



Brussels, 9 November 2021
(OR. en)

13673/21

COMPET 782
IND 325
MI 811

COVER NOTE

From: Secretary-General of the European Commission, signed by Ms Martine DEPREZ, Director

date of receipt: 8 November 2021

To: Mr Jeppe TRANHOLM-MIKKELSEN, Secretary-General of the Council of the European Union

No. Cion doc.: COM(2021) 684 final

Subject: REPORT FROM THE COMMISSION TO THE EUROPEAN PARLIAMENT AND THE COUNCIL COSME 2014-2020 Programme for the Competitiveness of Enterprises and SMEs 2017 Monitoring Report

Delegations will find attached document COM(2021) 684 final.

Encl.: COM(2021) 684 final



EUROPEAN
COMMISSION

Brussels, 8.11.2021
COM(2021) 684 final

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

**COSME
2014-2020 Programme for the Competitiveness of Enterprises and SMEs
2017 Monitoring Report**

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Table of Contents

| | |
|---|----|
| 1. Introduction..... | 2 |
| 2. Activities and results 2017 | 2 |
| 2.1 Objective A: Access to Finance | 3 |
| 2.2 Objective B: Access to markets | 5 |
| 2.3 Objective C: Improving Framework Conditions and Competitiveness..... | 7 |
| 2.4 Objective D: Promoting Entrepreneurship and Entrepreneurial Culture..... | 9 |
| 3. Support measures and Administrative Expenditure | 9 |
| 4. Contribution to the Climate Mainstreaming objective | 10 |
| 5. Conclusion | 11 |
| 6. ANNEX | 12 |

1. Introduction

COSME is an EU programme to improve the competitiveness of enterprises, especially small and medium-sized enterprises (SMEs). It builds on the 2007-2013 entrepreneurship and innovation programme (EIP) established under the competitiveness and innovation framework programme. It seeks to optimise links with other EU spending programmes, in particular the European Structural and Investment Funds and Horizon 2020, which includes the innovation activities that were previously part of the EIP.

COSME adds value by addressing transnational issues and market failures in four key areas¹:

1. Improving **access to finance** for SMEs in the form of equity and debt (at least 60% of the total budget);
2. Improving **access to markets** inside and outside the EU (21.5%);
3. Improving **framework conditions** and **competitiveness** for businesses, including SMEs (11%);
4. **Promoting entrepreneurship** (2.5%).

In addition to the 28² EU Member States, the following countries participated in COSME in 2017: Iceland, Albania, Bosnia & Herzegovina, Montenegro, North Macedonia, Serbia, Turkey, Armenia, Moldova and Ukraine.

The Commission is responsible for the overall implementation of COSME. The first objective is implemented through the financial instruments entrusted to the European Investment Fund (EIF). Actions under Objectives 2, 3 and 4 are largely delegated to the European Innovation Council and SME Executive Agency (EISMEA) (formerly 'EASME'). Indirect management by international organisations is also envisaged for certain analytical and benchmarking activities.

This report gives an overview of the COSME budget implementation in 2017, as required by the regulation. Given the multiannual nature of many projects, the decision was taken to delay the publication in order to allow the inclusion of comprehensive results and data in the report. The report includes support measures, administrative expenses, as well as activities for 2018 as indicated in the relevant project fiches³.

2. Activities and results 2017

The overall planned budget for COSME in 2014-2020 (7 years) is EUR 2.3 billion including administrative costs. The financial commitments are planned to increase progressively up to 2020 (the programme's final year). An annual work programme with accompanying support measures is set for each year.

¹ Regulation (EU) N° 1287/2013 of the European parliament and of the Council of 11 December 2013 [EUR-Lex-32013R1287 - EN - EUR-Lex \(europa.eu\)](#).

² EU-27 + UK, with UK being part of the European Union at the time of the project execution.

³ [Programming, monitoring and evaluation | Internal Market, Industry, Entrepreneurship and SMEs \(europa.eu\)](#)

The COSME budget is implemented through four budget lines with appropriations specified by the financing decisions for 2017⁴.

