




Basic information	
2011/0394(COD) COD - Ordinary legislative procedure (ex-codecision procedure) Regulation	Procedure completed
Programme for the competitiveness of enterprises and SMEs, COSME 2014-2020 Repealing Decision No 1639/2006/EC 2005/0050(COD) Repealed by 2018/0231(COD) Subject 3.40.14 Industrial competitiveness 3.45.02 Small and medium-sized enterprises (SME), craft industries 3.45.08 Business environment, reduction of the administrative burdens	

Key players			
European Parliament	Committee responsible		Rapporteur
	<div>ITRE</div> Industry, Research and Energy		CREUTZMANN Jürgen (ALDE)
			Shadow rapporteur BENDTSEN Bendt (PPE) TOIA Patrizia (S&D) BÜTIKOFER Reinhard (Verts /ALE) SZYMAŃSKI Konrad (ECR)
	Committee for opinion		Rapporteur for opinion
	<div>BUDG</div> Budgets		RÜBIG Paul (PPE)
	<div>ECON</div> Economic and Monetary Affairs		The committee decided not to give an opinion.
	<div>EMPL</div> Employment and Social Affairs		The committee decided not to give an opinion.
	<div>IMCO</div> Internal Market and Consumer Protection		MCCLARKIN Emma (ECR)
	<div>TRAN</div> Transport and Tourism		The committee decided not to give an opinion.

	<div>FEMM</div> Women's Rights and Gender Equality	YANNAKOUDAKIS Marina (ECR)	20/12/2011
Council of the European Union	Council configuration	Meetings	Date
	Competitiveness (Internal Market, Industry, Research and Space)	3169	2012-05-30
	Competitiveness (Internal Market, Industry, Research and Space)	3133	2011-12-05
	Competitiveness (Internal Market, Industry, Research and Space)	3258	2013-09-26
	Transport, Telecommunications and Energy	3278	2013-12-05
European Commission	Commission DG	Commissioner	
	Internal Market, Industry, Entrepreneurship and SMEs	TAJANI Antonio	
European Economic and Social Committee			

Key events			
Date	Event	Reference	Summary
30/11/2011	Legislative proposal published	COM(2011)0834 	Summary
05/12/2011	Debate in Council		Summary
13/12/2011	Committee referral announced in Parliament, 1st reading		
30/05/2012	Debate in Council		Summary
29/11/2012	Vote in committee, 1st reading		
13/12/2012	Committee report tabled for plenary, 1st reading	A7-0420/2012	Summary
30/05/2013	Debate in Council		
26/09/2013	Debate in Council		Summary
20/11/2013	Debate in Parliament		
21/11/2013	Decision by Parliament, 1st reading	T7-0503/2013	Summary
21/11/2013	Results of vote in Parliament		
05/12/2013	Act adopted by Council after Parliament's 1st reading		
11/12/2013	Final act signed		
11/12/2013	End of procedure in Parliament		
20/12/2013	Final act published in Official Journal		

Technical information	
Procedure reference	2011/0394(COD)

Procedure type	COD - Ordinary legislative procedure (ex-codecision procedure)
Procedure subtype	Legislation
Legislative instrument	Regulation
Amendments and repeals	Repealing Decision No 1639/2006/EC 2005/0050(COD) Repealed by 2018/0231(COD)
Legal basis	Treaty on the Functioning of the EU TFEU 195-p2 Treaty on the Functioning of the EU TFEU 173-p3
Other legal basis	Rules of Procedure EP 165
Mandatory consultation of other institutions	European Economic and Social Committee
Stage reached in procedure	Procedure completed
Committee dossier	ITRE/7/08064

Documentation gateway




European Parliament

Document type	Committee	Reference	Date	Summary
Committee draft report		PE489.639	11/06/2012	
Amendments tabled in committee		PE491.338	05/07/2012	
Amendments tabled in committee		PE492.830	05/07/2012	
Committee opinion	IMCO	PE488.046	10/07/2012	
Committee opinion	BUDG	PE491.276	18/09/2012	
Committee opinion	FEMM	PE491.366	24/09/2012	
Committee report tabled for plenary, 1st reading/single reading		A7-0420/2012	13/12/2012	Summary
Text adopted by Parliament, 1st reading/single reading		T7-0503/2013	21/11/2013	Summary

