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**REPORT FROM THE COMMISSION TO THE COUNCIL AND THE EUROPEAN  
PARLIAMENT**

**for the interim evaluation of the Programme for the Competitiveness of Enterprises and  
Small and Medium-sized enterprises**

{SWD(2019) 374 final}

# **REPORT FROM THE COMMISSION TO THE COUNCIL AND THE EUROPEAN PARLIAMENT**

## **for the interim evaluation of the Programme for the Competitiveness of Enterprises and Small and Medium-sized enterprises**

### **I. INTRODUCTION**

The Programme for the Competitiveness of Enterprises and Small and Medium-sized Enterprises (SMEs) - COSME - is the Union's programme to strengthen the competitiveness and sustainability of enterprises, to encourage an entrepreneurial culture and to promote the creation and growth of SMEs. It contributes to the overall objectives of the Europe 2020 strategy on smart, sustainable and inclusive growth while seeking to optimise synergies with other EU programmes such as Horizon 2020 and the European Structural and Investment Funds (ESIF).

As stipulated in the COSME regulation<sup>1</sup>, the Commission has carried out the interim evaluation of the programme in order to assess its relevance and added-value as well the effectiveness and efficiency of its implementation and coherence with other EU programmes.

This report summarises the main findings of the evaluation, enlists conclusions and lessons learnt. A more detailed Staff Working Document accompanies it.

### **II. BACKGROUND**

COSME succeeds the Competitiveness and Innovation Framework Programme (CIP)<sup>2</sup>, implemented between 2007 and 2013 with a budget envelope of EUR 3.6 billion<sup>3</sup>. Its objectives were to contribute to strengthening productivity, innovation capacity, and sustainable growth. CIP comprised of three 'pillars': the Entrepreneurship and Innovation Programme (EIP), the Information Communication Technologies Policy Support Programme (ICT-PSP), and the Intelligent Energy Europe Programme (IEE).

In the 2014-2020 programming period, the activities under ICT-PSP and IEE were moved to Horizon 2020, while the activities under the EIP programme were largely transferred to COSME.

The EIP accounted for approximately 60% of the CIP budget. The EIP supported access to finance for SMEs, the Enterprise Europe Network (EEN), Erasmus for Young Entrepreneurs (EYE), the Intellectual Property Rights' (IPR) Helpdesks for SMEs, and activities aimed at fostering entrepreneurship culture and creating better framework conditions for SMEs operating in the EU. No references to innovation were included in COSME, while special attention to tourism has been introduced.<sup>4</sup>

The impact assessment<sup>5</sup> accompanying the proposal for a COSME regulation<sup>6</sup> identified the following market failures: a problematic access to finance for SMEs; low levels of entrepreneurial firm creation and poor performance; weak entrepreneurial spirit; a business environment not conducive to start-

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<sup>1</sup> Regulation (EU) N° 1287/2013

<sup>2</sup> Decision [1639/2006/EC](#) of the European Parliament and of the Council of 24 October 2006 establishing a Competitiveness and Innovation Framework Programme (2007-2013)

<sup>3</sup> COM(2005) 121

<sup>4</sup> For a detailed comparison of CIP and COSME: Fanny Lajarthe (2012). Differences and Similarities Between CIP And COSME: Briefing Note. IP/A/ITRE/2012-14

<sup>5</sup> SEC(2011) 1452 final

<sup>6</sup> COM(2011)834

up and growth; issues preventing industry specialization and sectoral competitiveness; limited internationalisation of SMEs inside and outside Europe.

The general and specific objectives of COSME were designed to address these issues. The preferred option to achieve these objectives was the continuation under COSME of all EIP actions (EUR 2.2 billion), except innovation (approximately EUR 600 million). The financial envelope of COSME is EUR 2.3 billion for the period 2014-2020.

The COSME programme is mainly implemented by EASME, the European Agency for Small and Medium-sized Enterprises, on behalf of the European Commission (the EC) with exception of the financial instruments which are being implemented by the European Investment Fund (EIF) on behalf of the EC. The programme is also open for the third, non-EU, European countries<sup>7</sup>.

### **III. IMPLEMENTATION – STATE OF PLAY**

As evidenced in the midterm evaluation, the budget execution rates of COSME are good. The operational budget<sup>8</sup> available in 2014 (EUR 247 million), was executed at 99.87%; in 2015 the operational budget available (EUR 329 million) was executed at 99.38%; in 2016 the operational budget available (EUR 336 million) was executed at 96.69%. The implementation structures for the financial instruments and the Enterprise Europe Network were in place and delivering. A further reinforcement of EUR 550 million of the financial instruments was provided through the European Fund for Strategic Investments.