After adding contributions from third countries, unused appropriations from the previous programming period and miscellaneous transfers, the budget available for 2017 was:

- (a) budget line 02 01 04 01 for administrative expenditure: EUR 3 164 426
- (b) budget line 02 01 06 01 for the functioning of the EASME agency: EUR 9 235 235
- (c) budget line 02 02 01 for all other operational expenditure: EUR 134 588 560
- (d) budget line 02 02 02 for access to finance operational expenditure: EUR 258 782 633

The financing decision for support measures⁵ provides for a contribution of EUR 7 725 000, included in the budget line 02 02 01 of the EU's general budget for 2017.

On average, 84% of COSME's activities (exception: access to finance) were delegated to EASME⁶.

In total, **98% of the EUR 405 million euros available were committed**. For payments, the implementation rate was on average 83%.

2.1 Objective A: Access to finance

The COSME Regulation specifies that at least 60% of the total budget (EUR 1.4 billion) should be allocated to the financial instruments for 2014-2020.

In 2017, access to finance represented 64% of COSME's financial envelope.

EUR 258 million was available for the financial instruments and accompanying actions, including EFTA and third countries' participation.

EUR 114.5 was committed for the Loan Guarantee Facility (LGF) and EUR 124.4 million for the Equity Facility for Growth (EFG).

In 2017, EUR 0.7 million was committed for accompanying actions, including a survey on SMEs' access to finance (EUR 570 272.46), information to SMEs about access to EU financing (EUR 149 607.50) and workshops on the Banking Union and Capital Markets Union (EUR 15 000).

Loan Guarantee Facility (this information covers 2017 and 2018)

By the end of 2018, 117 guarantee agreements had been signed with 93 financial intermediaries (23 new agreements signed in 2017, 24 in 2018) in 28 countries (24 EU and 4 third countries) for a total of EUR 1.2 billion, and the LGF had already provided around EUR 22.8 billion to 414 739 SMEs in 27 countries. For the 117 operations signed by the end of 2018, more than EUR 36 billion is expected to be made available to SMEs.

⁴ Financing decision and work programme C(2016)7033 and revisions C(2017)1042 (integrating the fund-of-funds initiative), C(2017)4563 and C(2018)4308.

⁵ Support measures C(2017)583.

⁶ SEC(2013) 493 final.

Agrifarm (Greece): company supported with a COSME LGF loan

Agrifarm, founded in 2014, has put in place an innovative form of collaborative production and standardisation of naturally-grown agricultural products - mainly pulses and rice. The production is based on intelligent agricultural management, maintaining natural resources and without the extensive use of fertilizers and pesticides. The company provides expertise to farmers, buys their produce and exports it to the UK, US, Canada and Italy, building a strong relationship of trust and reliability with producers in an often unstable market.

Working closely with academic institutions, the company aims to bring the consumer as close as possible to the source with full transparency, respect for the environment and a strong social impact dimension. All packaging, for example, is cotton-based, thus avoiding plastic materials

As the company grows, its president, Dimitris - himself a fourth generation farmer has sought financing through Eurobank, in the form of an EU-guaranteed loan backed by EIF under COSME LGF and EFSI. *'With demand growing, we needed to secure supplies of raw materials and expand our partnerships. We really needed to increase our capacity. Securing financing wasn't easy and the support we received was of critical importance in this respect'.*

Equity Facility for Growth (EFG) (this information covers 2017 and 2018)

Number of operations: 7 signed by EIF (3 in 2017, 4 in 2018), mostly to establish growth and expansion funds, but also including multi-stage funds, reaching a total of 15 operations at the end of 2018 (10 for growth and expansion stage funds, 4 for multi-stage funds operating with the InnovFin Equity Facility for Early Stage set up under Horizon 2020).

Total expected amount of investments for eligible final recipients: over EUR 771 million (by the end of 2018, 38 eligible final recipients in 12 countries had received EUR 289 704 756). During this period, the EFG also contributed to the pan-European Venture Capital (VC) fund-of-funds programme (VentureEU) that was launched to tackle bottlenecks in the field of VC financing in EU. The main recipient was Axon Partners Group.

