



EUROPEAN UNION

THE EUROPEAN PARLIAMENT

THE COUNCIL

Strasbourg, 11 December 2013
(OR. en)

2011/0394 (COD)
LEX 1393

PE-CONS 58/2/13
REV 2

COMPET 533
IND 198
MI 592
CODEC 1635

REGULATION
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

**REGULATION (EU) No .../2013
OF THE EUROPEAN PARLIAMENT AND OF THE COUNCIL**

of 11 December 2013

**establishing a Programme for the Competitiveness of Enterprises
and small and medium-sized enterprises (COSME) (2014 - 2020)
and repealing Decision No 1639/2006/EC**

(Text with EEA relevance)

THE EUROPEAN PARLIAMENT AND THE COUNCIL OF THE EUROPEAN UNION,

Having regard to the Treaty on the Functioning of the European Union, and in particular Articles 173 and 195 thereof,

Having regard to the proposal from the European Commission,

After transmission of the draft legislative act to the national parliaments,

Having regard to the opinion of the European Economic and Social Committee¹,

Having regard to the opinion of the Committee of the Regions²,

Acting in accordance with the ordinary legislative procedure³,

¹ OJ C 181, 21.6.2012, p. 125.

² OJ C 391, 18.12.2012, p. 37.

³ Position of the European Parliament of 21 November 2013 (not yet published in the Official Journal) and decision of the Council of 5 December 2013.

Whereas:

- (1) The Commission adopted a Communication entitled "Europe 2020 - A strategy for smart, sustainable and inclusive growth" in March 2010 ("the Europe 2020 Strategy"). The Communication was endorsed by the European Council of June 2010. The Europe 2020 Strategy responds to the economic crisis and is intended to prepare the Union for the next decade. It sets five ambitious objectives on climate and energy, employment, innovation, education and social inclusion to be reached by 2020, and identifies key drivers for growth aimed at making the Union more dynamic and competitive. It also emphasises the importance of reinforcing the growth of the European economy while delivering a high level of employment, a low-carbon, resource- and energy-efficient economy and social cohesion. Small and medium-sized enterprises (SMEs) should play a crucial role in reaching the Europe 2020 Strategy objectives. Their role is reflected by the fact that SMEs are mentioned in six out of seven of the flagship initiatives of the Europe 2020 Strategy.

- (2) In order to ensure that enterprises, particularly SMEs, play a central role in delivering economic growth in the Union, which is a top priority, the Commission adopted a Communication entitled "An Integrated industrial policy for the globalization era, putting competitiveness and sustainability at centre stage" in October 2010, which was endorsed by the Council of December 2010. This is a flagship initiative of the Europe 2020 Strategy. The Communication sets out a strategy aiming to boost growth and jobs by maintaining and supporting a strong, diversified and competitive industrial base in Europe, in particular by improving framework conditions for enterprises and strengthening several aspects of the internal market, including business-related services.
- (3) In June 2008 the Commission adopted a Communication entitled "Think Small First - A Small Business Act for Europe", which was welcomed by the Council of December 2008. The Small Business Act (SBA) provides a comprehensive policy framework for SMEs, promotes entrepreneurship and anchors the "Think Small First" principle in law and policy in order to strengthen the competitiveness of SMEs. The SBA establishes ten principles and outlines policy and legislative actions to promote SMEs' potential to grow and create jobs. Implementation of the SBA contributes to achieving the objectives of the Europe 2020 Strategy. Several actions for SMEs have already been set out in the flagship initiatives.

- (4) The SBA has since been the subject of a review, published in February 2011, on the basis of which the Council on 30 and 31 May 2011 adopted conclusions. That review takes stock of the implementation of the SBA and assesses the needs of SMEs operating in the present economic environment, in which they find it increasingly difficult to obtain access to finance and to markets. It presents an overview of the progress made in the first two years of the SBA, sets out new actions to respond to challenges resulting from the economic crisis that stakeholders have reported, and proposes ways to improve the uptake and implementation of the SBA with a clear role for stakeholders and business organisations on the front-line. The specific objectives of a programme for the competitiveness of enterprises and SMEs should reflect the priorities set out in that review. It is important to ensure that the implementation of such a programme is coordinated with the implementation of the SBA.

In particular, actions under the specific objectives should contribute to fulfilling the above-mentioned ten principles and the new actions identified in the process of reviewing the SBA.

- (5) Council Regulation (EU, Euratom) No .../2013^{1*} lays down the multiannual financial framework for the years 2014-2020. That multiannual financial framework describes how the policy goals of increasing growth and creating more jobs in Europe, and establishing a low-carbon and more environment-aware economy and internationally prominent Union will be achieved.

¹ Council Regulation (EU, Euratom) No .../2013 of ...laying down the multiannual financial framework for the years 2014-2020 (OJ L ...).

* OJ: please insert number, date and publication references of Regulation set out in Council doc. 11791/13.

- (6) In order to contribute to the reinforcement of competitiveness and sustainability of Union enterprises, in particular SMEs, to support existing SMEs, to encourage an entrepreneurial culture and to promote the growth of SMEs, the advancement of the knowledge society, and development based on balanced economic growth, a programme for the competitiveness of enterprises and SMEs ("the COSME programme") should be established.
- (7) The COSME programme should give high priority to the simplification agenda, in accordance with the Commission Communication of 8 February 2012 entitled "A Simplification agenda for the MFF 2014-2020". The spending of Union and Member States' funds on the promotion of the competitiveness of enterprises and SMEs should be better coordinated in order to ensure complementarity, better efficiency and visibility, as well as to achieve greater budgetary synergies.
- (8) The Commission has committed itself to mainstreaming climate action into Union spending programmes and to direct at least 20 % of the Union budget to climate-related objectives. It is important to ensure that climate change mitigation and adaptation as well as risk prevention is promoted in the preparation, design and implementation of the COSME programme. Measures covered by this Regulation should contribute to promoting the transition to a low-carbon and climate-resilient economy and society.
- (9) It follows from Council Decision 2001/822/EC¹ that entities and bodies of the overseas countries and territories are eligible to participate in the COSME programme.

¹ Council Decision 2001/822/EC of 27 November 2001 on the association of the overseas countries and territories with the European Community ('Overseas Association Decision') (OJ L 314, 30.11.2001, p. 1).

- (10) The competitiveness policy of the Union is intended to put into place the institutional and policy arrangements that create conditions for the sustainable growth of enterprises, particularly SMEs. Achieving competitiveness and sustainability entails the ability to attain and maintain the economic competitiveness and growth of enterprises in accordance with sustainable development objectives. Improved productivity, including resource and energy productivity, is the primary source of sustainable income growth. Competitiveness also depends on companies' ability to take full advantage of opportunities such as the internal market. This is especially important for SMEs, which account for 99 % of enterprises in the Union, provide two out of three existing jobs in the private sector, and 80 % of newly-created jobs, and contribute more than half of the total added value created by enterprises in the Union. SMEs are a key driver for economic growth, employment and social integration.
- (11) The Commission Communication of 18 April 2012 entitled "Towards a rich job recovery" estimated that policies promoting a transition to a green economy such as resource-efficiency, energy-efficiency, and climate change policies could generate more than five million jobs by 2020, and in particular in the SME sector. Bearing this in mind, specific actions under the COSME programme could include promoting the development of sustainable products, services, technologies and processes, as well as resource- and energy-efficiency and corporate social responsibility.