#### **Access to Finance - specific objective 1**

At least 60% of the Programme's resources (i.e. EUR 1400 million) are allocated to the COSME Financial Instruments, the Loan Guarantee Facility (LGF) and the Equity Facility for Growth (EFG). They build on the success of the Competitiveness and Innovation Framework Programme (CIP) Financial Instruments (2007-2013) which helped to mobilise more than EUR 21 billion of loans and EUR 3 billion of venture capital to over 380,000 SMEs in Europe.

The calls for expression of interest for the financial instruments published in 2014 have generated a strong interest from financial intermediaries across the EU and non-EU Member State countries participating in COSME, especially for the LGF. The strong market demand for the LGF continued in 2015, with the consequence that the whole 2014-2015 budget available was exhausted by mid-2015. Thanks to the guarantee provided by the European Fund for Strategic Investment (EFSI)<sup>9</sup> the EIF could continue to sign COSME LGF guarantee agreements in the second half of 2015. At the end of 2016, almost 143 000 SMEs in 21 participating countries received financing for almost EUR 5.5 billion<sup>10</sup> under the enhanced LGF. The COSME LGF enhancement thanks to the EFSI guarantee continued in 2016 and 2017, with a positive effect on financing made available to riskier SMEs at a

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<sup>7</sup> <https://ec.europa.eu/docsroom/documents/34263>

<sup>8</sup> Budget lines 02.02.01 and 02.02.02 for all fund sources, including third countries contributions and reflows from the CIP financial instruments and not including the COSME administrative budget lines.

<sup>9</sup> The so-called COSME LGF enhancement

<sup>10</sup> See COSME LGF Implementation Status as at 31 March 2016 available at: [http://www.eif.org/what\\_we\\_do/guarantees/single\\_eu\\_debt\\_instrument/cosme-loan-facility-growth/index.htm](http://www.eif.org/what_we_do/guarantees/single_eu_debt_instrument/cosme-loan-facility-growth/index.htm)

much earlier moment in time as would have been the case with the COSME budget only, thereby speeding up the financing of the real economy.

Given the specific features inherent to an equity facility, with more complex due diligence and fund raising processes, signature of fund agreements took more time. The first five transactions under EFG, out of which 3 multi-stage funds in combination with the InnovFin Equity Facility for Early Stage set up under Horizon 2020, have been signed end of 2015. First investments into SMEs took place in 2016 under these agreements.

### **Access to markets – specific objective 2**

COSME helps European enterprises and, in particular SMEs, to do business in the Single Market as well as to export outside Europe. More than two thirds of the COSME budget for access to markets is devoted to the Enterprise Europe Network (EEN), which helps SMEs to find business, technology and research partners in the EU and third countries. It also promotes the participation of SMEs in EU funding programmes such as Horizon 2020 and the European Investment and Structural Funds.

The EEN started its activities as planned on 1/1/2015 (the activities in 2014 were still covered by the CIP programme). 92 consortia were selected as a result of two calls for proposals. At this stage the Network included 525 organisations in the EU and 80 organisations in the eight COSME participating countries<sup>11</sup>; they signed framework partnership agreements covering a seven year period and specific grant agreements for the operational periods 2015-2016 and 2017-2018.

The Enterprise Europe Network (about 3.000 staff members) involved, on yearly basis, more than 200.000 SMEs in local events, provided specialised advisory services to 70.000 SMEs on access to finance, IPR business and technology, resource efficiency services etc. About 25.000 SMEs participate in matchmaking events every year resulting in about 2.500 international partnerships signed between SME.

Under specific objective 2 COSME is also implemented by funding several other smaller projects; the most important are:

- The Your Europe Business portal for about EUR 0.5 million per year;
- The intellectual property rights (IPR) helpdesks in China, Latin America and south east Asia for EUR 7,2 million;
- The EU Japan Centre for Industrial Cooperation EUR 2,7 million per year;
- Improved points of single contacts in the Member States for EUR 1 million;
- Improving access to SMEs in public procurement, EUR 1 million.

### **Improve framework conditions for businesses – specific objective 3**

COSME funds actions aiming at improving the business environment for SMEs such as clusters and digital technologies, cutting red tape and promoting the "Think Small First" principle and improving the competitiveness of strategic sectors which have a strategic importance for the European economy, including tourism.