Succes story: Echolight (received investment via COSME EFG)

Although its debilitating effects can be prevented with early detection, Osteoporosis is widely under-diagnosed or diagnosed late.

To address this, the medical technology company, Echolight – which is based in Puglia, Italy, has developed the REMS (Radiofrequency Echography Multi Spectrometry) technique, an innovative, patented solution to diagnose osteoporosis at an early stage, through a radiation-free echography. The test can evaluate bone strength in less than 5 minutes. Echolight also offers a reliable, accessible and cost-effective non-ionizing monitoring solution.

In 2016, the company sought investment to support the clinical validation of this innovative technology and also to invest in marketing and lowering production costs. Panakés, an EIF backed venture capital fund that specialises in medical companies, invested in Echolight, helping the company hire a number of scientists to carry out clinical studies in 15 different hospitals across Europe.

Accompanying actions (this information covers 2017 and 2018)

The [SAFE survey](#) gathers information on the financial situation, financing needs, access to financing and expectations of SMEs. The results are published online and can be used by Member States, analysts, academia and others. A total of 17 532 firms across 34 countries were surveyed in 2017 and 17 848 firms across 36 countries in 2018.

The Commission also continued to update and promote the [Acces2Finance](#) website that provides information to SMEs on how to access financing from 10 different EU programmes in 42 countries. It also helped SMEs to look for EU financial support for clean tech and climate, in line with COSME's climate change objectives. The number of webpage views stood at 640 000 in 2017 and 631 000 in 2018.

Finally, the workshop on the Banking Union and Capital Markets Union held in 2018 was deemed a success. It was attended by more than 20 experts who helped formulate a list of recommendations.

2.2 Objective B: Access to markets

The COSME Regulation specifies that 21.5% of the total budget should be devoted to easing access to markets.

In 2017, EUR 71million was dedicated to the internationalisation of SMEs.

Enterprise Europe Network (EEN) (this information covers 2017 and 2018)

Objective: provide integrated business support services to companies who seek to innovate, grow and explore opportunities in the single market and third countries. (The EEN provides services to around 250 000 SMEs every year, including specialised advisory services to some 70 000 SMEs.)

Results:

- Network partnering services helped SME clients from all network countries form over 5 700 international partnership agreements with foreign companies
- Network advisory support services helped around 4 000 clients improve their competitiveness and innovation at European level
- Digital services reached 16.8 million SMEs
- Improved quality, efficiency and relevance of services for European SMEs

Next steps: Cement progress made so far; prepare for next phase under the post-2021 framework.

Textbox 3. Highlight of the project EEN

SME clients are systematically asked about the impact of their interaction with the Network in terms of market improvement, positive impact on jobs, improvement in competitiveness through innovation, cost savings and quality improvements.

In years 2 and 3,

- 90% of clients said they expected their **market situation to improve** thanks to Network support.
- More than 50% felt that the support would **improve their competitiveness**.
- nearly 60% that it would help them **preserve or create jobs**.

Not surprisingly, the results of the client satisfaction survey showed that 88% of respondents were satisfied or very satisfied with network services, up from 86% in 2015-2016, while 92% would recommend the services to others.

Other activities (this information covers 2017 and 2018)

Over 400 SMEs have already benefited from services related to IP pre-diagnostics and improving access to patent protection for innovative EU SMEs through the **IPA4SME project**. One such service is free IP pre-diagnostics with a verified IP expert who provides a customised report on IP business strategy and recommendations on how to efficiently and securely exploit the assets. This is currently available to SMEs registered in Austria, Denmark, France, Germany, Greece, Ireland, Italy, Latvia, Netherlands, Spain and Sweden.

Around 90% of the SMEs that benefited from this service said that the IP pre-diagnostic report is a useful resource for defining and implementing their IP protection and valorisation strategy, and more than 90% said they would recommend the service to other innovative SMEs.

