after a bankruptcy;

- **“Erasmus for young entrepreneurs”**: the programme would also fund an action “Erasmus for young entrepreneurs the objective of which would be to develop entrepreneurial skills and attitudes.

Other actions would also be financed such as: (i) aid to draw up a scoreboard on the impact of relevant EU regulation on the framework conditions for SMEs; and (ii) information and exchange of best practices relating to the systematic application of the **SME test** in the transposition of Union legislation into national law.

Sectorial support: on the sectorial level, Members stress that the programme should favour: (i) **tourism** and (ii) **design** companies.

Involvement of bodies from non-participating countries: Members propose that bodies established in third countries should participate in parts of the programme without receiving financial contributions from the Union (except in exceptional cases or for non-profit-making organisations).

Financial instruments: Members call for the facilities provided for under COSME and HORIZON 2020 should be applied as aspects of the **one and the same instrument** to which SMEs and intermediaries could have access via a “one-stop-shop”. The facilities should also be complementary to financial instruments for SMEs under national promotional programmes. The instruments should be exploited with the aim of facilitating SMEs’ access to finance in their start-up, growth and transfer phases, without any distinctions based on activity or market size.

1. the Equity Facility for Growth (EFG): this facility shall focus on funds that provide: venture capital and mezzanine finance, such as subordinated and participating loans, to expansion and growth-stage enterprises, in particular those operating across borders, while having the possibility of making investments in early-stage funds in conjunction with the Equity Facility for Research and Innovation (R&I) under Horizon 2020 and providing co-investment facilities for business angels. In cases of early-stage investment, the investment from EFG **shall not exceed 20% of the total Union investment**. The Commission may decide to amend this threshold in the light of changing market conditions;

2. The Loan Guarantee Facility (LGF): the LGF shall be operated by the EIF or other entities entrusted with the implementation on behalf of the Commission and shall provide: (i) counter-guarantees and other risk-sharing arrangements for guarantee schemes; (ii) direct guarantees and other risk-sharing arrangements for any other financial intermediaries meeting the eligibility criteria. It shall be implemented as part of a single EU debt financial instrument for EU enterprises' growth and R&I, using the same delivery mechanism as the SME demand-driven window of the Guarantee Facility for R&I under Horizon 2020 (RSI II). Details on the composition of the facility are provided in the report. **The LGF shall cover loans up to EUR 150 000** and with a minimum maturity of 12 months. **The LGF shall also cover loans in excess of EUR 150 000 in cases where SMEs do not meet the criteria to be eligible under Horizon 2020's SME window** in the Debt facility, and with a minimum maturity of 12 months.

Financial envelope: in the motion for resolution, Members point out that the financial envelope specified in the legislative proposal constitutes only an indication to the legislative authority and that it cannot be fixed until agreement is reached on the regulation laying down the multiannual financial framework for the years 2014-2020. In any event, COSME’s allocation should not be less in real terms than the appropriations allocated to the Competitiveness and Innovation Framework Programme (CIP programme). In order to be able to fulfil its objectives and support the implementation of the Small Business Act,

Members call for at least **0.5% of the total budget of the Multiannual Financial Framework 2014-2020 to be allocated to the implementation of the Programme.**

The Commission had proposed an indicative allocation of EUR 2.522 billion. Members call for **at least 60% of this amount to be allocated to financial instruments.** The Commission would decide by means of delegated acts to increase the share allocated to financial instruments in the event of a significant imbalance between supply and demand. Monitoring and follow-up actions should not exceed 5% of the value of COSME's financial envelope.

Work programme: Members have added some detail to the structure of COSME's annual work programme and the procedures for its adoption.

Indicators (Annex I): Members ask that the programme's implementation should be monitored annually with the aid of key indicators for assessing results and impacts. These indicators, including relevant baselines, should provide the minimum basis for assessing the extent to which the objectives of the programmes have been achieved.

Report: the programme should be monitored and evaluated to allow for adjustments to be made if necessary. An annual report on its implementation, showing the progress made and the planned activities, should be drawn up. It should be presented to the competent committee of the European Parliament and include information on beneficiaries and applicants for grants.