This objective is implemented through a wide variety of smaller actions, through calls for proposals and calls for tenders such as:

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<sup>11</sup> Iceland, Montenegro, North Macedonia, Turkey, Albania, Serbia, Moldova, Armenia

- The E-Skills for competitiveness and Innovation, about EUR 3 million per year;
- The Cluster internationalization program for SMEs, ranging from EUR 3,5 to EUR 5 million per year;
- The Cluster Excellence programme for EUR 1,5 million per year;
- Modernization of Industry activities (Key Enabling Technologies, Advanced Manufacturing, etc.) for EUR 5 million per year on average;
- Several activities to support SMEs in industrial sectors (Construction, Chemistry, Aeronautics, Defense, the food supply chain, Resource Efficiency, Design, Bio Based Products, ...); ranging from EUR 5 to 8 million per year;
- The monitoring and follow-up of the SME policy, EUR 5 million per year on average:
  - The SME Performance Review;
  - The SME assembly;
  - The SME Envoys Network;
  - The outreach tools like Business Planet on Euronews and the SME portal;
- EU REFIT platform for regulatory burden reduction, EUR 0,5 million on average per year
- The support to Tourism sector for a budget ranging from EUR 5 to EUR 9 million per year;
- The promotion of the social economy and social entrepreneurship, for a budget ranging from EUR 0.5 to EUR 2 million per year.

Between 2014 and 2016, EUR 109.3 million were allocated to this objective, representing 12% of the financial envelope. The first calls under this objective were published at the end of 2014 and considering the the period of execution, most of the actions only started producing results after the time scope for this evaluation.

The High-level Group on administrative burden contributed to the exchange of good practices and the follow-up up and paved the way for the EU REFIT platform. The SME Performance Review provided an overview of the European SMEs and detailed information on the implementation of the Small Business Act. The Member States-specific information was fed into the European Semester country specific recommendations. The network of SME Envoys, the annual SME Assembly and the European SME week provided fora for awareness raising and exchange of good practices in all areas of the Small Business Act. Last but not least, the 4th season of business planet on Euronews TV started on 12 June 2015.

The e-skills for jobs campaign covered 30 countries, involving 384 organisations and gathering more than 300.000 participants with some 115 million people exposed to the campaign.

The call for proposals "Design based consumer goods" (with an available budget of EUR 4 million) resulted in 10 SME projects awarded to develop innovative, digital solutions to improve design processes and communication in the textile and clothing value chain, innovative products embedding digital technologies to products and new business models addressing environmental and societal challenges.

The tourism initiatives contributed to strengthening the competitiveness of the European tourism sector. The initiatives dedicated to the increase of senior and young tourists' flows contributed to generate an extension of the tourism season. Actions to enhance tourism accessibility contributed to improving facilities and services for tourists with special access needs. The visibility of European Destinations of Excellence has been improved, which will trigger higher numbers of potential tourist arrivals and local spill-over revenues for the destinations and tourism operators. Awareness-raising activities and events generated a better visibility and up-take of tourism initiatives.

In 2014-2016, the Clusters Go International calls involved 25 European Strategic Cluster Partnerships (ESCPs), representing 145 cluster organisations across 23 European countries and more than 17,000 European SMEs. 15 out of the 25 selected ESCPs were funded. The other 10 partnerships were

awarded the ESCP label and encouraged to continue their partnerships on a voluntary basis, without COSME funding. The 15 co-funded partnerships account for approximately 95 clusters reaching out to over 10,300 European SMEs.

#### **Entrepreneurship and Entrepreneurial culture – specific objective 4**

COSME supports exchanges among European educators and trainers to develop best practices in entrepreneurship education in the EU. The programme focuses on groups such as young people, women or senior entrepreneurs in order to benefit from mentoring or other tailored schemes.

The main tool is the Erasmus for Young Entrepreneurs mentoring programme which helps new entrepreneurs acquire and build entrepreneurial skills and knowledge and to further develop their business activity by learning from experienced entrepreneurs. It started in 2009 as a pilot and is now a key action in the COSME programme.

It is implemented through yearly call for proposals resulting in the signature by EASME of grant agreements (GA) for 24 month periods. In general there are always a high number of good projects that cannot be financed because of a lack of funding. For the Call 2014<sup>12</sup>: 111 proposals submitted, 15 projects selected involving 111 organizations from 28 COSME countries; 40 projects for a volume of approx. 14 million EUR could not be funded due to budget constraints. The implementation of the activities started on 1/2/2015 with network of 175 Intermediary Organisations (IOs) in 32 countries (26 Member States and 6 COSME countries). By the end of 2016, 11.000 entrepreneurs' profiles were accepted and 4.200 matches involving over 8.400 entrepreneurs were established.

