



Houses of the  
**Oireachtas**  
Tithe an Oireachtais

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***An Comhchoiste um Poist, Coimirce Shóisialach agus Oideachas***

**Tuarascáil Ghrinnscrúdaithe AE**

**Tuarascáil ar COM (2011) 834 – Togra le haghaidh Rialacháin ó Pharlaimint na hEorpa agus ón gComhairle lena mbunaítear Clár le haghaidh lomaíochais Fiontar agus fiontar beag agus meánmhéide (2014-2020) agus an Rannchuidiú leis an gCoimisiún Eorpach agus le Parlaimint na hEorpa**

**Aibreán 2012**

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***Joint Committee on Jobs, Social Protection and Education***

**EU Scrutiny Report**

**Report on COM (2011) 834 – 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) and Contribution to the European Commission and the European Parliament**

**April 2012**

***Joint Committee on Jobs, Social Protection and Education***

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**Contents**

1. Introduction .....	<b>1</b>
2. Summary of Proposal .....	<b>2</b>
3. Presentation by officials from the Department Jobs, Enterprise and Innovation and Enterprise Ireland. ....	<b>4</b>
4. Observations and Recommendations of the Committee. ....	<b>5</b>
5. Decision of the Joint Committee.....	<b>6</b>
Appendix 1:Presentation made to the Joint Committee.....	<b>7</b>
Appendix 2:Information Note provided by the Department of Jobs, Enterprise and Innovation.....	<b>16</b>
Appendix 3: Orders of Reference .....	<b>20</b>
Appendix 4: List of Members.....	<b>23</b>

## ***Joint Committee on Jobs, Social Protection and Education***

### **EU Scrutiny Report**

#### **Report on COM (2011) 834 – 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) and Contribution to the European Commission and the European Parliament**

### **1. Introduction**

COM (2011) 834<sup>1</sup> – is a 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 Committee first considered this proposal at its meeting on 29 February 2012. The Committee decided at that meeting to further scrutinise the draft regulation and agreed the following:-

- i.** to invite representatives from the lead Department – the Department of Jobs, Enterprise and Innovation to attend a meeting of the Committee to outline the proposal in greater detail to the Committee and to assist it in its scrutiny of the proposals, and
- ii.** to write to other stakeholders seeking their views on the proposal.

Follow-up correspondence issued accordingly and the Committee subsequently scrutinised the proposal in detail at its meeting on 14 March 2012. The Committee heard contributions from officials from the Department of Jobs, Enterprise and Innovation and from Enterprise

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<sup>1</sup> [http://ec.europa.eu/cip/files/cosme/com\\_2011\\_0834\\_proposition\\_de\\_reglement\\_en.pdf](http://ec.europa.eu/cip/files/cosme/com_2011_0834_proposition_de_reglement_en.pdf)

Ireland (EI)<sup>2</sup>. It also noted contacts by Irish Small and Medium Enterprises Association Ltd (ISME)<sup>3</sup> on the matter.

On the basis of the information provided in all forms to the Committee and its analysis this information, the Joint Committee has prepared the following report.

## **2. Summary of Proposal**

**COM (2011) 834** – is a 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 (SMEs) (2014- 2020).

The proposed programme will run from 2014 to 2020, with a proposed budget of €2.5bn. The EU Commission finds that the main challenges which SMEs continue to face include difficulties in accessing finance, weak entrepreneurial spirit, a business environment which is not conducive to start-ups and growth, a limited capacity to adapt to a low-carbon resource-efficient economy, and a limited capacity to expand to markets beyond their home country. In view of this, it believes that the general aim of this programme should be to strengthen the competitiveness and sustainability of EU enterprises, and to encourage an entrepreneurial culture, promoting the creation and growth of SMEs.

More specifically, the EU Commission suggests that the actions funded through the Programme should have the following four aims:

*1. Improve the framework conditions for competitiveness and sustainability*

The programme will support activities designed to enhance the effectiveness, coherence and consistency of national policies promoting competitiveness, sustainability and the growth of enterprises in Europe. This includes measures such as

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<sup>2</sup> EI is an Irish Government agency responsible for the development and growth of Irish enterprises in world markets.