- (12) Competitiveness has been put under the spotlight of Union policy-making in recent years because of the market, policy and institutional failures that undermine the competitiveness of Union enterprises, particularly SMEs.
- (13) The COSME programme should therefore address market failures which affect the competitiveness of the Union economy on a global scale and which undermine the capacity of enterprises, particularly SMEs, to compete with their counterparts in other parts of the world.
- (14) The COSME programme should particularly address SMEs, as defined in Commission Recommendation 2003/361/EC¹. In the application of this Regulation, the Commission should consult all relevant stakeholders, including organisations representing SMEs. Particular attention should be paid to micro enterprises, enterprises engaged in craft activities, the self-employed, the liberal professions and social enterprises. Attention should also be paid to potential, new, young and female entrepreneurs, as well as to other specific target groups, such as older people, migrants and entrepreneurs belonging to socially disadvantaged or vulnerable groups such as persons with disabilities and to the promotion of business transfers, spin-offs, spin-outs and second chances for entrepreneurs.

¹ Commission Recommendation 2003/361/EC of 6 May 2003 concerning the definition of micro, small and medium-sized enterprises (OJ L 124, 20.5.2003, p. 36).

- (15) Many of the Union's competitiveness problems involve SMEs' difficulties in obtaining access to finance because they struggle to demonstrate their credit-worthiness and have difficulties in gaining access to risk capital. Those difficulties have a negative effect on the level and quality of the new enterprises created and on the growth and survival rate of enterprises, as well as on the readiness of new entrepreneurs to take over viable companies in the context of a transfer of business/succession. Union financial instruments put in place under Decision No 1639/2006/EC of the European Parliament and of the Council¹ have a proven added value and have brought a positive contribution to at least 220 000 SMEs. The enhanced added value for the Union of the proposed financial instruments lies, inter alia, in strengthening the internal market for venture capital and in developing a pan-European SME finance market as well as in addressing market failures that cannot be addressed by Member States. The Union's actions should be coherent, consistent and complementary to the Member States' financial instruments for SMEs, provide a leverage effect and avoid creating market distortion, in accordance with Regulation (EU, Euratom) No 966/2012 of the European Parliament and of the Council². The entities entrusted with the implementation of the actions should ensure additionality and avoid double financing through Union resources.

¹ Decision No 1639/2006/EC of the European Parliament and of the Council of 24 October 2006 establishing a Competitiveness and Innovation Framework Programme (2007 to 2013) (OJ L 310, 9.11.2006, p. 15).

² Regulation (EU, Euratom) No 966/2012 of the European Parliament and of the Council of 25 October 2012 on the financial rules applicable to the general budget of the Union and repealing Council Regulation (EC, Euratom) No 1605/2002 (OJ L 298, 26.10.2012, p. 1).

- (16) The Commission should pay attention to the visibility of financing provided through the financial instruments of this Regulation so as to ensure that the availability of Union support is known and that the support provided is recognised in the market. To that end, there should also be an obligation for financial intermediaries to explicitly highlight to final recipients that financing was made possible through the support of the financial instruments under this Regulation. The Commission and the Member States should take adequate measures, including by means of user-friendly online systems, to disseminate information on the available financial instruments among SMEs and intermediaries. Those systems, which could include a single portal, should not duplicate existing systems.
- (17) The Enterprise Europe Network ("the Network") has proven its added value for European SMEs as a one-stop-shop for business support by helping enterprises to improve their competitiveness and explore business opportunities in the internal market and beyond. The streamlining of methodologies and working methods and provisions of a European dimension to business support services can only be achieved at Union level. In particular, the Network has helped SMEs to find cooperation or technology transfer partners in the internal market and third countries, obtain advice on sources of Union financing, on Union law and intellectual property and on Union programmes to encourage eco-innovation and sustainable production. It has also obtained feedback on Union law and standards. Its unique expertise is particularly important in overcoming information asymmetries and alleviating transaction costs associated with cross-border transactions.

- (18) A continued effort is needed to further optimise the quality of the services and performance of the Network, in particular with regard to SMEs' awareness and subsequent take-up of the services proposed, by further integrating internationalisation and innovation services, enhancing cooperation between the Network and regional and local SME stakeholders, consulting and better involving host organisations, reducing bureaucracy, improving IT support and enhancing the visibility of the Network and its services in the geographical regions covered.

- (19) The limited internationalisation of SMEs both within and outside Europe affects competitiveness. According to some estimates, currently 25 % of Union SMEs export or have exported at some point over the last three years, while only 13 % of Union SMEs export outside the Union on a regular basis and only 2 % have invested outside their home country. In addition, the 2012 Eurobarometer survey shows the untapped potential for SMEs' growth in green markets, within and outside the Union, in terms of internationalisation and access to public procurement. In line with the SBA, which called on the Union and the Member States to support and encourage SMEs to benefit from the growth of markets outside the Union, the Union provides financial assistance to several initiatives such as the EU Japan Centre for Industrial Cooperation and the China Intellectual Property Rights SME helpdesk. Union added value is created by promoting cooperation and by offering services at European level which complement but do not duplicate the core trade promotion services of Member States and which strengthen the combined efforts of public and private service providers in this field. Such services should include information on intellectual property rights, standards and public procurement rules and opportunities. Part II of the Council Conclusions of 6 December 2011, entitled "Reinforcing implementation of industrial policy across the EU", on the Commission Communication entitled "An Integrated industrial policy for the globalization era, putting competitiveness and sustainability at centre stage", should be fully taken into account. In that respect, a well-defined European cluster strategy should complement national and regional efforts to encourage clusters towards excellence and international cooperation, taking into account the fact that the clustering of SMEs can be a key means of strengthening their capacity to innovate and to begin operating in overseas markets.

- (20) To improve the competitiveness of Union enterprises, particularly SMEs, the Member States and the Commission need to create a favourable business environment. The interests of SMEs and the sectors in which they are most active need particular attention. Initiatives at Union level are also necessary in order to exchange information and knowledge on a European scale, and digital services can be particularly cost-effective in this area. Such actions can help develop a level playing-field for SMEs.
- (21) The gaps, fragmentation and unnecessary red tape within the internal market prevent citizens, consumers and enterprises, particularly SMEs, from reaping its full benefits. Therefore a concerted effort on the part of Member States, the European Parliament, the Council and the Commission to address the implementation, legislative and information shortcomings is acutely necessary. In accordance with the principles of subsidiarity and proportionality, Member States, the European Parliament, the Council and the Commission should also collaborate to reduce and avoid unnecessary administrative and regulatory burdens on SMEs. Actions under the COSME programme - which is the sole Union programme that focuses specifically on SMEs - should contribute to the implementation of those aims, particularly by helping to improve the framework conditions for enterprises. Fitness checks and impact assessments financed under the COSME programme should play a role in this effort.

- (22) Another factor which affects competitiveness is the relatively weak entrepreneurial spirit in the Union. Only 45 % of Union citizens (and fewer than 40 % of women) would like to be self-employed as compared to 55 % of the population in the United States and 71 % in China (according to the 2009 Eurobarometer survey on entrepreneurship). According to the SBA, attention should be paid to all situations that entrepreneurs face, including start-up, growth, transfer and bankruptcy (second chance). Promotion of entrepreneurship education, as well as coherence and consistency enhancing measures such as benchmarking and exchanges of good practices provide a high Union added value.
- (23) The Erasmus for Young Entrepreneurs Programme was launched with a view to enabling new or aspiring entrepreneurs to gain business experience in a Member State other than their own and thus allow them to strengthen their entrepreneurial talents. In connection with the objective of improving the framework conditions for promoting entrepreneurship and entrepreneurial culture, the Commission should be able to take measures designed to help new entrepreneurs to improve their ability to develop their entrepreneurial know-how, skills and attitudes and to improve their technological capacity and enterprise management.