Council of the EU

Document type	Reference	Date	Summary
Draft final act	00058/2013/LEX	11/12/2013	

European Commission

Document type	Reference	Date	Summary
Legislative proposal	COM(2011)0834 	30/11/2011	Summary
Document attached to the procedure	SEC(2011)1452 	30/11/2011	
Document attached to the procedure	SEC(2011)1453 	30/11/2011	
Commission response to text adopted in plenary	SP(2014)87	30/01/2014	
	COM(2016)0526		

Follow-up document		24/08/2016	Summary
Follow-up document	SWD(2016)0274 	24/08/2016	
Follow-up document	SWD(2016)0277 	24/08/2016	
Follow-up document	COM(2018)0388 	04/06/2018	Summary
Follow-up document	SWD(2018)0299 	04/06/2018	
Follow-up document	SWD(2018)0300 	04/06/2018	
Follow-up document	COM(2019)0468 	14/10/2019	Summary
Follow-up document	SWD(2019)0374 	14/10/2019	Summary
Follow-up document	COM(2021)0682 	08/11/2021	
Follow-up document	COM(2021)0684 	08/11/2021	
Follow-up document	COM(2021)0685 	08/11/2021	
Follow-up document	COM(2022)0527 	14/10/2022	
Follow-up document	COM(2023)0632 	19/10/2023	
Follow-up document	COM(2024)0425 	01/10/2024	
Follow-up document	SWD(2024)0226 	01/10/2024	

National parliaments

Document type	Parliament/Chamber	Reference	Date	Summary
Contribution	PT_PARLIAMENT	COM(2011)0834	01/03/2012	
Contribution	IE_HOUSES-OF-OIREACTHAS	COM(2011)0834	30/05/2012	

Other institutions and bodies

Institution/body	Document type	Reference	Date	Summary
EESC	Economic and Social Committee: opinion, report	CES0808/2012	29/03/2012	

Additional information		
Source	Document	Date
National parliaments	IPEX	
European Commission	EUR-Lex	
European Commission	EUR-Lex	

Final act	
Regulation 2013/1287 OJ L 347 20.12.2013, p. 0033	Summary

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

2011/0394(COD) - 30/11/2011 - Legislative proposal

PURPOSE: to establish a Programme for the Competitiveness of Enterprises and small and medium-sized enterprises for the period 2014 – 2020.

PROPOSED ACT: Regulation of the European Parliament and of the Council.

BACKGROUND: small and medium-sized enterprises (SMEs) are an important contributor to growth and employment in the Union. If the Union is to deliver its [Europe 2020](#) priorities of smart, sustainable and inclusive growth, competitiveness needs to be centre stage.

While regulatory means are at the Union's disposal, including smart legislation and cutting red tape for Union enterprises, some market failures can be addressed effectively through public funding at EU level. This is already happening. The [Competitiveness and Innovation Framework Programme \(CIP\)](#) provides funding for relevant action. The need to continue and develop such financial support was recognised in the Commission [Communication "A budget for Europe 2020"](#).

Accordingly, the Commission has proposed a "Programme for the Competitiveness of Enterprises and SMEs" (COSME) as a **means of addressing key market failures that limit the growth of enterprises, particularly SMEs**, in the Union.

The Programme is designed to create the conditions for European enterprises to flourish and to ensure that SMEs are able to take full advantage of the Single Market's enormous potential, as well as encouraging them to look beyond it. There needs to be a special effort to promote the development of **SMEs, a major source of economic growth and job creation in the Union**, accounting for more than 67 % of private sector jobs and providing more than 58 % of total turnover in the EU.

It should also be noted that particular attention will be given to improve the competitiveness of enterprises in the tourism sector to implement the new competencies of the Union provided for in the Lisbon Treaty, the reason being the significant contribution of this sector to the Union's GDP and the high proportion of SMEs active in this sector.