Under this specific objective COSME also funds several other smaller projects; the most important are:

- Entrepreneurship education from EUR 0,4 to EUR 1 million on average per year;
- Women's entrepreneurship, for EUR 0,5 to EUR 1 million on average per year;
- Senior's entrepreneurship for EUR 0,5 to EUR 1 million on average per year;
- Digital Entrepreneurship, EUR 2,5 million in 2015;
- Support to Migrant Entrepreneurship, EUR 1,5 million per year.

#### **IV. METHODOLOGY**

The midterm evaluation covers the period 2014-2016 and it is largely based on a study<sup>13</sup> conducted between December 2016 and December 2017 by an external consultancy. The consultant carried out the study using the Commission's standard evaluation methodology, as recommended in the Better Regulation guidelines<sup>14</sup>. The objective was to evaluate the programme activities funded in 2014-2016 against five criteria: relevance, effectiveness, coherence, efficiency and the EU added value.

The midterm evaluation addressed 6 leading questions and 15 sub-questions set out in the study specifications, and used a mix of quantitative and qualitative methods.

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<sup>12</sup> <https://ec.europa.eu/easme/sites/easme-site/files/documents/erasmus-for-young-entrepreneurs-call-for-proposals-2014.pdf>

<sup>13</sup> <http://ec.europa.eu/DocsRoom/documents/28084>

<sup>14</sup> [https://ec.europa.eu/info/law/law-making-process/planning-and-proposing-law/better-regulation-why-and-how/better-regulation-guidelines-and-toolbox\\_en](https://ec.europa.eu/info/law/law-making-process/planning-and-proposing-law/better-regulation-why-and-how/better-regulation-guidelines-and-toolbox_en)

The midterm evaluation tools included desk research, statistical analysis of secondary data, a workshop, 120 high-level interviews, targeted consultations reaching more than 4,000 SMEs, and a public consultation receiving 195 responses and 14 position papers.

Taking account that this is an interim evaluation, most of the expected long-term impacts are not yet measurable. Therefore, the primary focus was on the extent to which the programme sets the building blocks for reaching the intended mid-term outputs and results. This implies an emphasis on the adequacy and quality of the programme design, i.e. the formulated objectives, the invested resources, and the activities implemented – in other words, the relevance and coherence criteria.

For more details on the methodology, please refer to the accompanying Staff Working Document.

## **V. EVALUATION FINDINGS**

This section provides the main findings of the evaluation according to the five evaluation criteria as set out above.

### **A. Relevance**

COSME contributes to the main priority of the Juncker Commission, namely boosting growth and jobs, through several actions, including improving access to finance, creating network opportunities, promoting the exchange of information and good practise as well as access of the EU SMEs to new markets. COSME is a programme for all EU SMEs which constitutes one of its main strengths.

The programme implements the Commission's policy priorities, including the Small Business Act (SBA), the Single Market Strategy (2015) and the Start-up and Scale-up Initiative (2016). There is also a strong alignment with the evolving needs of SMEs in Europe.

The outcome of surveys shows that both intermediaries and beneficiary SMEs consider the actions under COSME to be relevant and corresponding to their needs, both in terms of the conditions set and their content. The relevance of the programme for EU citizens is high, thanks to the focus on fostering economic growth and the creation of employment opportunities.

The relevance of the programme is more limited regarding areas beyond the economic sphere, e.g. those related to societal challenges, and some of the objectives defined in the EU2020 strategy such as Inclusive and Sustainable Growth. COSME responds to these objectives mainly in an indirect manner.

The flexibility of COSME is a key asset. It allows the implementation of new policy priorities through launching new actions and through steering funding towards areas that constitute a priority. In this respect, several changes in the allocation of the budget were proposed and executed during the first three years of the implementation.

The main weakness regarding relevance (but also effectiveness as discussed next), relates to the structure of the programme. The two main actions, the financial instruments and the Enterprise Europe Network, account for more than 80% of the total budget as stipulated in the COSME regulation. In consequence, the budget for other, smaller actions is very limited. This reduces, in some cases, the potential impact of these actions.

### **B. Effectiveness**

Between 2014-2016, COSME has overall been successful in reaching the expected outputs such as the number of SMEs benefiting from debt financing or number of events organised. The available evidence suggests that COSME will have a positive impact on its beneficiaries' growth and employment.