- (24) Global competition, demographic changes, resource constraints and emerging social trends generate challenges and opportunities for different sectors facing global challenges and characterised by a high proportion of SMEs. For example, design-based sectors need to adapt to benefit from the untapped potential of high demand for personalised, creative, inclusive products. As these challenges apply to all SMEs in the Union in these sectors, a concerted effort at Union level is necessary in order to create additional growth through initiatives accelerating the emergence of new products and services.

- (25) In support of action taken in Member States, the COSME programme may support initiatives in both sectoral and cross-sectoral areas with significant potential for growth and entrepreneurial activity, especially those with a high proportion of SMEs, accelerating the emergence of competitive and sustainable industries, based on the most competitive business models, improved products and processes, organisational structures or modified value chains. As outlined in the Commission Communication of 30 June 2010, entitled "Europe, the world's No 1 tourist destination – a new political framework for tourism in Europe", which was welcomed by the Council in October 2010, tourism is an important sector of the Union economy. Enterprises in this sector directly contribute 5 % of the Union's gross domestic product (GDP). The Treaty on the Functioning of the European Union ("TFEU") acknowledges the importance of tourism and outlines the Union's competences in this field. The European tourism initiatives can complement Member State actions by encouraging the creation of a favourable environment and by promoting cooperation between Member States, particularly by the exchange of good practices. Actions can include improving the tourism knowledge base by providing data and analysis, and developing transnational cooperation projects in close cooperation with the Member States while avoiding mandatory requirements for Union enterprises.
- (26) The COSME programme indicates actions for the objectives, the total financial envelope for pursuing those objectives, a minimum financial envelope for financial instruments, different types of implementing measures, and transparent arrangements for monitoring and evaluation and for protection of the Union's financial interests.

- (27) The COSME programme complements other Union programmes, while acknowledging that each instrument should work according to its own specific procedures. Thus, the same eligible costs should not receive double funding. With the aim of achieving added value and substantial impact of Union funding, close synergies should be developed between the COSME programme, Regulation (EU) No .../2013 of the European Parliament and of the Council^{1*} ("the Horizon 2020 programme"), Regulation (EU) No .../2013 of the European Parliament and of the Council^{2**} ("the Structural Funds") and other Union programmes.
- (28) The principles of transparency and equal gender opportunity should be taken into account in all relevant initiatives and actions covered by the COSME programme. Respect for human rights and fundamental freedoms for all citizens should be also considered in those initiatives and actions.

¹ Regulation (EU) No .../2013 of the European Parliament and the Council of ... establishing Horizon 2020 - The Framework Programme for Research and Innovation (2014-2020) and repealing Decision No 1982/2006/EC (OJ L ...)

* OJ: insert number, date and publication references of Regulation set out in doc. PE-CONS 67/13.

² Regulation (EU) No .../2013 of the European Parliament and of the Council of ... laying down common provisions on the European Regional Development Fund, the European Social Fund, the Cohesion Fund, the European Agricultural Fund for Rural Development and the European Maritime and Fisheries Fund and laying down general provisions on the European Regional Development Fund, the European Social Fund and the Cohesion Fund and repealing Council Regulation (EC) No 1083/2006 (OJ L ...).

** OJ: insert number, date and publication references of Regulation set out in doc. PE-CONS 85/13.

- (29) The provision of grants to SMEs should be preceded by a transparent process. The award of grants and their payment should be transparent, unbureaucratic and in accordance with common rules.
- (30) This Regulation lays down a financial envelope for the entire duration of the COSME programme which is to constitute the prime reference amount, within the meaning of point 17 of the Interinstitutional Agreement between the European Parliament, the Council and the Commission on budgetary discipline, on cooperation in budgetary matters and on sound financial management^{1*}, for the European Parliament and the Council during the annual budgetary procedure.
- (31) To ensure that financing is limited to tackling market, policy and institutional failures, and with a view to avoiding market distortions, funding from the COSME programme should comply with the State aid rules of the Union.
- (32) The Agreement on the European Economic Area and Protocols to Association Agreements provide for the participation of the countries concerned in Union programmes. Participation by other third countries should be possible when agreements and procedures so indicate.
- (33) It is important to ensure the sound financial management of the COSME programme and its implementation in the most effective and user-friendly manner possible, while also ensuring legal certainty and the accessibility of the COSME programme to all participants.

¹ OJ L ...

* OJ: please insert date and publication references of the Agreement set out in Council doc. 11838/13.

- (34) The COSME programme should be monitored and evaluated so as to allow for adjustments. A yearly report on its implementation should be made, presenting the progress achieved and the activities planned.
- (35) The implementation of the COSME programme 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 COSME programme have been achieved.
- (36) The interim report on the achievement of the objective of all actions supported under the COSME programme prepared by the Commission should also include an evaluation of low participation rates of SMEs, when this is identified in a significant number of Member States. Where appropriate, Member States could take the results of the interim report into account in their respective policies.
- (37) The financial interests of the Union should be protected through proportionate measures throughout the expenditure cycle, including the prevention, detection and investigation of irregularities, the recovery of funds lost, wrongly paid or incorrectly used and, where appropriate, administrative and financial penalties in accordance with Regulation (EU, Euratom) No 966/2012.

- (38) In order to ensure uniform conditions for the implementation of this Regulation, implementing powers should be conferred on the Commission, to adopt annual work programmes for the implementation of the COSME programme. Those powers should be exercised in accordance with Regulation (EU) No 182/2011 of the European Parliament and of the Council¹. Some of the actions included in the annual work programme involve the co-ordination of actions at national level. In that connection, Article 5(4) of that Regulation should apply.
- (39) The power to adopt acts in accordance with Article 290 TFEU should be delegated to the Commission in respect of additions to the indicators, changes to certain 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. It is of particular importance that the Commission carry out appropriate consultations during its preparatory work, including at expert level. The Commission, when preparing and drawing-up delegated acts, should ensure a simultaneous, timely and appropriate transmission of relevant documents to the European Parliament and to the Council.
- (40) For reasons of legal certainty and clarity, Decision No 1639/2006/EC should be repealed,

HAVE ADOPTED THIS REGULATION:

¹ Regulation (EU) No 182/2011 of the European Parliament and of the Council of 16 February 2011 laying down the rules and general principles concerning mechanisms for control by the Member States of the Commission's exercise of implementing powers (OJ L 55, 28.2.2011, p. 13).

CHAPTER I

Subject matter

Article 1

Establishment

A programme for Union actions to improve the competitiveness of enterprises, with special emphasis on small and medium-sized enterprises (SMEs) ("the COSME programme"), is hereby established for the period from 1 January 2014 to 31 December 2020.

Article 2

Definition

For the purposes of this Regulation, "SMEs" shall mean micro, small and medium-sized enterprises, as defined in Recommendation 2003/361/EC.

Article 3
General objectives

1. 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:
 - (a) strengthening the competitiveness and sustainability of the Union's enterprises, particularly SMEs;
 - (b) encouraging entrepreneurial culture and promoting the creation and growth of SMEs.