IMPACT ASSESSMENT: an impact assessment covering the instruments of the Programme was carried out and it accompanies this Commission proposal. The impact assessment considered four options:

- **Option 1 status quo:** this would cover the same competitiveness- and SME-related elements as the EIP is expected to cover in 2013;
- **Option 2:** this would discontinue all current financial interventions.
- **Option 3b:** this option would maintain the current scope of intervention with a balanced budgetary expansion;
- **Option 3c:** this would mean a focused budgetary expansion, with financial support restricted to the financial instruments and the Enterprise Europe Network.

The impact assessment has concluded that **modest budgetary expansion is the preferred option (3b)**, as it would provide a balanced approach in terms of supporting efficiency gains, critical mass, coherence and effectiveness, and tackling market and regulatory failures.

LEGAL BASIS: Articles 173 and 195 of the Treaty on the Functioning of the European Union (TFEU).

CONTENT: the proposed regulation aims to establish a programme for Union actions to improve the competitiveness of enterprises, with special emphasis on small and medium-sized enterprises (SMEs) for the period from 1 January 2014 to 31 December 2020.

General objectives: the Programme aims to:

- strengthen the competitiveness and sustainability of the Union's enterprises including in the tourism sector;
- encourage an entrepreneurial culture and promoting the creation and growth of SMEs.

The achievement of these objectives shall be measured by certain indicators which are specified in the proposal.

Specific objectives: the specific objectives of the Programme shall be:

(1) to improve **framework conditions for the competitiveness and sustainability** of Union enterprises including in the tourism sector;

(2) to promote **entrepreneurship**, including among specific target groups;

(3) to improve **access to finance for SMEs** in the form of equity and debt;

(4) to improve **access to markets** inside the Union and globally.

(1) **Improve framework conditions for the competitiveness and sustainability of Union enterprises including in the tourism sector** by supporting coherence and consistency in implementation as well as informed policy-making at Union level. Union actions will include:

- reinforcing the use of the "Think Small First" principle in Union and Member State policy-making;
- identifying and exchanging best practices to contribute to implementing the Small Business Act; and
- supporting SMEs in making the most of the Single Market's potential. Business sectors, including manufacturing and services, and selected sectors in which there are a high proportion of SMEs will be strengthened.

(2) **Promoting entrepreneurship, including among specific target groups:** activities will include:

- simplifying administrative procedures;
- developing entrepreneurial skills and
- attitudes, especially among new entrepreneurs, young people and women;
- promoting second chances for entrepreneurs.

(3) **Improving access to finance for SMEs in the form of equity and debt:** financial instruments for growth, including new equity and debt platforms to provide equity facility and loan guarantees, will enable SMEs to access funding more easily:

- **an equity facility** for growth-phase investment will provide SMEs with commercially-oriented reimbursable equity financing primarily in the form of venture capital through financial intermediaries;
- **a loan facility** will provide SMEs with direct or other risk-sharing arrangements with financial intermediaries to cover loans.

An annex gives details of the actions linked to improving SME financing.

(4) **Improving access to markets inside the Union and globally:** growth-oriented business support services will be provided via the [Enterprise Europe Network](#) to facilitate expansion in the Single Market and beyond. This Programme will also provide SME business support in markets outside the Union. There will also be support for international industrial cooperation, particularly to reduce differences in regulatory and business environments between the EU and its main trading partners.

The proposal also contains provisions covering expenses pertaining to preparatory, monitoring, control, audit and evaluation activities.

Management and implementation of the Programme: management will be largely outsourced:

- the financial instruments will be operated by the European Investment Bank Group on behalf of the Commission;
- other actions may be managed by an executive agency, building on the positive experience with the Executive Agency for Competitiveness and Innovation (EACI) in the current multi-annual financial framework.

The use of one executive agency will also lead to a streamlined use of IT tools and electronic portals, thus further contributing to easier access for SMEs.

In order to implement the Programme, the Commission shall adopt an annual work programme, which will set out the objectives pursued, the expected results, the method of implementation and their total amount.

The work programme will also contain a description of the actions to be financed, an indication of the amount allocated to each action and an indicative implementation timetable. It shall include for grants the priorities, the essential evaluation criteria and the maximum rate of co-financing.