<sup>3</sup> ISME is an independent business organisation providing Business Support in Ireland for SME's

benchmarking, the exchange of best practices and sectoral initiatives. There will be a particular focus on measures to develop SME policy and SME competitiveness, reinforcing use of the "Think Small First" principle in line with the goals of the Small Business Act and the Europe 2020 strategy. The budget for this action-line is €384.4

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, and promoting second chances for entrepreneurs. The budget for this action-line is €86.8m.

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. Firstly, 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. Secondly, a loan facility will continue to provide SMEs with direct or other risk-sharing arrangements with financial intermediaries to cover loans. The budget for this action-line is €1.4 bn.

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 budget for this action-line is €535bn.

### *5. Implications for Ireland*

In its initial information note to the Committee on this proposal, the Department of Jobs, Enterprise and Innovation indicated that Ireland welcomed the proposals which will provide targeted financial support for SMEs. In particular, it pointed to the proposed equity facility for growth-phase investment, which will support the development of the EU-wide Venture Capital market, as well as the Loan Facility which will provide direct or other risk sharing arrangements with financial intermediaries to cover loans for SME's. The Department confirmed that negotiations on the draft Regulation will continue throughout 2012 and 2013 in the Competitiveness and Growth Council Working Group and at the Competitiveness Council.

### **3. Presentation by officials from the Department Jobs, Enterprise and Innovation and Enterprise Ireland.**

The Committee heard a detailed presentation from a Departmental official on the proposed Regulation (see Appendix 1), following which there was a question and answer session with members of the Committee. Several members of the Committee put questions to the officials and the discussion focussed in particular on the following areas of interest:-

- i. the adequate of level of funding available under the COSME for members states and the percentage available to Ireland;
- ii. details of access arrangements for funding for small businesses and planned simplification of access arrangements and the introduction nationally of 'one-stop-shops' for small businesses;
- iii. the means by which information on support measures available to small businesses is disseminated;
- iv. venture capital and how businesses access such capital and the role of international venture capital;
- v. loan guarantee schemes and mirco-finance funding;

- vi. levels of lending nationally via the banking system and national financing schemes for small business;
- vii. the role of European Investment Fund in micro-financing through loan guarantee system;
- viii. second – chance entrepreneurs.

#### **4. Observations and Recommendations of the Committee.**

Based on its analysis of the information gathered on the proposed legislation the following are the Committees' conclusions and recommendations:

- 4.1 The Committee notes that the proposal has been welcomed by the Department of Jobs, Enterprise and Innovation and Enterprise Ireland, as the proposal seeks to improve the overall competitiveness of the SME sector and also to improve access to finance for small and medium size businesses as well as promoting entrepreneurship and access to markets.
- 4.2 The Committee would like to thank the Department and other officials for the informative presentation and detailed explanation of the proposal and other related matters.
- 4.3 The Committee notes the present difficulties being experienced by small businesses in Ireland in obtaining credit and access to finance.
- 4.4 It recognises the importance of national initiatives in this regard, in particular, in the area of micro-financing for small businesses.
- 4.5 The Committee welcomes the COSME proposal at this time. The Committee is in agreement with the EU Commission in its stated rationale for this draft Regulation, which is, that small and medium enterprises are key economic drivers of the economy.
- 4.6 The Committee in particular, welcomes the proposed targeting of financial support for SMEs through this programme, in this context.

- 4.7 The Committee acknowledges the form for the financial support for SMEs through this programme. It notes the financial instruments, such as equity-financing and also risk-sharing arrangements with financial intermediaries to cover loans to SMEs as a means providing finance to SMEs.
- 4.8 It is noted by the Committee that over half the fund allocation in the programme is dedicated to this particular objective.
- 4.9 The Committee is cognisant that the proposed budget for this COSME programme has not been agreed and that negotiations are ongoing on the proposal. In this context, the Committee supports the budget proposed or any proposed increase in the budget for this programme. It does so in order that the objectives of the programme, as set out by the EU Commission, are achieved.
- 4.10 The Committee recommends that its views on the proposed Regulation are communicated formally to the EU Council, EU Commission and EU Parliament as a direct political contribution.

