

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

2011/0394(COD) - 21/11/2013 - Text adopted by Parliament, 1st reading/single reading

The European Parliament adopted by 554 votes to 27 with 18 abstentions, a legislative resolution 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 Parliament adopted its position at first reading following the ordinary legislative procedure. The amendments adopted at plenary are the result of a compromise negotiated between the European Parliament and the Council.

**Definition:** the small and medium-sized enterprises (SMEs) covered by the future regulation shall be those defined in [the Commission Recommendation 2003/361/EC](#) of 6 May 2003 concerning the definition of micro, small and medium-sized enterprises.

**Specific programme objectives and actions:** beyond the general programme objectives, COSME shall encourage:

- **access to finance for SMEs** in the form of equity and debt;
- improved framework conditions for enterprises;
- **access to markets** inside the Union and globally;
- **an entrepreneurial culture.**

Note that the field of 'tourism' which appeared as a sectoral field for finance via COSME does not appear in the final version of the text.

**The annual work programmes outline the full set of actions** to implement.

**Actions:** the main financial actions shall be as follows:

- 1) **access to finance for SMEs:** actions which aim to facilitate and improve access to finance for SMEs in their start-up, growth and transfer phases, being complementary to the Member States' use of financial instruments for SMEs at national and regional level. In order to ensure complementarity, these actions will be closely coordinated with those undertaken in the framework of cohesion policy, [Horizon 2020](#) and at national or regional level;
- 2) **improved access to markets:** actions aimed at improving SME access to the internal market including information and awareness actions as well as measures intending to widen the access of SMEs to markets outside the Union. These measures will include financing **Enterprise Europe Network**;
- 3) **improved framework conditions for enterprises:** actions aimed at reducing administrative burdens and unnecessary regulations (red tape), the promotion of the exchange of good practice or listing the needs of enterprises in terms of skills and training;
- 4) **improving an entrepreneurial culture:** in this area, the Commission shall support a business environment favourable to sustainable enterprise start-ups, development, growth, business transfer and second chance, as well as spin-offs and spin-outs.

**Financial envelope:** in line with the Multiannual Financial Framework, the financial envelope for implementing the Programme shall be **EUR 2.3 billion** for 2014-2020.

The financial envelope shall be divided as follows:

- 60% allocated to financial instruments;
- 21.5% to the COSME programme for improving SME market access;
- 11% for improved framework conditions for enterprises;
- 2.5% to strengthen entrepreneurial culture.

The Commission may deviate from these indicative amounts, but by no more than 5% of the value of the financial envelope in each case. Should it prove necessary to exceed this limit, the Commission may adopt delegated acts to modify the amounts.

Note that a financial envelope of not more than 2.5% of the programme shall be reserved for general support measures relating to programme implementation.

**Performance indicators:** the achievement of the COSME objectives shall be measured by a series of indicators defined in the Regulation annex.

**Participation of bodies of non-participating countries:** it is noted 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).

**Work programme:** new measures were added to the procedures for adopting the annual work programme.

**Financial instruments:** the financial assistance measures for SMEs were reviewed by specifying that the bodies in charge of their implementation should highlight the visibility of the Union financial support in this context:

**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):** this facility 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). It will provide: i) debt financing via loan guarantees; ii) securitisation of SME debt finance portfolios. The facility shall be operated by the EIF or other entities entrusted with the implementation on behalf of the Commission. The duration of individual guarantees may not exceed 10 years.

Technical provisions were designed to outline the rules linked to the eligibility of the guarantees envisaged.

Except for exceptions noted in the text, **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.

The annex was amended so as to align the operating rules of the facilities with the amended Regulation text.

**Report:** the Commission shall draw up an annual monitoring report examining the efficiency and effectiveness of supported actions. The report shall include basic information on grant beneficiaries, where possible, for each proposal call, as well as relevant data concerning the loans higher and lower than EUR 150,000 awarded under the Loan Guarantee Facility.

**Delegated acts:** the Commission shall be empowered to adopt delegated acts concerning changes to:

- additions to the performance indicators foreseen in the text;
- the management of the financial instruments;
- amendments to the amounts indicated in the financial envelope.

The delegation of power shall be given for the duration of the programme.