Simplification: a priority for the Commission in this Programme, as in other programmes within the context of the Multiannual Financial Framework (MFF), is to simplify the regulatory environment and **facilitate access to funds for EU enterprises**, particularly SMEs, as far as possible. This approach

is applied in the Competitiveness and SME Programme (COSME) by basing it solely on the rules of the Financial Regulation, **without any derogation**. This provides for simple, coherent and standardised administrative procedures for enterprises to access funds.

The revision of the Financial Regulation will help to make it easier for small enterprises to take part in funding programmes, for example by:

- simplifying rules;
- reducing the costs of participation;
- accelerating award procedures and
- providing a "one-stop shop" to make access to Union funding easier. A new system of lump sums is proposed.

To allow for an improved access to funding for SMEs, the rules for participation and eligibility of all future Union funding programmes will be aligned to the greatest extent possible.

Financial instruments: financial instruments as such are simple to use for enterprises as they **address their bank or venture capital fund with an ordinary financing request and not with a project proposal as for grant finance**. As regards the financial instruments to be implemented by the European Investment Fund (EIF) or other appropriate financial institutions, the Commission proposal for the equity and debt platforms and the revised Financial Regulation will govern the financial instruments' administrative requirements. The rules will be simplified to the greatest extent possible, to strike a balance between reporting obligations on intermediaries and beneficiaries on the one hand, and sound financial management, including audit requirements, on the other.

In addition, the simplified procedures developed by the EACI will be taken over by the Commission for similar types of projects. Best practices will be shared as regards, for example, simplifications the Agency introduced in grant agreements, contracts and procedures. Further simplification might include more flexible implementation modalities for grant agreements to avoid the need for amendments at a later stage.

Participation of third countries: the Programme shall be open to the participation of:

- European Free Trade Association (EFTA) countries which are members of the European Economic Area (EEA), in accordance with the conditions laid down in the EEA Agreement, and other European countries when agreements and procedures so allow;
- acceding countries, candidate countries and potential candidates in accordance with the general principles and general terms and conditions for the participation of those countries in Union's programmes;
- countries falling under the scope of the European neighbourhood policies, when agreements and procedures so allow.

Monitoring and evaluation: the Commission shall monitor the implementation and management of the Programme. It shall draw up an annual monitoring report examining the efficiency and effectiveness of supported actions in terms of financial implementation, results and, where possible, impact. By 2018 at the latest, the Commission shall establish an evaluation report on the achievement of the objectives of all the actions supported under the Programme.

Repeal and transitional provisions: [Decision 1639/2006/EC](#) is repealed with effect from 1 January 2014. However, actions initiated under Decision 1639/2006/EC and financial obligations related to those actions shall continue to be governed by that Decision until their completion.

BUDGETARY IMPLICATIONS: the financial appropriations for implementing the Programme for the period from 1 January 2014 to 31 December 2020 shall amount to **EUR 2.522 billion** of which approximately **EUR 1.4 billion** shall be allocated to financial instruments.

DELEGATED ACTS: the proposal contains provisions empowering the Commission to adopt delegated acts in accordance with Article 290 of the Treaty on the Functioning of the European Union particularly in respect of specific rules for participation and externalisation of certain tasks.

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

2011/0394(COD) - 05/12/2011

The Council **noted the presentation, by the Commission, of its proposals** for a Business Competitiveness and SMEs programme for the years 2014-2020 (COSME and Horizon 2020).

The "Competitiveness and SMEs programme" will be the successor to the non-innovation part of the current "Competitiveness and Innovation Framework Programme" (CIP). All research and innovation support to SMEs (including the innovation part of the CIP) will be included in the framework programme for research and innovation "Horizon 2020".

The new multi-annual programme, with a proposed total budget of EUR 2.5 billion for the whole period, will focus mainly on measures to promote more dynamic and internationally competitive SMEs.

These measures will include:

- actions to improve the competitiveness and sustainability of EU industry;
- innovative financial instruments for growth to facilitate SMEs' access to funding;

- measures to support EU companies trying to gain better access to markets;
- activities to promote entrepreneurship.