## **5. Decision of the Joint Committee.**

It was agreed on 18 April 2012 that the report of the Joint Committee be laid before the Houses of the Oireachtas, published and placed on the Oireachtas website, and copies will be forwarded to the Minister for Jobs, Enterprise and Innovation as well as to the Representative of the Houses of the Oireachtas to the EU in Brussels for submission as a direct political contribution to the EU, from the Committee.

Damien English, TD.  
Chairman

18 April 2012.



## **Appendix 1: Presentation made to the Joint Committee**

### ***Joint Committee on Jobs, Social Protection and Education***

***14 March 2012***

#### **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)**

#### **Chairman**

I would like to thank the Committee for inviting me here this morning to speak to you about the **Competitiveness and SMEs (COSME) Programme 2014-2020**.

#### **Background**

The EU Budget for the period 2014-2020 is established within a **Multi-annual Financial Framework (MFF)**, in accordance with Article 312 of the Treaty. The **Multi-annual Financial Framework** sets out the overall level of the EU Budget expenditure on an annual basis and the amounts allocated to the different expenditure headings.

The European Commission recently published a detailed Multi-annual Financial Framework (MFF) for the next EU Budget for the period from 2014 to 2020. The total amount being proposed for the period 2014-2020 is €1,025 billion in constant 2011 prices. The details of the EU Budget are contained in the Commission's Communication: **"A Budget for Europe 2020" COM (2011) 500 FINAL**.

One of the Initiatives included under the Multi-annual Financial Framework is the

**Competitiveness and SMEs (COSME) Programme 2014-2020. The funding provided for the COSME Programme over the seven year period 2014 to 2020 has been provisionally set at €2.52billion.**

### **POLICY OBJECTIVES OF COSME**

SMEs are a major source of economic growth and job creation in the EU, accounting for more than 67 % of private sector jobs and providing more than 58 % of total turnover in the EU. There are some 23 Million SMEs across the EU.

SMEs are an important contributor to growth and employment in the Union. If the Union is to deliver its **Europe 2020 Strategy** priorities of smart, sustainable and inclusive growth, competitiveness needs to be centre stage.

The EU has an important role to play in unlocking the growth potential of SMEs, including through the targeted use of the EU Budget. Activities in this area focus on addressing: the key market failures that limit SME growth - for example in relation to addressing:

- Access to finance where there are deficiencies in debt and equity markets supporting Research and Innovation and Growth.
- Banks/investors are increasingly risk-averse. The EU recognises the need to complement local and regional "access to finance" schemes for SMEs;
- Significant gap between the demand and the supply of loans and guarantees
- Scarce equity for early/growth stage start-ups
- The need to build an integrated European Venture Capital Market. The EU Venture Capital market is at the same level as in 1984.

- Ensuring that SMEs are able to take full advantage of the enormous potential of the European Single Market, and
- Creating a Business Environment that is conducive to creating start-ups and growth, by encouraging an entrepreneurial culture.

The EU is already working to improve the business environment and to support the development of a strong and diversified industrial base capable of competing on a global scale. **The Competitiveness and Innovation Programme (CIP) 2007-2013** provides funding to address these issues.

The proposed COSME Programme is essentially, the successor Programme to the CIP.

In drafting the COSME Programme, the European Commission acknowledges that the experiences from previous CIP Measures show that any new initiatives will have to include:

- Simplified Rules
- Clear dedicate legal framework
- Visibility and transparency of instruments
- Increased coherence and consistency between instruments

I should however, point out to the Committee Members that all the research and innovation support to SMEs (including the Innovation part of the CIP Programme) will now be included in the EU's Common Strategic Framework for Research and Innovation - Horizon 2020. Accordingly, research and innovation support to SMEs will not be in the new COSME Programme.