The strength of COSME lies in particular in the use of intermediaries for the implementation of the programme. COSME exploits the proximity of these intermediaries to SMEs and facilitates the integration of services provided under the COSME framework with services provided by these intermediaries in their national and regional contexts. This approach allows COSME to maximise its potential for reaching the desired effects.

#### *Access to finance*

The Loan Guarantee Facility and the Equity Facility for Growth financial instruments are highly effective for beneficiary SMEs. Especially the Loan Guarantee Facility (LGF) reached a considerable number of SMEs, proposed overall more favourable financing terms, demonstrated high leverage in SME financing, and increased the supply of debt finance in most Member States. However, it was pointed out that the threshold of EUR 150 000 above which the financial intermediaries must check if the SME does not meet any of the innovation criteria established under the Horizon 2020 debt financial instrument for SMEs created a negative effect. The intermediaries are induced to limit their financial offer to this threshold while the threshold is deemed inadequate to the financing needs of many SMEs.

The progress under the Equity Facility for Growth (EFG) is more limited due to the lengthy time-to-financing inherent to equity investments and the preference given to the equity instrument put in place under the European Fund for Strategic Investments (EFSI) in 2016.

Under the Loan Guarantee Facility (LGF), more than 60 financial intermediaries in 25 countries are involved as per 31 December 2016, supporting more than 140 000 SMEs, out of which 50% are start-ups with an operating history of less than five years and 90% of supported businesses are micro enterprises.

The LGF allowed for an increase in the number and volume of financing transactions to higher risk SMEs (the EUR 611.17 million of signed guarantee agreements in 2014-2016 allowed for a financing volume of EUR 5.5 billion). Most surveyed financial intermediaries indicated that the LGF instrument considerably improved their ability to provide credit risk coverage or credit. The survey also showed that in general, the COSME guarantee triggered significant additional investments, estimated in total EUR 1.25 billion. SMEs surveyed indicated positive impacts on their growth perspectives, both for EFG and LGF.

#### *Access to markets*

The Europe Enterprise Network (EEN) has shown a strong capacity to reach SMEs throughout Europe, including 150,000 SMEs that participated in the EEN co-operation and advisory services. Thanks to the EEN, over 8,000 SMEs set up cooperation agreements with SMEs 'across the border' or implemented recommendations of the new EEN advisory services. The EEN services mainly supported SMEs in improving the quality of their goods and services, leading to (expected) growth in turnover and especially, entry to new geographical markets, both in Europe and beyond. The Network services are widely used and appreciated by the client SMEs. The Network shows significant results in terms of outputs especially in the business cooperation services, in providing advice, helping SMEs to overcome obstacles related to innovation and business management and enabling valuable business relationships between SMEs. The Network also created outcomes for the intermediaries themselves, including increased knowledge, strategic intelligence and cooperation with other Network members to increase the quality of the services.

In addition to the EEN services, the "Your Europe Business" portal acts as key source for information. It informs about rights and obligations when starting and/or managing a business in a European country and has attracted visitors beyond expectation. Monitoring data indicate that the Portal reaches 2,9 million unique visitors (as a basis of comparison, the COSME regulation set a long term

milestone for the EEN set as 2,3 million users for the digital services). The satisfaction rates among users are also high (93% and the target was set at 85% in the COSME work programme for 2016).

The Clusters Go International (CGI) action involves 25 European Strategic Cluster Partnerships (ESCPs), representing 145 cluster organisations across 23 European countries and more than 17,000 European SMEs. Only 15 out of the 25 selected ESCPs were funded, due to budget constraints; the other 10 were awarded the ESCP label and encouraged to continue their partnerships on a voluntary basis, without COSME funding. The 15 co-funded partnerships account for approximately 95 clusters reaching out to over 10,300 European SMEs. Official European partnerships between the clusters have been created, as well as the first 'global' partnerships.

The improvement in understanding the internationalisation process and the enhancement of the cluster managers' capacities to support internationalisation were key outcomes as well as the creation of new international business relationships. A stronger international profile and visibility can be considered among the more widely achieved medium-term results.

#### *Improving framework conditions for competitiveness*

Initiatives supporting sectoral competitiveness consists mostly of one-off actions with a limited budget which target a broad range of sectors. According to the beneficiaries of the tourism programme, direct results include the creation of new strategic partnerships across borders and an increased visibility in international markets. While few SMEs were directly involved, the involvement of professional associations and local, regional and national public tourism agencies created the basis for significant multiplier effects. New tourism products and services are being developed and there are high expectations among the participants on the possibilities to enter into new markets.