2. The achievement of the objectives referred to in paragraph 1 shall be measured by the following indicators:
 - (a) performance of SMEs as regards sustainability;
 - (b) changes in unnecessary administrative and regulatory burdens on both new and existing SMEs;
 - (c) changes in the proportion of SMEs exporting within or outside the Union;
 - (d) changes in SME growth;
 - (e) changes in the proportion of Union citizens who wish to be self-employed.

3. A detailed list of indicators and targets for the COSME programme is set out in the Annex.
4. The COSME programme shall support the implementation of the Europe 2020 Strategy and shall contribute to achieving the objective of smart, sustainable and inclusive growth. In particular, the COSME programme shall contribute to the headline target concerning employment.

CHAPTER II

Specific objectives and fields of action

Article 4

Specific objectives

1. The specific objectives of the COSME programme shall be:
 - (a) to improve access to finance for SMEs in the form of equity and debt;
 - (b) to improve access to markets, particularly inside the Union but also at global level;
 - (c) to improve framework conditions for the competitiveness and sustainability of Union enterprises, particularly SMEs, including in the tourism sector;
 - (d) to promote entrepreneurship and entrepreneurial culture.

2. The need of enterprises to adapt to a low-emission, climate-resilient, resource- and energy-efficient economy shall be promoted in the implementation of the COSME programme.
3. To measure the impact of the COSME programme in achieving the specific objectives referred to in paragraph 1, the indicators set out in the Annex shall be used.
4. The annual work programmes referred to in Article 13 shall specify in detail all the actions to be implemented under the COSME programme.

Article 5

Budget

1. The financial envelope for the implementation of the COSME programme is set at EUR 2 298, 243 million in current prices, of which no less than 60 % shall be allocated to financial instruments.

The annual appropriations shall be authorised by the European Parliament and by the Council within the limits of the multiannual financial framework.

2. The financial envelope established under this Regulation may also cover expenses pertaining to preparatory, monitoring, control, audit and evaluation activities which are required for the management of the COSME programme and the achievement of its objectives. In particular it shall cover, in a cost effective manner, studies, meetings of experts, information and communication actions, including corporate communication of the political priorities of the Union as far as they are related to the general objectives of the COSME programme, expenses linked to IT networks focusing on information processing and exchange, together with all other technical and administrative assistance expenses incurred by the Commission in the management of the COSME programme.

Those expenses shall not exceed 5 % of the value of the financial envelope.

3. The financial envelope for the COSME programme shall allocate the indicative amounts of 21,5 % of the value of the financial envelope to the specific objective referred to in Article 4(1)(b), 11 % to the specific objective referred to in Article 4(1)(c) and 2,5 % to the specific objective referred to in Article 4(1)(d). The Commission may depart from these indicative amounts but not by more than 5 % of the value of the financial envelope in each case. Should it prove necessary to exceed that limit, the Commission shall be empowered to adopt delegated acts in accordance with Article 23 modifying those indicative amounts.

4. The financial allocation may also cover the technical and administrative assistance expenses necessary to ensure the transition between the COSME programme and the measures adopted under Decision No 1639/2006/EC. If necessary, appropriations may be entered in the budget beyond 2020 to cover similar expenses, in order to enable the management of actions not yet completed by 31 December 2020.

Article 6

Participation of third countries

1. The COSME programme shall be open to the participation of:
 - (a) 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;
 - (b) 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 the Union's programmes established in the respective Framework Agreements and Association Council Decisions, or similar arrangements;

- (c) countries falling within the scope of the European neighbourhood policies, when agreements and procedures so allow and in accordance with the general principles and general terms and conditions for the participation of those countries in the Union's programmes established in the respective Framework Agreements, Protocols to Association Agreements and Association Council Decisions.
2. An entity established in a country referred to in paragraph 1 may participate in parts of the COSME programme where that country participates under the conditions laid out in the respective agreements described in paragraph 1.

Article 7

Participation of entities of non-participating countries

1. In parts of the COSME programme in which a third country referred to in Article 6 does not participate, entities established in that country may participate. Entities established in other third countries may also participate in actions under the COSME programme.
2. The entities referred to in paragraph 1 shall not be entitled to receive Union financial contributions, except where it is essential for the COSME programme, in particular in terms of competitiveness and access to markets for Union enterprises. That exception shall not apply to profit-making entities.

Article 8

Actions to improve access to finance for SMEs

1. The Commission shall support 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, such actions shall be closely coordinated with those undertaken in the framework of cohesion policy, the Horizon 2020 programme and at national or regional level. Such actions shall aim to stimulate the take-up and supply of both equity and debt finance, which may include seed funding, angel funding and quasi-equity financing subject to market demand but excluding asset stripping.
2. In addition to the actions referred to in paragraph 1, Union support may also be given to actions to improve cross-border and multi-country financing, subject to market demand, thereby assisting SMEs to internationalise their activities in compliance with Union law.

The Commission may also examine the possibility of developing innovative financial mechanisms, such as crowdfunding, subject to market demand.
3. Details of the actions referred to in paragraph 1 are laid down in Article 17.

Article 9

Actions to improve access to markets

1. To continue improving the competitiveness and access to markets of Union enterprises, the Commission may support actions to improve SME access to the internal market, such as information provision (including through digital services) and awareness-raising in relation to, among others, Union programmes, law and standards.
2. Specific measures shall aim to facilitate SME access to markets outside the Union. Such measures may include providing information on existing barriers to market entry and business opportunities, public procurement and customs procedures, and improving support services in terms of standards and intellectual property rights in priority third countries. Those measures shall complement but not duplicate the core trade promotion activities of Member States.
3. Actions under the COSME programme may aim to foster international cooperation, including industrial and regulatory dialogues with third countries. Specific measures may aim to reduce differences between the Union and other countries in terms of regulatory frameworks for products, to contribute to the development of enterprise and industrial policy and to contribute to the improvement of the business environment.

Article 10
Enterprise Europe Network

1. The Commission shall support the Enterprise Europe Network ("the Network") to provide integrated business support services to Union SMEs that seek to explore opportunities in the internal market and in third countries. Actions undertaken through the Network may include the following:
 - (a) provision of information and advisory services on Union initiatives and law; support for the enhancement of management capacities to increase the competitiveness of SMEs; support aimed at improving SMEs' financial knowledge, including information and advisory services on funding opportunities, access to finance and related coaching and mentoring schemes; measures to increase SME access to energy efficiency, climate and environmental expertise; and promotion of Union funding programmes and financial instruments (including the Horizon 2020 programme in cooperation with national contact points and the Structural Funds);
 - (b) facilitation of cross-border business cooperation, R&D, technology and knowledge transfer and technology and innovation partnerships;
 - (c) provision of a communication channel between SMEs and the Commission.

2. The Network may also be used to deliver services on behalf of other Union programmes such as the Horizon 2020 programme, including dedicated advisory services encouraging SME participation in other Union programmes. The Commission shall ensure that the various financial resources for the Network are coordinated efficiently and that services delivered by the Network on behalf of other Union programmes are funded by those programmes.
3. Implementation of the Network shall be closely coordinated with the Member States to avoid duplication of activities in accordance with the principle of subsidiarity.

The Commission shall assess the Network in terms of its effectiveness, governance and provisions of high-quality services across the Union.