**What will the Competitiveness and SMEs (COSME) Programme 2014-2020 cover?**

The Competitiveness and SMEs Programme (COSME) will support actions across five headings as follows:

1. **Improving the framework conditions to make for the competitiveness and sustainability of EU enterprises, including in the tourism sector.**
2. **Promoting entrepreneurship.**
3. **Improving access to finance for SMEs in the form of equity and debt.**
4. **Improving access to markets inside the Union and globally.**
5. **Management of the new Competitiveness and SMEs Programme.**

Under the first heading, activities to **Improve the framework conditions to make for the competitiveness and sustainability of EU enterprises including in the tourism sector** will be addressed by supporting coherence and consistency in implementation as well as informed policy-making at European Union level.

- SME policy will be developed and SME competitiveness promoted in line with the goals of the EU Small Business Act (SBA) and the Europe 2020 Strategy.
- EU actions will include reinforcing the use of the “Think Small First” principle in EU and Member State policy-making, identifying and exchanging best practices to contribute to implementing the SBA, and supporting SMEs in making the most of the Single Market's potential. **The total budget for this Heading is €384.4m.**

### **What does this mean in practice?**

Essentially, the European Commission is asking both itself and Member States to:

- Introduce coherent, consistent and informed policies that will put small businesses centre stage.

- Share “Best Practice” experiences where we can all learn from each other, particularly in promoting competitiveness and growth.

For example, at national level here, the Government has appointed Mr. John Perry TD, as Minister of State for Small Business, so that the policy measures and any concerns affecting SMEs are brought together on a whole of Government basis. Minister Perry has also been appointed as Ireland’s EU SME Envoy under the Small Business Act for Europe.

We have also set up the Advisory Group for Small Business and the High Level Group on Better Regulation which both have representatives of business interest groups and relevant State Agencies to hear at first hand, the issues of concern to business. Both of these Groups are chaired by Minister Perry. The Advisory Group for Small Business is based on the principle of facilitating structured dialogue as set out in the EU Small Business Act.

A number of the recommendations contained in the Report of the Advisory Group for Small Business, published last November, have fed into the recently published Action Plan for Jobs.

The Department of Transport, Tourism and Sport has responsibility for the Tourism sector. They have indicated (and I quote) that:

“From Ireland’s perspective, Tourism is an important sector at national and EU level, which should be explicitly recognised and this is welcome in the COSME proposal.

Our priority is that any measures at EU level should be clearly additional to national efforts and should have a clear impact on the tourism industry here. The tourism elements in the proposal are quite

high-level and general to date and further detail will be required to assess whether they would be beneficial to Irish tourism businesses.

We are also conscious that tourism can benefit from a range of different EU programmes, including regional and social funds and also from rural development funding and so Ireland intends to look at tourism opportunities under the Multiannual Financial Framework in the round, rather than just in COSME”.

### **Promoting Entrepreneurship**

**The Second strand of the COSME Programme relates to 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, and promoting second chances for entrepreneurs.
- ***The total budget for this Heading is €86.8m.***

The above Actions will be undertaken by the European Commission, through initiatives such as the Erasmus Programme.

### **Improving access to finance for SMEs in the form of equity and debt**

The Third strand of the COSME Programme relates to providing financial instruments for growth, including new equity and debt platforms to provide equity facility and loan guarantees.

These will be designed to help SMEs to access funding more easily, through the banks.

Firstly, 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. **€690m will be provided for this purpose.**

Secondly, a loan facility will continue to provide SMEs with direct or other risk-sharing arrangements with financial intermediaries to cover loans – up to a cap of €150,000. **€746m will be provided for this purpose.**

Under the CIP Programme:

- The Loan Guarantee Facility has mobilised €9.4bn for 155,000 SMEs to date, across the EU.
- The High Growth and Innovation Equity facility – has mobilised €1.9bn in VC Funding for SMEs across the EU.

**The proposed budget for this Heading is €1.436 Billion – which is over half (59%) of the proposed total budget for COSME.**

### **Improving access to markets inside the Union and globally**

Under this fourth heading, the Enterprise Europe Network will continue to provide information on funding and support services to Growth-oriented businesses in order to facilitate their expansion in the Single Market and beyond.