The Small Business Act (SBA) Implementation actions successfully provided quality information to national policy-makers through the publication of the SME Performance Review and provided a highly appreciated platform for information and good practice sharing through the SME Envoys Network. There is a general perception that these activities contribute to a convergence of SME policies across COSME countries.

#### *Entrepreneurship*

Erasmus for Young Entrepreneurs (EYE) was successful in reaching its expected goals. It involved around 3.500 Entrepreneurs. It is estimated that participation of New Entrepreneurs in the programme led to the creation of 250 new companies, EUR 5 million of additional turnover and about 1,000 new jobs over the period 2014-2016. At the same time the participation of Host Entrepreneurs is linked to EUR 203million additional turnover and over 1, 100 new jobs. It has also laid the ground for important outcomes in terms of business relationships and internationalisation, both for the New and Host Entrepreneurs. In 2014-2016, in total 2,117 placements were undertaken. It is estimated that around 1,800 potential new entrepreneurs improved their management and technical skills because of EYE while some ones have improved other business skills (marketing, administration, finance).

Participants stated that their EYE experience had improved their understanding of the challenges faced by entrepreneurs. EYE also brought direct effects for Hosts, in terms of supporting innovation within their business and growth rates considerably higher than the EU average. The EYE programme also reached its objectives in strengthening business relationships and laying the groundwork for further cooperation and internationalisation, thanks to the creation of significant networking opportunities.

### **C. Efficiency**

Overall, COSME is operating at a reasonable level of efficiency, with its main components all being implemented in line with the specific objectives and timetables set out in the annual work programmes. The main strength of COSME is the clarity of its work programme descriptions, leading to a relatively small share of ineligible proposals responding to the calls for grants. No major administrative bottlenecks were identified and the simplification measures that were introduced were overall considered as positive, even though there were issues in EASME with the new IT system in the first year of operation that generated difficulties for the beneficiaries.

The implementation of COSME is mainly delegated to EASME (non-financial actions) and to the EIF (financial instruments). EASME implemented a budget of EUR 298 million for the period 2014-2016 and the EIF a budget of EUR 550 million dedicated to SMEs for the COSME financial instruments.

In general, both intermediaries and final beneficiaries find costs and burdens related to the use of COSME affordable and acceptable. Even though in some cases, the administrative burden was perceived as high, the general feedback was that the benefits outweigh the costs. The financial intermediaries indicated that the reporting requirements were burdensome and risk reducing the attractiveness of the LGF. Financial intermediaries also argued that the EFG's administrative burden was substantially higher than usual in the Venture Capital (VC) sector. However, those SMEs that benefitted from the LGF indicated that they did not experience additional costs, administrative burden or complexity because of the EU guarantee.

All SMEs, and, in particular, the micro and small firms, rated the borrowing terms of their financing supported by an EU-COSME guarantee as more favourable than those provided by other financial intermediaries for similar funding. Beneficiary SMEs in other thematic areas of COSME also perceive that the benefits outweigh the costs.

Regarding the EASME's management of COSME, the time-to-grant for the open calls was shorter than the target set by EASME while the level of competition, the number of proposals and the 'eligible proposals success rate' vary considerably among the different actions. It is important to notice that COSME finances a large number of small actions requiring the involvement of a proportionally high number of staff.

On the shortcomings, the midterm evaluation shows that the management of COSME data needs to be improved. The spread of the implementation responsibilities over the many actors involved creates a considerable challenge to efficient programme management and coordination, with a risk of weakened programme oversight and evaluation. A stronger attention to the collection of data on the profile of the beneficiaries is needed to allow for a proper monitoring of the programme outcomes and progress towards reaching its objectives.

### **D. Coherence**

Overall, COSME programme shows a good level of internal coherence. Efforts are made to create synergies and no substantial overlaps were identified. A lot of attention is dedicated to reaching complementarities among the different actions, especially in the areas of the EEN and internationalisation. The EU-Japan Centre and the IPR Helpdesks, for instance, are both cooperating with the EEN. Collaboration between the Clusters Internationalisation programme and the EU-Japan Centre allowed for support to the cluster partnerships on internationalisation. The IPR Helpdesk and the EEN Network experts are encouraged to get involved in the European Cluster Collaboration Platform events as well.

Regarding the Entrepreneurship objective, the overlap between stakeholders across the portfolio was minimal, since most actions call for the engagement of a specific group of partners with precise

fields of expertise. The actions of the thematic area 'Framework Conditions in the Single Market' are not overlapping with each other: each action is addressing different aspects of the Single Market.