To support the creation of an innovation-friendly business environment and the overall competitiveness of the European economy, the **InnoBroker project** developed an Innovation Procurement Broker (IPB) business model that facilitates the procurement of innovative goods and services by bringing together contracting authorities, suppliers of innovation (with a special focus on SMEs and start-ups), investors, and researchers. The IPB business model and the main findings from the pilots were presented online on 30 July 2020. The recording is available at:

- www.innobrokers.eu and
- <https://innovation-procurement.org/innobrokers/>.

2.3 Objective C: Improving framework conditions and competitiveness

The COSME Regulation specifies that 11% of the total budget should be devoted to improving framework conditions and competitiveness.

In 2017, EUR 33 million was allocated to this objective.

The funded actions aimed to: (a) accelerate the uptake of big data; (b) help set up B2B digital platforms in Europe; (c) create strategic cluster partnerships for smart specialisation investments; (d) promote the internationalisation of clusters; (e) improve cooperation on skills between key strategic EU economic sectors; (f) support the monitoring of digital transformation and key enabling technologies; (g) foster collaboration between European entrepreneurial regions; and (h) promote tourism and local and regional development.

Clusters (this information covers 2017 and 2018)

To boost industrial competitiveness and investment in the EU via cross-regional cooperation, COSME supports the **European strategic cluster partnerships for smart specialisation investments (ESCP-S3)**. These partnerships facilitate cluster cooperation in areas related to regional smart specialisation strategies and help increase the involvement of industry through their 'smart specialisation platform for industrial modernisation'. The ESCP-S3 aims to encourage collaboration between companies, especially SMEs, and their interaction with technology centres both in the cluster and across regions and sectors to help them set up joint actions and investment projects that will help them modernise and improve their business environment.

Clusters Go International in the defence & security sector helped the European defence and security-related clusters and business network organisations to (a) intensify cross-border collaboration with non-defence industrial clusters; and (b) to develop and implement joint strategies on dual use technologies, products and services for non-EU countries. By strengthening cooperation between clusters and business networks and helping shape European strategic cluster partnerships more strategically at European level, this action helped European SMEs, in particular in the European defence and security sector, access new global value chains.

Tourism

A [study](#) was carried out to analyse to what extent the European Structural and Investment Fund supported tourism activities in 2012-2018. It concluded that there is still a high demand by national and regional authorities for tourism-related projects, and set out a series of recommendations for the next programming period (2021-2027).

Another project - the European Destinations of Excellence (EDEN) initiative - supported campaigns to increase the number of visitors (from both inside and outside the EU) to EDEN destinations. It also raised awareness on sustainable tourism and more responsible ways of travelling. The main beneficiaries of the 12 cofinanced projects were Ministries or National Tourism Authorities, which signed grant agreements lasting 15 or 18 months.

Accelerating the uptake of big data and supporting the establishment of B2B Digital Platforms in Europe

This [action](#) aims to accelerate the uptake of big data and support the establishment of B2B platforms in Europe. The study team developed two technical pilots to enhance data sharing, along with an analysis of regulatory barriers and market deficiencies which informed the development of policy recommendations. The two pilots, one for each sector, were presented and discussed with experts during workshops that took place between April 2019 and October 2020.

For the healthcare sector, the pilot on a high quality, diabetes-related data repository demonstrates an architecture for the fair and equal sharing of health data from different sources and regions. For the automotive sector, the pilot provides an approach to cooperative, connected and automated mobility with the introduction of a 'shared server solution'.

Blueprint for sectoral cooperation on skills

This [Blueprint](#) has helped SMEs from 10 EU Member States working in the automotive sector retain key skills and acquire new ones so that they can maintain and strengthen their competitive edge. It involved collecting and disseminating information on best practices and up/reskilling initiatives (in particular for SMEs).

Other initiatives have supported skills development and recruitment in the paper industry, the steel and construction sectors, and the textile, clothing, leather and footwear (TCLF) sector, in line with the EU strategies covering these areas.

Textbox 4. Highlight of the project on Blueprint for sectoral cooperation on skills: construction

The publication 'European vision on steel-related skills and supporting actions to solve the skills gap today and tomorrow in Europe' (available at the EU Publications Office) was presented at the project's final conference. See: <https://youtu.be/FjfXGg98PsM>

2.4 Objective D: Promoting entrepreneurship and entrepreneurial culture

The COSME Regulation specifies that 2.5% of the total budget should be devoted to promoting entrepreneurship and entrepreneurial culture.