This fourth element of the 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 total budget for this action-line is €535.5m***

## **The Enterprise Europe Network in Ireland**

The Enterprise Europe Network in Ireland is organised by Enterprise Ireland in partnership with Chambers in Cork – Dublin – Galway – Sligo – Waterford

The Network helps companies by raising awareness of EU legislation, CE marking etc./EU funding programmes/Technology Transfer/Business Partnerships for which they have a database with up to 14,000 live business and technology opportunities for Irish companies to tap into.

In their first 3 years in operation, the Irish Network had 34,000 interactions with Irish SMEs looking for support under the CIP Framework.

The Irish Network organised 225 events for SMEs resulting in nearly 10,000 participants. The Irish Network also works with all other Business Support Organisations, in Ireland such as Enterprise Ireland, the County and City Enterprise Boards, Chambers Ireland, SFA and ISME. The Network's services are free of charge.

As part of the new COSME programme the Irish Enterprise Europe Network will assist all Irish SMEs to access the new supports available to them including the all new SME instruments made available through the Horizon 2020 programme.

## **Management of the new Competitiveness and SMEs Programme**

The fifth and final strand of the COSME Programme deals with the management of the Programme which will be largely outsourced to external bodies, in particular the EIB Group for the "Financial Instruments for Growth" and the (successor of the) Executive Agency for Competitiveness and Innovation Programme (CIP) for other activities related to SMEs.

**The total budget for this Heading is €79m.**



## **Next Steps**

Negotiations on the COSME Programme are already underway, under the Danish Presidency, who expects the draft Regulation to be adopted in their Presidency ending in June.

However, I should advise the Committee that the proposed budgetary allocations are at this stage, very much provisional, as the final figures allocated will have to be agreed as part of the **Multi-annual Financial Framework 2014-2020**.

These broader negotiations are, I understand, likely to be agreed by the Council and Heads of State and Government during Ireland's EU Presidency in the first half of 2013.

## **Irish Position**

We welcome the proposals to establish a dedicated €2.52 billion Programme for industrial competitiveness and SMEs which will provide targeted financial support for SMEs. In particular, we welcome the proposed equity facility for growth-phase investment which will support the development of the EU wide Venture Capital market, as well as the Loan Facility which will provide direct or other risk sharing arrangements with financial intermediaries to cover loans for SME's

In conclusion the COSME Programme,

- Will cover early stage investments
- Will focus on SMEs in the growth/expansion stage
- Final Beneficiaries will be growth-orientated SMEs, via financial intermediaries

I hope you have found my presentation helpful.

Thank You, Mr. Chairman.

I will try to answer any questions that Committee Members may have.

## **Appendix 2: Information Note provided by the Department of Jobs, Enterprise and Innovation**

### **Information Note Com (2011) 834**

#### **1. Proposal**

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)

#### **2. Date of Commission document**

30/11/2011

#### **3. Number of Commission document**

COM (2011) 834

#### **4. Number of Council document:**

17489/11 of 2 December 2011

#### **5. Dealt with in Brussels by**

Competitiveness Council and the Competitiveness and Growth Council Working Group

#### **6. Department with primary responsibility**

Department of Jobs, Enterprise and Innovation

#### **7. Other Departments involved**

Department of Finance and the Department of Transport, Tourism and Sport

#### **8. Background to, Short summary and aim of the proposal**

The new Programme for the Competitiveness of Enterprises and Small and Medium-sized Enterprises (COSME) succeeds the Competitiveness and Innovation Framework Programme (CIP) 2007-2013 and will run for the period 2014 - 2020 . The COSME Programme has a total allocation of €2.522billion over the above seven year period.

All research and innovation support to SMEs (including the innovation part of the CIP) will now be included in the Common Strategic Framework for Research and Innovation. The "Competitiveness and SMEs Programme" (COSME) will focus mainly on measures to promote more dynamic and internationally-competitive SMEs.