Article 11

Actions to improve the framework conditions for the competitiveness and sustainability of Union enterprises, particularly SMEs

1. The Commission shall support actions to improve the framework conditions for the competitiveness and sustainability of Union enterprises, particularly SMEs, so as to enhance the effectiveness, coherence, coordination and consistency of national and regional policies promoting the competitiveness, sustainability and growth of Union enterprises.

2. The Commission may support specific actions to improve the framework conditions for enterprises, particularly SMEs, through a reduction in and avoidance of unnecessary administrative and regulatory burdens. Such actions may include measuring on a regular basis the impact of relevant Union law on SMEs, where appropriate by means of a scoreboard, support for independent expert groups and the exchange of information and good practices, including on the systematic application of the SME test at Union and Member State level.
3. The Commission may support actions intended to develop new competitiveness and business development strategies. Such actions may include the following:
 - (a) measures to improve the design, implementation and evaluation of policies affecting the competitiveness and sustainability of enterprises, including through the sharing of good practices on framework conditions and on the management of world-class clusters and business networks; and through promoting transnational collaboration among clusters and business networks, the development of sustainable products, services, technologies and processes, as well as resource- and energy-efficiency and corporate social responsibility;
 - (b) measures to address international aspects of competitiveness policies, focusing particularly on policy cooperation between Member States, other countries participating in the COSME programme and the Union's global trade partners;

- (c) measures to improve SME policy development, cooperation between policy makers, peer reviews and exchange of good practices among Member States, taking into account, where appropriate, available evidence and the views of stakeholders and particularly with a view to making it easier for SMEs to access Union programmes and measures, in accordance with the SBA Action Plan.
4. The Commission may, through promoting coordination, support actions taken in the Member States with a view to accelerating the emergence of competitive industries with market potential. Such support may include actions to promote the exchange of good practices and identifying skills and training requirements from industries, especially SMEs, in particular e-skills. It may also include actions to encourage the take-up of new business models and the cooperation of SMEs in new value chains as well as the commercial use of relevant ideas for new products and services.
 5. The Commission may complement the actions of Member States to enhance the competitiveness and sustainability of Union SMEs in areas characterised by a significant growth potential, especially those with a high proportion of SMEs, such as the tourism sector. Such activities may include promoting cooperation between Member States, particularly through the exchange of good practices.

Article 12

Actions to promote entrepreneurship

1. The Commission shall contribute to promoting entrepreneurship and entrepreneurial culture by improving framework conditions affecting the development of entrepreneurship, including by reducing obstacles to the setting-up of enterprises. The Commission shall support a business environment and culture favourable to sustainable enterprises, start-ups, growth, business transfer, second chance (re-start), as well as spin-offs and spin-outs.
2. Particular attention shall be paid to potential, new, young, and female entrepreneurs, as well as other specific target groups;
3. The Commission may take actions such as mobility programmes for new entrepreneurs to improve their ability to develop their entrepreneurial know-how, skills and attitudes and to improve their technological capacity and enterprise management.
4. The Commission may support Member States' measures to build and facilitate entrepreneurial education, training, skills and attitudes, in particular among potential and new entrepreneurs.

CHAPTER III

Implementation of the COSME programme

Article 13

Annual work programmes

1. In order to implement the COSME programme, the Commission shall adopt annual work programmes in accordance with the examination procedure referred to in Article 21(2). Each annual work programme shall implement the objectives set out in this Regulation and shall set out in detail:
 - (a) a description of the actions to be financed, the objectives pursued for each action, which shall be in accordance with the general and specific objectives laid down in Articles 3 and 4, the expected results, the method of implementation, an indication of the amount allocated to each action, a total amount for all actions and an indicative implementation timetable and payment profile;
 - (b) appropriate qualitative and quantitative indicators for each action, for the purpose of analysing and monitoring effectiveness in delivering outcomes and achieving the objectives of the action concerned;

- (c) for grants and related measures, the essential evaluation criteria, which shall be set so as best to achieve the objectives pursued by the COSME programme, and the maximum rate of co-financing;
 - (d) a separate detailed chapter on the financial instruments which shall, in accordance with Article 17 of this Regulation, reflect the information obligations under Regulation (EU, Euratom) No 966/2012, including the expected apportionment of the financial envelope between the Equity Facility for Growth and the Loan Guarantee Facility referred to in Articles 18 and 19 of this Regulation respectively, and information such as the level of guarantee and the relationship with the Horizon 2020 programme.
2. The Commission shall implement the COSME programme in accordance with Regulation (EU, Euratom) No 966/2012.
 3. The COSME programme shall be implemented so as to ensure that actions supported take account of future developments and needs, particularly after the interim evaluation referred to in Article 15(3), and that they are relevant to evolving markets, the economy and changes in society.

Article 14
Support measures

1. In addition to the measures covered by the annual work programmes referred to in Article 13, the Commission shall regularly take support measures, including the following:
 - (a) improvement of the analysis and monitoring of sectoral and cross-sectoral competitiveness issues;
 - (b) the identification and dissemination of good practices and policy approaches, and their further development;
 - (c) fitness checks of existing law and impact assessments of new Union measures that are of particular relevance to the competitiveness of enterprises, with a view to identifying areas of existing law that need to be simplified and ensuring that burdens on SMEs are minimised in areas in which new legislative measures are proposed;
 - (d) the evaluation of legislation affecting enterprises, particularly SMEs, industrial policy and competitiveness-related measures;
 - (e) the promotion of integrated and user-friendly online systems that provide information on programmes relevant for SMEs, whilst ensuring that they do not duplicate existing portals.

2. The total cost of these support measures shall not exceed 2,5 % of the COSME programme's financial envelope.

Article 15

Monitoring and evaluation

1. The Commission shall monitor the implementation and management of the COSME programme.
2. The Commission shall draw up an annual monitoring report examining the efficiency and effectiveness of supported actions in terms of financial implementation, results, costs and, where possible, impact. 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 to the extent that the collection of such information does not create an unjustified administrative burden for enterprises, especially SMEs. The monitoring report shall include the annual report on each financial instrument as required by Article 140(8) of Regulation (EU, Euratom) No 966/2012.

3. 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 at the level of results and impacts, the efficiency of the use of resources and its European added value, with a view to a decision on the renewal, modification or suspension of the measures. The interim evaluation report shall also address the scope for simplification, its internal and external coherence, the continued relevance of all objectives, as well as the contribution of the measures to the Union priorities of smart, sustainable and inclusive growth. It shall take into account evaluation results on the long-term impact of the predecessor measures and shall feed into a decision on a possible renewal, modification or suspension of a subsequent measure.
4. The Commission shall establish a final evaluation report on the longer-term impact and sustainability of effects of the measures.
5. All grant beneficiaries and other parties involved who have received Union funds under this Regulation shall provide the Commission with the appropriate data and information necessary to permit the monitoring and evaluation of the measures concerned.
6. The Commission shall submit the reports referred to in paragraphs 2, 3 and 4 to the European Parliament and the Council and make them public.

CHAPTER IV

Financial provisions and forms of financial assistance

Article 16

Forms of financial assistance

The Union's financial assistance under the COSME programme may be implemented indirectly by delegating budget implementation tasks to the entities listed in Article 58(1)(c) of Regulation (EU, Euratom) No 966/2012.

Article 17

Financial instruments

1. Financial instruments under the COSME programme set up in accordance with Title VIII of Regulation (EU, Euratom) No 966/2012 shall be operated with the aim of facilitating access to finance for SMEs, in their start-up, growth and transfer phases. The financial instruments shall include an equity facility and a loan guarantee facility. The allocation of funds to those facilities shall take into account the demand from financial intermediaries.