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

2011/0394(COD) - 30/05/2012

The Council reached an agreement on the essential elements of the Competitiveness of Enterprises and SMEs programme (the "COSME programme") for the years 2014-2020.

The agreement paves the way for the start of negotiations on the programme with the European Parliament with a view to its timely adoption.

All delegations stressed the importance of the programme in contributing to the easing of credit crunch conditions for European business caused by the economic crisis. Facilitation of access to finance should be accompanied by an efficient regulatory environment.

They agreed on the **principles** of achieving simplified procedures and the need to avoid an unnecessary administrative burden when implementing the provisions of the programme.

A few delegations also emphasised the role of the tourism sector in the programme. Some delegations referred to the advisability of reinforcing the "Enterprise Europe Network" as a means of promoting the competitiveness of SMEs within the internal market and beyond the EU.

The coherence between COSME and other EU programmes and instruments was also mentioned.

Under the agreement, the financial instruments of the programme, which will include an equity facility and a loan guarantee facility, will be employed with a view to facilitating access to finance for SMEs in their start-up, growth and transfer phases. The Commission will develop a set of **key performance indicators** designed to assess the extent to which the objectives of the measures supported under the COSME programme have been achieved.

It should be noted that the COREPER on 16 May 2012 examined the Presidency compromise proposal and managed to solve most of the remaining outstanding issues. However, there are still some concerns on the following items :

Annual work programmes:

- on Article 13.1 (e), which mention the percentage per year which could be allocated to Loan Guarantee Facility above € 150.000, DE, NL and SI would like the deletion of the paragraph;
- on Article 13.1 (f), on financial instruments, DE and NL would like the deletion of the words " e.g. guarantee cap".

The Commission fully reserves its position on the entire compromise proposal. Its reservation pertains in particular to the introduction of a no-opinion-clause (Article 19) and to the changes introduced to the Loan Guarantee Facility (Article 17.11).

Budget: the proposed budget for implementing the programme during the 7-year period amounts to EUR 2.5 billion. The final budget for COSME will be decided in the context of the overall EU budget for the next cycle of financial perspectives.

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

2011/0394(COD) - 24/08/2016 - Follow-up document

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.

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

2011/0394(COD) - 04/06/2018 - Follow-up document

This Commission report presents an overview of the implementation of the COSME budget in 2015, including support measures and administrative expenditure.

COSME is the programme for EU actions to improve the competitiveness of enterprises, with special emphasis on small and medium-sized enterprises (SMEs). It brings added value by addressing transnational issues and market failures in four key areas defined by the legal base: (i) improving access to finance for SMEs in the form of equity and debt; (ii) improving access to markets inside and outside the Union; (iii) improving framework conditions for businesses and the competitiveness of enterprises, including SMEs; (iv) promoting entrepreneurship and entrepreneurial culture.

COSME has an overall indicative budget of EUR 2.3 billion for the seven-year period of COSME's existence (2014-2020). In total, 99% of the EUR 329 million available was committed. For payments, the implementation rate was on average 89%.

During 2015, the programme **became operational** as the implementation of the projects launched in 2014 took their first steps.

The main results for 2015 are as follows:

Access to finance: the COSME Regulation specifies that at least 60% of the total budget (EUR 1.4 billion) should be allocated to financial instruments for the period 2014-2020.

Access to finance remains a **key policy area**. The total committed budget for the loan guarantee facility (LGF) amounted to EUR 148.5 million, while the total budget committed for the equity facility for growth (EFG) amounted to EUR 50.7 million. The budget committed in 2015 for accompanying actions was EUR 0.8 million. These actions included the promotion of financial instruments and the gathering of data on SMEs access to finance:

- more than **51 000 SMEs** received financing of almost EUR 1,300 million under the LGF and guarantee agreements were signed in 17 countries;
- five commitments were signed by the EIF in 2015 under the EFG for the establishment of funds that focus mainly on investments in Italy, France, the Netherlands, Greece and Germany, but are open to cross-border investments. The expected volume of investments into eligible final recipients amounts to almost EUR 395 million and is expected to provide risk capital to around 53 SMEs;
- in 2015, the GIF (High Growth and Innovative SME Facility) instrument also continued to provide risk capital to SMEs, with equity investments into 68 additional SMEs.

