

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

2011/0394(COD) - 11/12/2013 - Final act

PURPOSE: to establish a Programme for the Competitiveness of Enterprises and small and medium-sized enterprises for the period 2014 – 2020 following on from and enhancing the [CIP Programme](#).

LEGISLATIVE ACT: Regulation (EU) No 1287/2013 of the European Parliament and of the Council establishing a Programme for the Competitiveness of Enterprises and small and medium-sized enterprises (COSME) (2014 - 2020) and repealing Decision No 1639/2006/EC.

CONTENT: this Regulation establishes a programme for Union actions to improve the competitiveness of enterprises, with special emphasis on small and medium-sized enterprises (SMEs) ("the COSME programme"), for the period from 1 January 2014 to 31 December 2020.

Definition: the small and medium-sized enterprises (SMEs) covered by the 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.

General objectives: the COSME programme shall contribute to the following general objectives, paying particular attention to the specific needs of SMEs established in the Union and of SMEs established in third countries participating in the COSME programme pursuant to Article 6:

- strengthening the competitiveness and sustainability of the Union's enterprises, particularly SMEs;
- encouraging entrepreneurial culture and promoting the creation and growth of SMEs

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

Specific objectives: the specific objectives of the COSME programme shall be:

- to improve **access to finance for SMEs** in the form of equity and debt;
- to improve **access to markets**, particularly inside the Union but also at global level;
- to improve framework conditions for the competitiveness and sustainability of Union enterprises, particularly SMEs, including in the tourism sector;
- to promote **entrepreneurship and entrepreneurial culture**.

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.

Participation of third countries: the COSME programme shall be open to the participation of:

- European Free Trade Association (EFTA) countries which are members of the European Economic Area (EEA);
- acceding countries, candidate countries and potential candidates;
- countries falling within the scope of the European neighbourhood policies.

In parts of the COSME programme in which a third country does not participate, entities established in that country may participate. They shall not be entitled to receive Union financial contributions, except where it is essential for the COSME programme;

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.

Work programme: the Regulation lays down the implementing procedures of the programme and in particular the procedure for the adoption of the Commission annual work programmes in accordance with the examination procedure.

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 be implemented as a window of a single Union equity financial instrument supporting Union enterprises' growth and research and innovation (R&I) from the early stage, including seed, up to the growth stage. It 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 lays down the operating rules of the facilities in accordance with the Regulation.

Monitoring and evaluation: the Commission shall draw up an annual monitoring report examining the efficiency and effectiveness of supported actions. The report shall include information on beneficiaries, when possible, for each call for proposals, information on the amount of climate-related expenditure and the impact of support to climate-change objectives, relevant data regarding the loans provided by the Loan Guarantee Facility above and below EUR 150 000.

By 2018 at the latest, the Commission shall establish an interim evaluation report on the achievement of the objectives of all the actions supported under the COSME programme.

All of these evaluations shall be submitted to the European Parliament and the Council.

Repeal: Decision No 1639/2006/EC is repealed with effect from 1 January 2014.

ENTRY INTO FORCE: 23.12.2013.

DELEGATED ACTS: the Commission shall be empowered to adopt delegated acts concerning additions to the indicators, changes to some specific details regarding the financial instruments and modifications to the indicative amounts that would exceed those amounts by more than 5 % of the value of the financial envelope in each case, should it prove necessary to exceed that limit. The power to adopt delegated acts is conferred on the Commission for a **duration of 7 years from 23.12.2013**.

The European Parliament or the Council may raise objections with regard to a delegated act within two months of the date of notification (which may be extended by two months). If Parliament or Council raise objections, the delegated act will not enter into force.