The picture regarding the coherence between the different communication activities in COSME - mainly web sites related to the financial instruments and the entrepreneurship actions is somewhat mixed. The web sites on the financial instruments provide clear information while those concerning the entrepreneurship actions appeared to be run in isolation from each other with no interaction. The assessment is positive in relation to the synergies and complementarities created between the "Your Europe Business" portal and the EEN services, and between other COSME activities geared towards internationalisation such as the EEN and "Clusters Go International" programme.

The analysis shows that there are both synergies and overlaps among the EU financial instruments. There is clear evidence of synergy between the COSME LGF and the EFSI SME Window, since this EFSI intervention is channelled through the LGF. Overlaps between the COSME LGF and financial instruments under ESIF may occur. There is a clear crowding out of the EFG by the EFSI SME Window (as intended by the Commission when creating the EFSI SME Window in 2016).

There is an overall coherence between COSME and Horizon 2020 financial instruments. The 2016 evaluation of the Investment Plan concluded that EFSI, COSME and Horizon 2020 Innovfin complement each other well. The coordination between the EEN activities in COSME and the H2020 programme constitutes a prime example of coherence with other EU initiatives. It is highly praised by many stakeholders.

Regarding the SME internationalisation there are no major overlaps between the COSME-funded activities and the activities funded under Horizon 2020. The Commission initiatives in the field of SME internationalisation are mainly carried out through COSME. However, there are some significant programmes in Horizon 2020 that implicitly or indirectly can help SMEs internationalise and innovate. A prime example is the Horizon 2020-INNOSUP<sup>15</sup> initiative that addresses the challenge to develop new cross-sectoral industrial value chains across the EU by building upon the innovation potential of SMEs.

The available information does not show any substantial overlaps between the EEN services, the SME/Cluster internationalisation actions and the actions funded by other EU initiatives. These EU initiatives include the ERDF operational programmes and INTERREG and the EU Gateway and Business Avenues initiatives.

The EEN services funded under COSME and the ERDF Operational Program are in most cases highly complementary. While the ERDF's focus is, in general, on the regional environment, the EEN COSME services focus mainly on cross-border cooperation. The EU Gateway and Business Avenues initiatives support European companies to establish business collaboration in Asia (including Japan, Korea and South-East Asian countries). The evaluation showed that there is regular collaboration between the EEN and the EU Gateway and Business Avenues initiatives. In addition, synergies between other COSME actions such as the EU Japan Centre and the IPR Helpdesks I were also found.

Initiatives to promote and support entrepreneurship are set out in the Commission Entrepreneurship 2020 Action Plan<sup>16</sup>. Many of these measures are funded through COSME. However, other actions with a similar focus get funding from other EU programmes, including the support to several networks helping women to become entrepreneurs, the Erasmus+ programme, the EU programme for Employment and Social Innovation (EaSI) and the European Structural and

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<sup>15</sup> Innovation support to small businesses, <https://ec.europa.eu/easme/en/innosup>

<sup>16</sup> [https://ec.europa.eu/growth/smes/promoting-entrepreneurship/action-plan\\_en](https://ec.europa.eu/growth/smes/promoting-entrepreneurship/action-plan_en)

Investment Funds (ESIF). While all these actions share a common objective, there are no evident overlaps between them. Complementarity is reached predominantly by the use of different instruments.

At the same time the midterm evaluation shows that the interplay between the EU, national and regional levels of support for SMEs is not always synergistic and complementary, even though no substantial overlaps were identified. For actions where proximity to the SME communities is a strong enabling factor, better coordination with national and regional actions would further improve coherence. This is especially the case for the EEN services and the COSME actions supporting cluster organisations.

## **E. European Union added value**

Each programme financed by the EU should provide a tangible EU added value. This means it should be clearly contributing to the promotion of the European Union values and standards. The EU financed actions should complement, enhance and support national, regional and local actions.

COSME financial instruments, especially the Loan Guarantee Facility, provide important financial leverage that allows national and regional intermediaries to provide lending products that have a higher risk profile compared to their normal product offering. It also offers support to a substantially larger number of businesses than they might otherwise be able to service. Furthermore, national support programmes, especially in smaller markets, have higher leverage when combined with an EU-level programme. Stakeholders and intermediaries generally agree that no private institutions or participating country alone could have achieved the results that COSME has managed to achieve in terms of leverage effects, scope and risk profile of the SMEs involved.