Access to **Finance information events** saw over 3,000 participants in 2015. The 'Your Europe – Business' portal attracted 1.6 million unique visitors, the second most visited section is financing.

Access to markets: COSME, including the integrated business support services of the Enterprise Europe Network, contributed to facilitating SMEs' access to finance and markets, to decrease the disproportionate administrative burden and to promote entrepreneurship across the EU.

On a yearly basis, the network provides services to about **250 000 SMEs**, including specialised advisory services to some 70 000 SMEs. In 2015, 527 participating organisations from 90 consortia covering all EU regions and 8 COSME participating countries, including Serbia and Armenia, joined the Network.

Improvement of general conditions and competitiveness of enterprises: in 2015, **EUR 24.3 million** were directed to this objective from the Work programme and EUR 5.8 million from the Support Measures, representing 11.7% of the financial envelope. COSME funded actions aim at reducing the administrative burden, strengthening coordination of Member States' industrial policies and reinforcing the use of the 'Think Small First' principle:

- the '**Clusters Internationalisation Programme for SMEs**' focuses on the promotion of cluster internationalisation where interested consortia have the opportunity to develop a joint international strategy and support SME internationalisation beyond Europe, especially in emerging thematic areas;
- another action aims to strengthen the competitiveness of European SMEs active in the **design-based consumer goods** sector by encouraging the market to adopt new and creative solutions in this field;
- **tourism initiatives** funded by COSME 2015 have contributed to strengthening the competitiveness of the European tourism sector.

Entrepreneurial culture: in 2015, a budget of **EUR 12.9 million** was implemented to promote entrepreneurship, in particular for the **Erasmus mobility programme for young entrepreneurs**, representing 4% of the total amount committed to COSME.

Nearly 12 000 entrepreneur profiles were registered and 3 900 matches involving 7 700 entrepreneurs were made. A survey shows that more than a third of the potential entrepreneurs who participated in this programme have set up a business.

As an SME-focused programme, the COSME actions complement other EU programmes and build on the solid experience from the predecessor programmes.

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

2011/0394(COD) - 14/10/2019 - Follow-up document

The European Commission presented a report on the interim evaluation of the programme for the competitiveness of enterprises and small and medium-sized enterprises (COSME).

As stipulated in the [COSME regulation](#), the Commission has carried out the interim evaluation of the programme in order to assess its relevance and added-value as well the effectiveness and efficiency of its implementation and coherence with other EU programmes. The mid-term evaluation covers the period 2014-2016.

This report summarises the main findings of the evaluation according to the following five evaluation criteria:

Relevance

COSME actions are highly relevant in addressing the challenges related to fostering economic growth and creating employment opportunities. However, their impact is more limited in addressing global and societal challenges. COSME responds to these objectives mainly in an indirect manner.

The flexibility of COSME is a key asset. It allows the implementation of new policy priorities through launching new actions and through steering funding towards areas that constitute a priority. In this respect, several changes in the allocation of the budget were proposed and executed during the first three years of the implementation.

The main weakness regarding relevance relates to the structure of the programme.

Effectiveness

The report noted that between 2014-2016, COSME has been successful in reaching the expected outputs such as the number of SMEs benefiting from debt financing or number of events organised. The available evidence suggests that COSME will have a positive impact on its beneficiaries' growth and employment. The strength of COSME lies in particular in the use of intermediaries for the implementation of the programme.

- **The Loan Guarantee Facility and the Equity Facility for Growth** financial instruments are highly effective for beneficiary SMEs, especially the Loan Guarantee Facility (LGF). However, it was pointed out that the threshold of EUR 150 000 above which the financial intermediaries must check if the SME does not meet any of the innovation criteria established under the Horizon 2020 debt financial instrument for SMEs created a negative effect. The intermediaries are induced to limit their financial offer to this threshold while the threshold is deemed inadequate to the financing needs of many SMEs.

