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

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The Commission presented a report on the implementation of the programme for the competitiveness of enterprises and SMEs 2014-2020 (COSME Programme).

In brief, COSME is the programme for EU actions to improve the competitiveness of enterprises, with special emphasis on small and medium-sized enterprises (SMEs).

COSME actions seek to optimise synergies with other EU spending programmes, in particular the European Structural and Investment Funds (ESIF) and the Horizon 2020 programme which includes the innovation activities which were previously part of the EIP.

COSME brings added value by addressing transnational issues and market failures in four key areas defined by the legal base:

- improving access to finance for SMEs in the form of equity and debt (at least 60% of the global budget envelope);
- improving access to markets inside and outside the Union (21.5%);
- improving framework conditions for businesses and the competitiveness of enterprises, including SMEs (11%);
- promoting entrepreneurship and entrepreneurial culture (2.5%).

In addition to the 28 EU Member States, the following third countries participated in COSME in 2014: Iceland, Montenegro, Turkey, Moldova and the former Yugoslav Republic of Macedonia.

The Commission is responsible for the overall implementation of COSME. The first objective is implemented through the financial instruments that are entrusted to the European Investment Fund (EIF). The implementation of the actions under objectives 2, 3 and 4 is largely delegated to the Executive Agency for SMEs (EASME). Indirect management by international organisations is also envisaged for certain analytical and benchmarking activities.

Implementation in 2014: this report presents an overview of the COSME budget implementation in 2014 including support measures and expenses of an administrative nature.

The total budget available, including the administrative appropriations, to implement the 36 actions in the work programme 2014 was **EUR 258 983 630**.

2014 was a transition year from the Competitiveness and Innovation Framework Programme (CIP) to COSME with the delegation of implementation to a new executive agency.

One of the main components of the programme, the Enterprise Europe Network was renewed and two new financial instruments were set up, one for debt and one for equity.

2014 was a particularly challenging year for EASME. It managed a budget of nearly EUR 1.1 billion (compared to EUR 586 million in 2013). The number of staff increased from 144 (in 2013) to 300 Full Time Equivalent (FTE) by the end of the year. This generated teething problems resulting in implementation delays. As a result EUR 78.8 million from the EUR 95.5 million delegated from the

COSME programme were carried over for implementation in 2015. The agency eliminated the backlog in 2015 and reached an implementation level of 98.3% of the 2014 actions carried-over to 2015.

In total, 99.23% of the EUR 258.983 million available were committed. For payments, the implementation rate was on average 93.08% due to administrative expenditure rates while in the operational lines 100% execution was reached.

COSME delivered and reached **very good levels of budget execution in 2014** despite an important increase in externalisation of activities to the Executive Agency and the renewal of the two main actions: the financial instruments and the Enterprise Europe Network.

The programme helped to finance a number of relevant actions to support European SMEs. It started to **ease the access to finance for European business through the newly established framework with the EIF** and financial intermediaries.

The report noted that in 2014, access to finance represented 58% (EUR 163.5 million) of the financial envelope available for COSME and at the end of 2015, more than 51 000 SMEs had received financing for almost EUR 1 300 million under the loan guarantee facility, also thanks to the enhancement of the COSME through additional risk-bearing capacity provided from the European Fund for Strategic Investment (EFSI) which was made available in July 2015.

The implementation of COSME exceeded expectations and confirmed the high market demand for financing to riskier SMEs, especially start-ups and small businesses.

The report noted that actions financed from the 2014 COSME budget have helped entrepreneurs to **launch their business**. A significant number of companies have benefitted from services helping them to access new markets and several COSME measures have contributed to the creation of a better business environment for enterprises, in particular SMEs. The Commission, in close cooperation with EASME, will continue to improve the dissemination of the results of the COSME projects, seek further synergies with other Commission programmes and provide up-to-date information on the beneficiaries of the COSME actions.