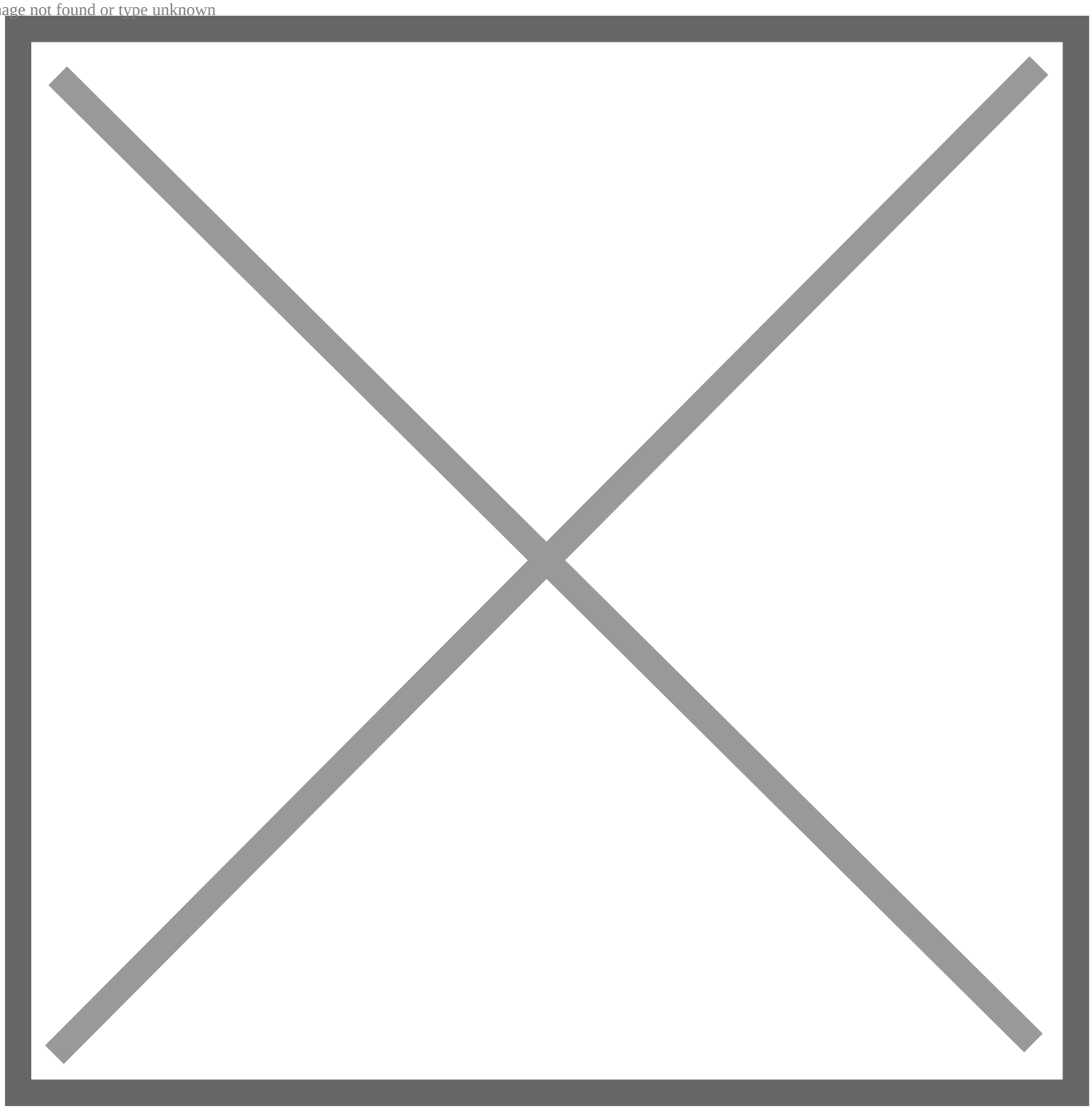
Access to Finance for SMEs - Introducing EU Competitiveness of Enterprises and SMEs Programme (COSME)

TAGS Financing

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EU's small businesses have been increasingly optimistic about their growth prospects but many were still concerned about the lack of access to finance, according to a survey published in November 2014 by the European Central Bank.

In the period from April to September 2014, Small and Medium-sized Enterprises' (SMEs) demands for financing were not always fulfilled and more than a third did not manage to get the full bank loan financing they needed. Meanwhile, they also reported to have experienced tightening in collateral and other requirements.

To help SMEs in this aspect, the European Commission launched a new programme **Competitiveness of Enterprises and SMEs Programme (COSME)** in 2014, which aims to promote entrepreneurship and improve the business environment including access to finance for SMEs.

2.3 billion budget for SMEs throughout 6 years

COSME runs from 2014 until 2020 with a budget of EUR 2.3 billion and will support SMEs in four areas:

- Facilitating access to finance
- Supporting internationalisation and access to markets
- Creating an environment favourable to competitiveness
- Encouraging an entrepreneurial culture

It is expected to support 220, 000 to 330, 000 SMEs in obtaining financing for a total value of between €14 and €21 billion by 2020.

In particular, the programme introduced two financial instruments to help SMEs' access to finance – the Loan Guarantee Facility and Equity Facility for Growth.

If you are looking for bank loans and guarantees

A number of financial intermediaries (e.g. guarantee organisations, banks, leasing companies) that receive budget from COSME are more likely to expand the range of SMEs they can finance.

The COSME budget funds **guarantees** and **counter-guarantees** for financial intermediaries to help them provide more loan (up to EUR 150,000) and lease finance to SMEs. This will facilitate access to debt finance for many SMEs who might otherwise not be able to raise the funding they need.

If you would like to find out which financial institutions near you can provide support, visit Access to EU Finance to see the list.

If you are looking for venture capital

There is also an increasing chance to take your early business to the next level with support from COSME.

Another part of the programme is to invest in funds that provide **venture capital** and **mezzanine finance** to expansion and growth-stage SMEs in particular those operating across borders.

The fund managers will operate on a commercial basis, to ensure that investments are focused on SMEs with the greatest growth potential. Local financial institutions will evaluate applications and make final decisions. The exact financing conditions – the amount, duration, interest rates and fees – also depends on the financial institution.

For advice on financing in China, contact our experts here.