The Competitiveness and SMEs Programme (COSME) will support actions including:

- Activities to **Improve the framework conditions to make for the competitiveness and sustainability of EU enterprises including in the tourism sector** by supporting coherence and consistency in implementation as well as informed policy-making at European Union level. SME policy will be developed and SME competitiveness promoted in line with the goals of the EU Small Business Act (SBA) and the Europe 2020 Strategy. EU actions will include reinforcing the use of the "Think Small First" principle in EU and Member State policy-making, identifying and exchanging best practices to contribute to implementing the SBA, and supporting SMEs in making the most of the Single Market's potential. **The total budget for this action-line is €384.4m.**

- **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, and promoting second chances for entrepreneurs. **The total budget for this action-line is €86.8m.**
- **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. Firstly, 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. Secondly,, a loan facility will continue to provide SMEs with direct or other risk-sharing arrangements with financial intermediaries to cover loans. **The total budget for this action-line is €1,436.3m (or €1.4363 bn).**
- **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 total budget for this action-line is €535.5m**
- In addition, the management of the new Competitiveness and SMEs Programme will be largely outsourced to external bodies, in particular the EIB Group for the "Financial Instruments for Growth" and the (successor of the) Executive Agency for Competitiveness and Innovation Programme (CIP) for other activities related to SMEs. **The total budget for this action-line is €79m.**

## 9. Legal basis of the proposal

The proposal is based on Article 173 and Article 195 of the Treaty on the Functioning of the European Union.

## 10. Voting Method

QMV

## 11. Role of the EP

The European Parliament will be involved in agreeing the Draft Regulation with the Competitiveness and Growth Council of Ministers, under the Co-decision procedure.

In addition, Articles 18(4) and 19(2) of the Draft Regulation requires the European Commission, which will be empowered to adopt "delegated acts" under Article 17 to:

18 (4)"As soon as it adopts a delegated act, the Commission shall notify it simultaneously to the European Parliament and to the Council".

19(2) "Either the European Parliament or the Council may object to a delegated act in accordance with the procedure referred to in Article 18(5). In such a case, the Commission shall repeal the act without delay following the notification of the decision to object by the European Parliament or the Council".

## **12. Category of proposal**

The European Commission regards the proposed COSME Programme, as being central to delivering one of its key priorities in the Commission's flagship Industrial Policy Communication - **Europe 2020 Strategy** - of having smart, sustainable and inclusive growth and competitiveness at the centre of its suite of policy actions. In particular, Small and Medium-sized Enterprises (SMEs), will be an important contributor to growth and employment in the European Union, for this to happen.

SMEs are a major source of economic growth and job creation in the EU, accounting for more than 67% of private sector jobs and providing more than 58% of total turnover in the EU. Creating the conditions for SMEs to flourish is part of the EU's growth and jobs strategy, as described above.

Promoting the competitiveness of EU industry - in particular SMEs - and helping the adjustment of production and services processes to a low carbon, climate resilient, resource-efficient economy is also a key goal of the Europe 2020 Strategy. The EU is working to improve the business environment and to support the development of a strong and diversified industrial base capable of competing on a global scale.

The EU has an important role to play in unlocking the growth potential of SMEs, including through the targeted use of the EU Budget. Activities in this area focus on addressing the key market failures that limit SME growth - for example in relation to access to finance - and ensuring that SMEs are able to take full advantage of the enormous potential of the European Single Market.

The strategic and innovative use of the EU Budget will contribute significantly to these efforts. The EU Budget will be used to help provide much-needed equity and debt finance via the use of innovative financial instruments and to support a wide range of activities to promote the development of SMEs at European level. Together, these activities will provide a significant boost to SMEs across the EU.

## **13. Implications for Ireland & Ireland's Initial View'**

Ireland welcomes the proposals to establish a dedicated €2.522bn Programme for industrial competitiveness and SMEs which will provide targeted financial support for SMEs. In particular we welcome the proposed equity facility for growth-phase investment which will support the development of the EU wide Venture Capital market, as well as the Loan Facility which will provide direct or other risk sharing arrangements with financial intermediaries to cover loans for SME's.

## **14. Are there any subsidiarity issues for Ireland?**

No.

## **15. Anticipated negotiating period**

Negotiations on the draft Regulation will take place throughout 2012 and 2013 in the Competitiveness and Growth Council Working Group and at the Competitiveness Council.