Under the Loan Guarantee Facility (LGF), more than 60 financial intermediaries in 25 countries are involved as per 31 December 2016, supporting more than 140 000 SMEs, out of which 50% are start-ups with an operating history of less than five years and 90% of supported businesses are micro enterprises.

- **The Europe Enterprise Network (EEN)** has shown a strong capacity to reach SMEs throughout Europe, including 150 000 SMEs that participated in the EEN co-operation and advisory services.

- **The Small Business Act (SBA)** Implementation actions successfully provided quality information to national policy-makers through the publication of the SME Performance Review and provided a highly appreciated platform for information and good practice sharing through the SME Envoys Network. These activities contribute to a convergence of SME policies across COSME countries.

- **Erasmus for Young Entrepreneurs (EYE)** was successful in reaching its expected goals. It involved around 3500 entrepreneurs. It is estimated that participation of New Entrepreneurs in the programme led to the creation of 250 new companies, EUR 5 million of additional turnover and about 1000 new jobs over the period 2014-2016. Participants stated that their EYE experience had improved their understanding of the challenges faced by entrepreneurs.

Efficiency

Overall, COSME is operating at a reasonable level of efficiency. The actions are implemented in line with the specific objectives and timetables set out in the annual work programmes. A substantial majority of intermediaries and final beneficiaries report a good cost-benefit ratio for their participation. However, a high number of small actions reduces the cost-effectiveness of COSME implementation by EASME. The fragmentation will be addressed in the COSME annual work programmes until the end of the programming period by prioritising bigger and strategic actions which implement the Commission policy priorities while keeping a limited number of smaller pilot actions to keep the flexibility of the programme.

On the shortcomings, the mid-term evaluation shows that the management of COSME data needs to be improved. A stronger attention to the collection of data on the profile of the beneficiaries is needed to allow for a proper monitoring of the programme outcomes and progress towards reaching its objectives.

Coherence

Overall, COSME programme shows a good level of internal coherence. Efforts are made to create synergies and no substantial overlaps were identified. A lot of attention is dedicated to reaching complementarities among the different actions, especially in the areas of the EEN and internationalisation. The EU-Japan Centre and the IPR Helpdesks, for instance, are both cooperating with the EEN. There is an overall coherence between COSME and Horizon 2020 financial instruments.

At the same time the mid-term evaluation shows that the interplay between the EU, national and regional levels of support for SMEs is not always synergistic and complementary, even though no substantial overlaps were identified. The improved data management and easier access to the monitoring data at country/regional level will allow Member States to report on overlaps and to increase synergies.

European Union added value

COSME has a good level of European added value. The European dimension constitutes the very essence of the design of COSME actions. In several cases, the COSME actions have not only been additional to, but have also helped in enhancing national, regional and local level measures.

The EYE programme has also a strong EU cross-border remit and objectives. It enables mobility throughout Europe, matching young entrepreneurs with their hosts in other countries and offering opportunities to learn and to meet business contacts across the Single Market. The scale and depth of support that COSME offers goes well beyond the support that can be offered to European SME through national or regional initiatives.

Main conclusions

The interim evaluation of COSME gives a positive overview of the programme implementation and results achieved during the first three years of the programming period. The programme implementation is on track to reach the objectives set out in the legal basis by the end of 2020. However, it must be noted that the findings of this evaluation are limited to the evaluation period and do not yet provide full impact of the COSME programme.

The mid-term evaluation will pave the way for the final evaluation of COSME that will also feed the detailed design of the first work programmes of the period post 2020. Preliminary findings of the interim evaluation have informed the impact assessments on Single Market and Invest EU programmes for the next Multi-annual Financial Framework 2021-2027.

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

This Commission staff working document accompanies the Commission report on the interim evaluation of the programme for the competitiveness of enterprises and small and medium-sized enterprises (COSME).

This evaluation assesses the relevance, effectiveness, coherence, efficiency and EU added-value of the Programme from 2014 to 2016, with a view to a decision on the renewal, modification or suspension of the measures. It covers the 28 Member States of the European Union and the COSME participating countries.

It also contributed to the preparation of the future programme in the next Multi-annual Financial Framework for the period 2021-2027.