2. The financial instruments for SMEs may, where appropriate, be combined with and complement:
 - (a) other financial instruments established by Member States and their managing authorities funded by national or regional funds or funded in the context of the operations of the Structural Funds, in accordance with Article 38(1)(a) of Regulation (EU) No .../2013*;
 - (b) other financial instruments established by Member States and their managing authorities funded by national or regional programmes outside the operations of the Structural Funds;
 - (c) grants funded by the Union, including under this Regulation.
3. The Equity Facility for Growth and the Loan Guarantee Facility referred to in Articles 18 and 19 respectively may be complementary to the Member States' use of financial instruments for SMEs within the framework of Union cohesion policy.
4. The Equity Facility for Growth and the Loan Guarantee Facility may, where appropriate, allow the pooling of financial resources with Member States and/or regions willing to contribute part of the Structural Funds allocated to them in accordance with Article 38(1)(a) of Regulation (EU) No .../2013*.

* OJ: insert number of Regulation set out in doc. PE-CONS 85/13.

5. The financial instruments may generate acceptable returns to meet the objectives of other partners or investors. The Equity Facility for Growth may operate on a subordinated basis but shall aim to preserve the value of assets provided by the Union budget.
6. The Equity Facility for Growth and the Loan Guarantee Facility shall be implemented in accordance with Title VIII of Regulation (EU, Euratom) No 966/2012 and Commission Delegated Regulation (EU, Euratom) No 1268/2012¹.
7. The financial instruments under the COSME programme shall be developed and implemented in complementarity and coherence with those established for SMEs under the Horizon 2020 programme.
8. In accordance with Article 60(1) of Regulation (EU, Euratom) No 966/2012, the entities entrusted with the implementation of the financial instruments shall ensure visibility of Union action when they manage Union funds. To this end, the entrusted entity shall ensure that financial intermediaries explicitly inform final recipients that financing was made possible through the support of the financial instruments under the COSME programme. The Commission shall ensure that the ex post publication of information on recipients in accordance with Article 60(2)(e) of Regulation (EU, Euratom) No 966/2012 is easily accessible to potential final recipients.

¹ Commission Delegated Regulation (EU) No 1268/2012 of 29 October 2012 on the rules of application of Regulation (EU, Euratom) No 966/2012 of the European Parliament and of the Council on the financial rules applicable to the general budget of the Union (OJ L 362, 31.12.2012, p. 1).

9. Repayments generated by the second window of the High Growth and Innovative SME Facility established under Decision No 1639/2006/EC and received after 31 December 2013 shall be assigned, in accordance with Article 21(4) of Regulation (EU, Euratom) No 966/2012, to the Equity Facility for Growth referred to in Article 18 of this Regulation.
10. The financial instruments shall be implemented in compliance with the relevant State aid rules of the Union.

Article 18

Equity Facility for Growth

1. The Equity Facility for Growth (EFG) 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. The single Union equity financial instrument shall be financially supported by the Horizon 2020 programme and the COSME programme.

2. The EFG 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 R&I under the Horizon 2020 programme and providing co-investment facilities for business angels. In the case of early stage investments, the investment from EFG shall not exceed 20 % of the total Union investment except in cases of multi-stage funds and funds-of-funds, where funding from the EFG and the Equity Facility for R&I under the Horizon 2020 programme shall be provided on a pro rata basis, on the basis of the funds' investment policy. The Commission may decide to amend the 20 % threshold in the light of changing market conditions. Those implementing acts shall be adopted in accordance with the examination procedure referred to in Article 21(2).
3. The EFG and the Equity Facility for R&I under the Horizon 2020 programme shall use the same delivery mechanism.

4. Support from the EFG shall be in the form of one of the following investments:
- (a) directly by the European Investment Fund or other entities entrusted with the implementation of the EFG on behalf of the Commission; or
 - (b) by funds-of-funds or investment vehicles investing across borders established by the European Investment Fund or other entities (including private or public sector managers) entrusted with the implementation of the EFG on behalf of the Commission together with investors from private and/or public financial institutions.
5. The EFG shall invest in intermediary risk capital funds including in funds-of-funds, providing investments for SMEs typically in their expansion and growth-stage. Investments under the EFG shall be long-term, i.e. usually involving 5 to 15 year positions in risk capital funds. In any event, the lifetime of the investments under the EFG shall not exceed 20 years from the time of signature of the agreement between the Commission and the entity entrusted with its implementation.

Article 19
The Loan Guarantee Facility

1. The Loan Guarantee Facility (LGF) shall provide:
 - (a) counter-guarantees and other risk sharing arrangements for guarantee schemes including, where appropriate, co-guarantees;
 - (b) direct guarantees and other risk sharing arrangements for any other financial intermediaries meeting the eligibility criteria referred to in paragraph 5.
2. The LGF shall be implemented as part of a single Union debt financial instrument for Union enterprises' growth and R&I, using the same delivery mechanism as the SME demand-driven window of the Debt Facility for R&I under the Horizon 2020 programme (RSI II).
3. The LGF shall consist of:
 - (a) guarantees for debt financing (including via subordinated and participating loans, leasing, or bank guarantees), which shall reduce the particular difficulties that viable SMEs face in accessing finance, either due to their perceived high risk or their lack of sufficient available collateral;

- (b) securitisation of SME debt finance portfolios, which shall mobilise additional debt financing for SMEs under appropriate risk-sharing arrangements with the targeted institutions. Support for those securitisation transactions shall be conditional upon an undertaking by the originating institutions to use a significant part of the resulting liquidity or the mobilised capital for new SME lending within a reasonable period of time. The amount of this new debt financing shall be calculated in relation to the amount of the guaranteed portfolio risk. This amount and the period of time shall be negotiated individually with each originating institution.
4. The LGF shall be operated by the European Investment Fund or other entities entrusted with the implementation of the LGF on behalf of the Commission. Individual guarantees under the LGF may have a maturity of up to 10 years.
5. Eligibility under the LGF shall be determined for each intermediary on the basis of their activities and how effective they are in helping SME in accessing funding for viable projects. The LGF may be used by intermediaries supporting business in financing, inter alia, acquisition of tangible and intangible assets, working capital and for business transfers. Criteria relating to securitisation of SME debt financing portfolios shall include individual and multi-seller transactions as well as multi-country transactions. Eligibility shall be based on good market practices, in particular regarding the credit quality and risk diversification of the securitised portfolio.

6. The LGF shall, except for loans in the securitised portfolio, cover loans up to EUR 150 000 and with a minimum maturity of 12 months. The LGF shall also cover loans above EUR 150 000 in cases where SMEs who meet the criteria to be eligible under the COSME programme do not meet the criteria to be eligible under the SME window in the Debt Facility of the Horizon 2020 programme, and with a minimum maturity of 12 months.

Above that threshold, it shall be the responsibility of the financial intermediaries to demonstrate whether the SME is eligible or not under the SME window in the Debt Facility of the Horizon 2020 programme.

7. The LGF shall be designed in such way as to make it possible to report on SMEs supported, both in terms of number and volume of loans.

Article 20

Protection of the financial interests of the Union

1. The Commission shall take appropriate measures ensuring that, when actions financed under this Regulation are implemented, the financial interests of the Union are protected by the application of preventive measures against fraud, corruption and any other illegal activities, by effective checks and, if irregularities are detected, by the recovery of the amounts unduly paid and, where appropriate, by effective, proportionate and dissuasive administrative and financial penalties.