Most of the LGF intermediaries regarded public support at the EU level as decisive and felt that a European programme can achieve results that a national programme would not be able to achieve. The LGF enabled them to offer a guarantee instrument at more favourable conditions (lower interest rates and fees, lower collateral requests) to a higher number of SMEs. In addition, in some countries, national level programmes that support access to finance for SMEs do not exist. The “EU trademark” helps to build up trust among potential beneficiaries. Nevertheless, the evaluation result pointed to the fact that the LGF has not sufficiently reached the less mature financial markets and that a more targeted approach would be preferable.

The EFG intermediaries consulted in the context of this evaluation all agreed that the provision of equity financing is more efficient at the EU level and allows for realising a wider scope and range of support than national and regional programmes.

The European dimension is also at the core of the Enterprise Europe Network and its services. The Network implements the actions that otherwise would not be possible thanks to the scale and quality of the provided service. The European dimension is crucial, especially for those services that have a cross-border element, which is an aspect of SME support that typically is not covered in similar programmes at national/regional levels.

At national/local level there are many different types of interventions designed to promote entrepreneurship and start-ups at the early stage of their life. Most of the smaller COSME-funded entrepreneurship actions aim to bring together the national stakeholders and initiatives in the various areas of entrepreneurship. In emerging areas (e.g. migrant entrepreneurship), COSME actions are taking a leading role in supporting national measures.

The EYE programme has also a strong EU cross-border remit and objectives. It enables mobility throughout Europe, matching young entrepreneurs with their hosts in other countries and offering opportunities to learn and to meet business contacts across the Single Market. It does so at a scale that would be impossible to achieve at the national level.

For the other COSME action lines, the benefit of their implementation at the European rather than national or regional levels is also very high. Examples of such actions include eSkills, tourism actions bringing together actors in European value chains and Clusters Go International programme fostering European partnerships among clusters in order jointly to develop and implement internationalisation strategies. Moreover, the SME policy actions which provide strategic information as well as network opportunities for national policymakers, foster the SME policy-making as well as convergence among the national SME policy measures. The scale and depth of support that COSME offers goes well beyond the support that can be offered to European SME through national or regional initiatives.

## **V. CONCLUSIONS AND LESSONS LEARNED**

The interim evaluation of COSME gives a positive overview of the programme implementation and results achieved during the first three years of the programming period. The programme implementation is on track to reach the objectives set out in the legal basis by the end of 2020. However, it must be noted that the findings of this evaluation are limited to the evaluation period and do not yet provide full impact of the COSME programme.

COSME actions are highly relevant in addressing the challenges related to fostering economic growth and creating employment opportunities. However, their impact is more limited in addressing global and societal challenges. There is, thus, scope for a better integration of these objectives in COSME projects and for a wider use of the existing COSME instruments, in particular the EEN to help SMEs address societal challenges.

Most COSME actions, the financial instruments, the Enterprise Europe Network, Erasmus for Young Entrepreneurs, the IPR SME helpdesks or the Clusters are the continuation of CIP actions. COSME has overall been successful in reaching the expected outputs. The strength of the programme lies in particular in the use of intermediaries for the implementation of the programme. COSME exploits the proximity of these intermediaries to SMEs and facilitates the integration of services provided by COSME with services provided by these intermediaries in their national and regional contexts.

Overall, COSME is operating at a reasonable level of efficiency. The actions are implemented in line with the specific objectives and timetables set out in the annual work programmes. A substantial majority of intermediaries and final beneficiaries report a good cost-benefit ratio for their participation. However, a high number of small actions reduces the cost-effectiveness of COSME implementation by EASME. The fragmentation will be addressed in the COSME annual work programmes until the end of the programming period by prioritising bigger and strategic actions which implement the Commission policy priorities while keeping a limited number of smaller pilot actions to keep the flexibility of the programme.

The Commission, EASME and the EIF implement COSME. This makes an efficient coordination and management of the programme challenging. However, the quality of the data management regarding non-financial actions needs to be stepped up in order to have a complete set of data on the activities, outputs and beneficiaries of the programme.

There are no major overlaps with other EU, national or regional programmes but better coordination with national and regional actions would further improve coherence. The improved data

management and easier access to the monitoring data at country/regional level will allow Member States to report on overlaps and to increase synergies.

COSME has a good level of European added value. The European dimension constitutes the very essence of the design of COSME actions. In several cases, the COSME actions have not only been additional to, but have also helped in enhancing national, regional and local level measures.

Last but not least, the midterm evaluation will pave the way for the final evaluation of COSME that will also feed the detailed design of the first work programmes of the period post 2020. Preliminary findings of the interim evaluation have informed the impact assessments on Single Market and Invest EU programmes for the next Multi-annual Financial Framework 2021-2027.