Main findings

- COSME actions are highly relevant in addressing the challenges related to fostering economic growth and creating employment opportunities and is strongly aligned to the evolving needs of SMEs. The programme also addresses in a direct and concrete manner the need of young entrepreneurs to strengthen their entrepreneurship skills. However, this approach limits the possibility of specifically addressing other issues. Its two major actions, LGF and EEN, accounting for about 80% of the total budget committed, target all SMEs without making distinctions to reflect the programme's 'inclusive and sustainable growth' and 'global competitiveness' policy objectives. The two major actions can therefore create only 'unintended' effects in those areas. As a result, the relevance of COSME for policy objectives such as gender mainstreaming or climate change is limited.

- COSME is complementary to other EU policy instruments and programmes supporting business, without significant overlaps. It is the only EU programme designed to support SMEs' competitiveness and growth. It responds to existing needs, because a financing gap continues to exist in Europe, depending on the national context, and information asymmetries, specifically those related to market opportunities in the European Single Market and the global market, continue to require policy intervention for facilitating knowledge transfer and exchange as well as cross-border co-operation.

- Better links between financial instruments and other parts of the future SME programme are needed.

- Better co-ordination between financial instruments and national EU schemes is also called for.

- The report called for a discontinuation of the EUR 150 000 threshold which has a negative impact on the efficient delivery of the guarantee facility and created significant administrative burden.

- COSME in the period 2014-2016 produced positive results. The programme implementation is on track to reach the objectives set out in the legal basis by the end of 2020.

- A more strategic prioritisation of objectives in the design of the work-programmes could be implemented for the remaining years until the end of the programme in 2020. This could help reduce the fragmentation of the budget. A more centralised approach to data management would ensure higher efficiency in the programme management. It would also pave the way for the creation of the monitoring system for the post-2020 period.

- For the design of the post-2020 period successor to COSME, an ambitious scenario could be proposed in the impact assessment of the successor programme to strengthen the overall effectiveness of the programme. However, considering the potential reduction of the overall EU budget due to the BREXIT and the new challenges the EU has to tackle, (such as Defence and Security), the most realistic option seems to be to better exploit the available budget, and focus on the most successful actions and reserve a budget for new ideas and pilots.

Conclusion

This interim evaluation will pave the way for the final evaluation of COSME that will also feed the detailed design of the first work programmes of the period post 2020. The final evaluation should analyse more in detail the wide variety of COSME actions to provide the Commission with data that will support the strategy to select the actions that will compose the future COSME in the next multi-annual financial framework.

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.

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

2011/0394(COD) - 26/09/2013

Ministers held a policy debate on the main actions in support of European small and medium-sized enterprises (SMEs). They took stock of developments since the establishment of the Small Business Act.

A number of key concrete and priority actions were addressed with a view to reinforcing the growth potential of small companies, **such as the creation of a business-friendly environment in the digital and services single market, the simplification of the regulatory framework** for innovative firms and better enforcement of the **Small Business Act**.

Access to finance: during the debate many delegations mentioned **access to finance as one of the most pressing difficulties that SMEs are facing**, and the need to explore and use alternative sources to facilitate greater provision of SME financing, such as capital-risk markets and EU funding instruments such as [COSME](#).

All delegations agreed on the important role played by the services single market in the development of SMEs, but many regretted that the possibilities offered are not yet fully used and called for the **elimination of the unnecessary hurdles that are hampering cross-border transactions between Member States**. This challenge was particularly highlighted in relation to online operations in the context of the development of a digital single market.

Delegations also discussed the need to push on with the digital agenda and for rapid progress in certain areas such as e-commerce. There was a general consensus on the idea that **simplification of administrative practices** and the reduction of regulatory burden, linked to the use of "smart" regulation initiatives, could also promote a favourable environment for EU companies and reduce costs for companies.

Many ministers also asked for a more systematic application of the "Think Small First" principle, which is embedded in the Small Business Act.

Lastly, ministers agreed to improve the monitoring of SME-related policies through the network of SME envoys in Member States, including by inviting them to report to the Competitiveness Council.

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.

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.