## **16. Proposed implementation date**

1 January 2014 to 31 December 2020.

## **17. Consequences for national legislation**

The Regulation will not require transposing legislation. It will be implemented on an administrative basis, with the Department of Jobs, Enterprise and Innovation overseeing and coordinating implementation.

## **18. Method of Transposition into Irish law**

Not Applicable - see Reply to No 17 above.\*

**19. Anticipated Transposition date**

Not Applicable - see Reply to No 17 above.

**20. Consequences for the EU budget in Euros annually**

The Draft Regulation (page 49) proposes a total allocation of €2.522bn to the COSME Programme over the seven year 1 January 2014 to 31 December 2020 – broken down in terms of estimated annual payments by DG Enterprise - as follows:

<b>Year 2014</b>	<b>Year 2015</b>	<b>Year 2016</b>	<b>Year 2017</b>	<b>Year 2018</b>	<b>Year 2019</b>	<b>Year 2020</b>	<b>After Year 2020</b>
<b>€m</b>	<b>€m</b>	<b>€m</b>	<b>€m</b>	<b>€m</b>	<b>€m</b>	<b>€m</b>	<b>€m</b>
<b>121.24</b>	<b>246.24</b>	<b>298.24</b>	<b>322.24</b>	<b>338.24</b>	<b>380.24</b>	<b>451.24</b>	<b>364.32</b>

The above figures will be kept under review over the duration of the Programme by the proposed Executive Agency referred to in Question 8 above as well as the various Management Committees involving Member State Government Experts.

**21. Contact name, telephone number and e-mail address of official in Department with primary responsibility**

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## **Appendix 3: Orders of Reference**

### ***Joint Committee on Jobs, Social Protection and Education***

#### **a. Functions of the Committee – derived from Standing Orders [DSO 82A; SSO 70A]**

- (1) The Select Committee shall consider and report to the Dáil on—
  - (a) such aspects of the expenditure, administration and policy of the relevant Government Department or Departments and associated public bodies as the Committee may select, and
  - (b) European Union matters within the remit of the relevant Department or Departments.
- (2) The Select Committee may be joined with a Select Committee appointed by Seanad Éireann to form a Joint Committee for the purposes of the functions set out below, other than at paragraph (3), and to report thereon to both Houses of the Oireachtas.
- (3) Without prejudice to the generality of paragraph (1), the Select Committee shall consider, in respect of the relevant Department or Departments, such—
  - (a) Bills,
  - (b) proposals contained in any motion, including any motion within the meaning of Standing Order 164,
  - (c) Estimates for Public Services, and
  - (d) other mattersas shall be referred to the Select Committee by the Dáil, and
  - (e) Annual Output Statements, and
  - (f) such Value for Money and Policy Reviews as the Select Committee may select.
- (4) The Joint Committee may consider the following matters in respect of the relevant Department or Departments and associated public bodies, and report thereon to both Houses of the Oireachtas:
  - (a) matters of policy for which the Minister is officially responsible,
  - (b) public affairs administered by the Department,
  - (c) policy issues arising from Value for Money and Policy Reviews conducted or commissioned by the Department,
  - (d) Government policy in respect of bodies under the aegis of the Department,
  - (e) policy issues concerning bodies which are partly or wholly funded by the State or which are established or appointed by a member of the Government or the Oireachtas,
  - (f) the general scheme or draft heads of any Bill published by the Minister,
  - (g) statutory instruments, including those laid or laid in draft before either House or both Houses and those made under the European Communities Acts 1972 to 2009,