2. The Commission or its representatives and the Court of Auditors shall have the power of audit, on the basis of documents and on the spot checks, over all grant beneficiaries, contractors and subcontractors and other third parties who have received Union funds under this Regulation.
3. The European Anti-Fraud Office (OLAF) may carry out investigations, including on-the-spot checks and inspections, in accordance with the provisions and procedures laid down in Regulation (EU, Euratom) No 883/2013 of the European Parliament and of the Council¹ and Council Regulation (Euratom, EC) No 2185/96² with a view to establishing whether there has been fraud, corruption or any other illegal activity affecting the financial interests of the Union in connection with a grant agreement or grant decision or a contract funded under this Regulation.
4. Without prejudice to paragraphs 1, 2 and 3, cooperation agreements with third countries and with international organisations, contracts, grant agreements and grant decisions resulting from the implementation of this Regulation shall contain provisions expressly empowering the Commission, the Court of Auditors and OLAF to conduct such audits and investigations, according to their respective competences.

¹ Regulation (EU, Euratom) No 883/2013 of the European Parliament and of the Council of 11 September 2013 concerning investigations conducted by the European Anti-Fraud Office (OLAF) and repealing Regulation (EC) No 1073/1999 of the European Parliament and of the Council and Council Regulation (Euratom) No 1074/1999 (OJ L 248, 18.9.2013, p. 1).

² Council Regulation (Euratom, EC) No 2185/96 of 11 November 1996 concerning on-the-spot checks and inspections carried out by the Commission in order to protect the European Communities' financial interests against fraud and other irregularities (OJ L 292, 15.11.1996, p. 2).

CHAPTER V

Committee and final provisions

Article 21

Committee procedure

1. The Commission shall be assisted by a committee. That committee shall be a committee within the meaning of Regulation (EU) No 182/2011.
2. Where reference is made to this paragraph, Article 5 of Regulation (EU) No 182/2011 shall apply. Where the Committee delivers no opinion, the Commission shall not adopt the draft implementing act and the third subparagraph of Article 5(4) of Regulation (EU) No 182/2011 shall apply.

Article 22

Delegated acts

1. The Commission shall be empowered to adopt delegated acts in accordance with Article 23 concerning additions to the indicators set out in the Annex where those indicators could help measure the progress in achieving the COSME programme's general and specific objectives.

2. The Commission shall be empowered to adopt delegated acts in accordance with Article 23 concerning changes to some specific details regarding the financial instruments. Those details are the share of investment from the EFG of the total Union investment in early stage venture capital funds and the composition of the securitised loan portfolios.
3. The Commission shall be empowered to adopt delegated acts in accordance with Article 23 concerning modifications to the indicative amounts specified in Article 5(3) 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.

Article 23

Exercise of the delegation

1. The power to adopt delegated acts is conferred on the Commission subject to the conditions laid down in this Article.
2. The power to adopt delegated acts referred to in Article 22 shall be conferred on the Commission for a period of seven years from ...*.
3. The delegation of power referred to in Article 22 may be revoked at any time by the European Parliament or by the Council. A decision to revoke shall put an end to the delegation of the power specified in that decision. It shall take effect the day following the publication of the decision in the *Official Journal of the European Union* or at a later date specified therein. It shall not affect the validity of any delegated act already in force.

* OJ: please insert date of entry into force of this Regulation.

4. As soon as it adopts a delegated act, the Commission shall notify it simultaneously to the European Parliament and to the Council.
5. A delegated act adopted pursuant to Article 22 shall enter into force only if no objection has been expressed by either the European Parliament or the Council within a period of two months following the notification of that act to the European Parliament and the Council or if before the expiry of that period, the European Parliament and the Council have both informed the Commission that they will not object. That period shall be extended by two months at the initiative of the European Parliament or the Council.

Article 24

Repeal and transitional provisions

1. Decision No 1639/2006/EC is repealed with effect from 1 January 2014.
2. However, actions initiated under Decision No 1639/2006/EC and financial obligations related to those actions shall continue to be governed by that Decision until their completion.
3. The financial allocation referred to in Article 5 may also cover the technical and administrative assistance expenses necessary to ensure the transition between the COSME programme and the measures adopted under Decision No 1639/2006/EC.

Article 25
Entry into force

This Regulation shall enter into force on the third day following its publication in the *Official Journal of the European Union*.

This Regulation shall be binding in its entirety and directly applicable in all Member States.

Done at Strasbourg,

For the European Parliament
The President

For the Council
The President

ANNEX

Indicators for general and specific objectives and targets

General objective:	1. To strengthen the competitiveness and sustainability of the Union's enterprises, particularly SMEs	
A. Impact indicator ¹	Current situation	Long term target and milestone (2020)
A.1. Performance of SMEs as regards sustainability	Will be measured in on a regular basis, for example by means of a Eurobarometer survey	Increase in the proportion of Union SME producing green, i.e. environmentally friendly, products ² compared to baseline (initial measurement)

¹ These indicators refer to developments in Enterprise and Industry policy area. The Commission itself is not solely responsible for the achievement of the targets. A range of other factors outside of the control of the Commission also affects outcomes in this area.

² Green products and services are those with a predominant function of reducing environmental risk and minimising pollution and resources. Products with environmental features (eco-designed, eco-labelled, organically produced, and with an important recycled content) are also included. Source: Flash Eurobarometer 342, "SMEs, Resource Efficiency and Green Markets".

General objective:	1. To strengthen the competitiveness and sustainability of the Union's enterprises, particularly SMEs		
A.2. Changes in unnecessary administrative and regulatory burden on both new and existing SMEs ¹	Number of days to set up new SME in 2012: 5,4 working days	Marked reduction in number of days to set-up a new SME	
	Cost of start-up in 2012: EUR 372	Marked reduction in the average start-up costs in the Union compared to baseline	
	Number of Member States where the time needed to get licences and permits (including environmental permits) to take up and perform the specific activity of an enterprise is one month: 2	Marked increase in the number of Member States where the time needed to get licences and permits (including environmental permits) to take up and perform the specific activity of an enterprise is one month	

¹ The Council Conclusions of 31 May 2011 included a call encouraging the Member States, where appropriate, to reduce the start-up time for new enterprises to three working days and the cost to EUR 100 by 2012, as well as the time needed to get licences and permits to take up and perform the specific activity of an enterprise to three months by the end of 2013.

