



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?