The Loan Guarantee Facility in COSME

DG ENTR Unit D3 – SME Access to Finance
Access to finance for SMEs: Why EU intervention is needed

- Structural market failures and deficiencies in debt markets as evidenced by regular surveys (COM + ECB)
- Economic crisis has exacerbated the problem
- Answering to banks increasing risk-aversion and deleverage
- Providing complementarities to financial instruments implemented at national and regional level
COSME – new elements

- Debt instrument for EU enterprises’ growth and RDI
  - Loan Guarantee Facility (COSME) for SMEs
  - SMEs & Small Midcaps Guarantee Facility for R&I (Horizon 2020)

- COSME will cover loans (financial transactions) \( \leq € 150,000 \) to all types of SMEs

- Possible pooling of resources with Member States
COSME – continued elements from CIP

- Focus on enhanced access to finance
- Use of multiple types of financing (e.g. loans, subordinated loans, leasing)
- Minimum duration of individual transaction must be 12 months, maximum duration is 10 years
- Support of securitisation transactions
Which questions do we have?

- Should we focus on specific types of transactions (investment loans, working capital facilities, issuance of bank guarantees, leasing, subordinated loans)?

- How could we optimize implementation modalities? Are there any type of requirements imposed on SMEs or financial intermediaries today which hinder a smooth implementation?

- How could EU level instruments be combined with Member States’ resources including from Structural Funds?

- Should we consider providing uncapped guarantees?