General objective:	1. To strengthen the competitiveness and sustainability of the Union's enterprises, particularly SMEs	
	Number of Member States with a one-stop shop for business start-ups so that entrepreneurs can carry out all the required procedures (e.g. registration, tax, VAT and social security) via a single administrative contact point, whether physical (an office), virtual (web), or both in 2009: 18	Marked increase in the number of Member States with a one-stop shop for business start-ups
A.3. Changes in the proportion of SMEs exporting within or outside the Union	25 % of SMEs export and 13 % of SMEs export outside the Union (2009) ¹	Increase in the proportion of SMEs exporting and increase in the proportion of SMEs exporting outside the Union compared to baseline

¹ "Internationalisation of European SMEs ", EIM, 2010, http://ec.europa.eu/enterprise/policies/sme/market-access/files/internationalisation_of_european_smes_final_en.pdf

General objective:	2. To encourage an entrepreneurial culture and promote the creation and growth of SMEs	
Impact indicator	Long term target and milestone (2020)	
B.1. Changes in SME growth	Current situation In 2010 SMEs provided more than 58 % of total Union Gross Value Added	Increase of SME output (value added) and employees compared to baseline
B.2. Changes in the proportion of Union citizens who wish to be self-employed	Total number of employees in SMEs in 2010: 87,5 million (67 % of private sector jobs in the Union) This figure is measured every two or three year by a Eurobarometer survey. The latest figure available is 37 % in 2012 (45 % in 2007 and 2009)	Increase in the proportion of Union citizens that would like to be self-employed compared to baseline

Specific objective:	To improve access to finance for SMEs in the form of equity and debt	
C. Financial instruments for growth	Latest known result (baseline)	Long term target (2020)
C.1. Number of firms benefiting from debt financing	As of 31 December 2012 EUR 13,4 billion in financing mobilised, reaching 219 000 SMEs (SME Guarantee (SMEG) Facility)	Value of financing mobilised ranging from EUR 14,3 billion to EUR 21,5 billion; number of firms receiving financing which benefit from guarantees from the COSME programme ranging from 220 000 to 330 000
C.2. Number of venture capital investments from the COSME programme and overall volume invested	As of 31 December 2012 EUR 2,3 billion in venture capital funding mobilised to 289 SMEs (High Growth and Innovative SME Facility, GIF)	Overall value of venture capital investments ranging from EUR 2,6 billion to EUR 3,9 billion; number of firms receiving venture capital investments from the COSME programme ranging from 360 to 540

Specific objective:	To improve access to finance for SMEs in the form of equity and debt	
C.3. Leverage ratio	Leverage ratio for the SMEG Facility 1:32 Leverage ratio for GIF 1:6,7	Debt instrument 1:20 - 1:30 Equity instrument 1:4 - 1:6 ¹
C.4. Additionality of the EFG and LGF	Additionality of the SMEG Facility: 64 % of final beneficiaries indicated that support was crucial to find the finance they needed Additionality of the GIF: 62 % of GIF final beneficiaries indicated that support was crucial to find the finance they needed	Increase in the proportion of final beneficiaries that consider the EFG or the LGF to provide funding that could not have been obtained by other means compared to baseline

¹ EUR 1 from the Union budget will result in EUR 20-30 in financing and EUR 4-6 in equity investments over the lifetime of the COSME programme.

Specific objective:	To improve access to markets, particularly inside the Union but also at global level	
D. International Industrial Cooperation	Latest known result (baseline)	Long term target (2020)
D.1. Number of cases of improved alignment between Union and third countries' regulations for industrial products	It is estimated that in regulatory co-operation with main trading partners (US, Japan, China, Brazil, Russia, Canada, India) there is an average of 2 relevant areas of significant alignment of technical regulations	4 relevant areas of significant alignment of technical regulations with main trading partners (US, Japan, China, Brazil, Russia, Canada, India)
E. Enterprise Europe Network	Latest known result (baseline)	Long term target (2020)
E.1. Number of partnership agreements signed	Partnership agreements signed: 2475 (2012)	Partnership agreements signed: 2500/year
E.2. Recognition of the Network amongst SME population	Recognition of the Network amongst SME population will be measured in 2015	Increase in the recognition of the Network amongst SME population compared to baseline

Specific objective:	To improve access to markets, particularly inside the Union but also at global level	
E.3. Client satisfaction rate (% SMEs stating satisfaction, added-value of specific service provided by the Network)	Client satisfaction rate (% SMEs stating satisfaction, added-value of specific service): 78 %	Client satisfaction rate (% SMEs stating satisfaction, added-value of specific service): >82 %
E.4. Number of SMEs receiving support services	Number of SMEs receiving support services: 435 000 (2011)	Number of SMEs receiving support services: 500 000/year
E.5. Number of SMEs using digital services (including electronic information services) provided by the Network	2 million SMEs per year using digital services	2,3 million SMEs per year using digital services

Specific objective:	To improve framework conditions for the competitiveness and sustainability of Union enterprises, particularly SMEs, including in the tourism sector	
F. Activities to improve competitiveness	Latest known result (baseline)	Long term target (2020)
F.1. Number of simplification measures adopted	5 simplification measures per year (2010)	At least 7 simplification measures per year
F.2. Making the regulatory framework fit for purpose	Fitness checks have been launched since 2010. The only relevant fitness check so far is the on-going pilot project regarding "type approval for motor vehicles"	Up to 5 fitness checks to be launched over the course of the COSME programme
F.3. Number of Member States using the competitiveness proofing test	Number of Member States using the competitiveness proofing test: 0	Marked increase in the number of Member States using the competitiveness proofing test

Specific objective:	To improve framework conditions for the competitiveness and sustainability of Union enterprises, particularly SMEs, including in the tourism sector	
F.4. Resource efficiency (which may include energy, materials or water, recycling, etc.) actions taken by SMEs	Will be measured on a regular basis, for example by means of a Eurobarometer survey	<p>Increase in the proportion of Union SMEs that are taking at least one action to be more resource efficient (which may include energy, materials or water, recycling, etc.) compared to baseline (initial measurement)</p> <p>Increase in the proportion of Union SMEs that are planning to implement additional resource efficiency actions (which may include energy, materials or water, recycling, etc.) every two years compared to baseline (initial measurement)</p>
G. Developing SME policy	Latest known result (baseline)	Long term target (2020)
G.1. Number of Member States using SME test	Number of Member States using SME test: 15	Marked increase in the number of Member States using SME test

Specific objective:	To improve framework conditions for the competitiveness and sustainability of Union enterprises, particularly SMEs, including in the tourism sector	
H. Tourism	Latest known result (baseline)	Long term target (2020)
H.1. Participation in transnational cooperation projects	Three countries covered per project in 2011	Increase in the number of Member States participating in transnational cooperation projects funded by the COSME Programme compared to baseline
H.2. Number of destinations adopting the sustainable tourism development models promoted by the European Destinations of Excellence	Number of European Destinations of Excellence awarded in total: 98 (on average 20 per year – in 2007-10, in 2008-20, in 2009-22, in 2010-25, in 2011-21)	More than 200 destinations adopting the sustainable tourism development models promoted by the European Destinations of Excellence (about 20 every year)
I. New Business Concepts	Latest known result (baseline)	Long term target (2020)
I.1. Number of new products/services in the market	Will be measured on a regular basis (So far this activity was restricted to analytical work of limited scale)	Increase in the cumulative number of new products/services compared to baseline (initial measurement)

Specific objective:	To promote entrepreneurship and entrepreneurial culture	
J. Support for entrepreneurship	Latest known result (baseline)	Long term target (2020)
J.1. Number of Member States implementing entrepreneurship solutions based on good practice identified through the programme	Number of Member States implementing entrepreneurship solutions: 22 (2010)	Marked increase in the number of Member States implementing entrepreneurship solutions
J.2. Number of Member States implementing entrepreneurship solutions targeting potential, young, new and female entrepreneurs, as well as other specific target groups	Currently, 12 Member States participate in the European Network of Mentors for Women Entrepreneurs. Currently, 6 Member States and 2 regions have a specific strategy for Entrepreneurship Education, 10 Member States have incorporated national objectives related to entrepreneurship education in broader lifelong learning strategies and in 8 Member States entrepreneurship strategies are currently under discussion	Marked increase in number of Member States implementing entrepreneurship solutions targeting potential, young, new and female entrepreneurs, as well as other specific target groups compared to baseline