- (h) strategy statements laid before either or both Houses of the Oireachtas pursuant to the Public Service Management Act 1997,
  - (i) annual reports or annual reports and accounts, required by law, and laid before either or both Houses of the Oireachtas, of the Department or bodies referred to in paragraph (4)(d) and (e) and the overall operational results, statements of strategy and corporate plans of such bodies, and
  - (j) such other matters as may be referred to it by the Dáil and/or Seanad from time to time.
- (5) Without prejudice to the generality of paragraph (1), the Joint Committee shall consider, in respect of the relevant Department or Departments—
- (a) EU draft legislative acts standing referred to the Select Committee under Standing Order 105, including the compliance of such acts with the principle of subsidiarity,
  - (b) other proposals for EU legislation and related policy issues, including programmes and guidelines prepared by the European Commission as a basis of possible legislative action,
  - (c) non-legislative documents published by any EU institution in relation to EU policy matters, and
  - (d) matters listed for consideration on the agenda for meetings of the relevant EU Council of Ministers and the outcome of such meetings.
- (6) A sub-Committee stands established in respect of each Department within the remit of the Select Committee to consider the matters outlined in paragraph (3), and the following arrangements apply to such sub-Committees:
- (a) the matters outlined in paragraph (3) which require referral to the Select Committee by the Dáil may be referred directly to such sub-Committees, and
  - (b) each such sub-Committee has the powers defined in Standing Order 83(1) and (2) and may report directly to the Dáil, including by way of Message under Standing Order 87.
- (7) The Chairman of the Joint Committee, who shall be a member of Dáil Éireann, shall also be the Chairman of the Select Committee and of any sub-Committee or Committees standing established in respect of the Select Committee.
- (8) The following may attend meetings of the Select or Joint Committee, for the purposes of the functions set out in paragraph (5) and may take part in proceedings without having a right to vote or to move motions and amendments:
- (a) Members of the European Parliament elected from constituencies in Ireland, including Northern Ireland,
  - (b) Members of the Irish delegation to the Parliamentary Assembly of the Council of Europe, and
  - (c) at the invitation of the Committee, other Members of the European Parliament.

**b. Scope and Context of Activities of Committees (as derived from Standing Orders [DSO 82; SSO 70]**

- (1) The Joint Committee may only consider such matters, engage in such activities, exercise such powers and discharge such functions as are specifically authorised under its orders of reference and under Standing Orders.
- (2) Such matters, activities, powers and functions shall be relevant to, and shall arise only in the context of, the preparation of a report to the Dáil and/or Seanad.
- (3) It shall be an instruction to all Select Committees to which Bills are referred that they shall ensure that not more than two Select Committees shall meet to consider a Bill on any given day, unless the Dáil, after due notice given by the Chairman of the Select Committee, waives this instruction on motion made by the Taoiseach pursuant to Dáil Standing Order 26. The Chairmen of Select Committees shall have responsibility for compliance with this instruction.
- (4) The Joint Committee shall not consider any matter which is being considered, or of which notice has been given of a proposal to consider, by the Committee of Public Accounts pursuant to Dáil Standing Order 163 and/or the Comptroller and Auditor General (Amendment) Act 1993.
- (5) The Joint Committee shall refrain from inquiring into in public session or publishing confidential information regarding any matter if so requested, for stated reasons given in writing, by—
  - (a) a member of the Government or a Minister of State, or
  - (b) the principal office-holder of a body under the aegis of a Department or which is partly or wholly funded by the State or established or appointed by a member of the Government or by the Oireachtas:

Provided that the Chairman may appeal any such request made to the Ceann Comhairle / Cathaoirleach whose decision shall be final.



## **Appendix 4 List of Members**

### ***Joint Committee on Jobs, Social Protection and Education***

Chairman: Damien English (FG)

Deputies: Ray Butler (FG)  
Áine Collins (FG)  
Joan Collins (PBPA)  
Michael Conaghan (LAB)  
Barry Cowen (FF)  
Seán Crowe (SF)  
Damien English (FG)  
Tom Fleming (Ind)  
Brendan Griffin (FG)  
John Halligan (Ind)  
Seán Kyne (FG)  
Anthony Lawlor (FG)  
John Lyons (LAB)  
Nicky McFadden (FG)  
Mary Mitchell O'Connor (FG)  
Willie O'Dea (FF)  
Aodhán Ó Ríordáin (LAB) (Vice-Chair)  
Aengus Ó Snodaigh (SF)  
Brendan Ryan (LAB)  
Brendan Smith (FF)  
Peadar Tóibín (SF)

Senators Deirdre Clune (FG)  
John Kelly (LAB)  
Michael Mullins (FG)  
Marie Louise O'Donnell (Ind)  
Averil Power (FF)  
Feargal Quinn (Ind)