In 2017, EUR 11.7 million was allocated to this objective, 77% of which was directed towards Erasmus for young entrepreneurs.

Erasmus for young entrepreneurs

This scheme allows potential or newly established entrepreneurs to collaborate with an experienced entrepreneur in another COSME participating country. In 2017-2018, 32 projects took place (through 10 specific grant agreements and two calls for proposals), through which between 1000 and 1500 novice entrepreneurs were matched with more experienced ones. The exchanges were deemed a success by more than 90% of participants. See success stories and testimonials at: www.erasmus-entrepreneurs.eu.

Social economy

The Commission supported the action on 'Promoting social considerations into public procurement procedures for social economy enterprises' not only to create a level playing field for social economy enterprises so that they can compete effectively and fairly in the single market, but also to increase the political visibility of the social economy ecosystem as being crucial for employment and social cohesion across Europe.

Textbox 5. Highlight of the project on promoting social considerations into public procurement procedures for social economy enterprises

Available from the EU Publications Office, [Buying for social impact - Good practice from around the EU](#) sets out 22 good practices from 12 EU countries, including good practices for public procurement procedures (13 examples), and for policy initiatives and support structures (9 examples).

3. Support measures and administrative expenditure

COSME support measures are financed under budget line 02.0201. In 2017, EUR 7.7 million was allocated to support measures.

Conferences and meetings were organised with stakeholders to discuss the challenges facing different industrial sectors. For Phase II of the project on Substitution of chemical substances of potential concern, recommendations fed into the 'SME Strategy for a sustainable and digital Europe' (10 March 2020) and the analysis for 'Safe and sustainable-by-design in chemicals strategy for Sustainability' (14 October 2020).

The [Feasibility study on intellectual property pre-diagnostic](#) (published in the EU bookshop) which confirmed the feasibility of developing a IP-prediagnostic scheme at European level, was another key support measure. Its findings have been used to help develop IP prediagnostic schemes funded by COSME and Horizon 2020.

The [Chemicals Legislation finder](#) (EUCLEF) is another notable action. Set up in 2017, EUCLEF enables EU companies, and SMEs in particular, to access information on the rules that apply to any given chemical substance. In its first 7 months of operation, EUCLEF was consulted more than 30 000 times.

Administrative expenditure, which covered studies, expert meetings, and information and communication actions, represented 3% of the budget in 2017. It covered both the Commission's (DG GROW's) and EASME's administrative expenses for a collective amount of EUR 12.3 million.

4. Contribution to the climate mainstreaming objective

The COSME programme's contribution to the climate mainstreaming objective, set for all Commission programmes, has been estimated at EUR 23.9 million representing 6% of the financial allocation in 2017. This covers the financial instruments (EUR 8 million) and the EEN (EUR 15.9 million).

For several COSME actions, such as the financial instruments, it is difficult to track the contribution to climate mainstreaming without imposing an additional administrative burden on financial intermediaries and the participating SMEs who are the final recipients. However, the EEN – while not having any formal climate-related deliverables, actively helps SMEs become more sustainable. Expert groups focusing on sustainable construction, intelligent energy, environment and the circular economy include more than 200 EEN staff members and many EEN achievements (e.g. partnership agreements and advisory service outcomes) relate to these subjects. However, it is not possible to quantify the budget for the relevant 2017-2018 actions.

The circular economy was also one of the main themes of the campaign organised under the 'Creating the blueprint for sectoral cooperation on skills: showcasing careers in the TCLF sector' project and the main topic in most of the submissions received from students and young professionals in the 'Best product idea' competition. Because of COVID-19, the competition and other campaign events were held online, thereby reducing the environmental impact (while increasing the visibility and participation).

Furthermore, the creation of a Nanomaterials Observatory (EUON) contributes to the responsible development and use of nanomaterials, which are known to be key enablers in the technological solutions to reduce the impact of human activity on climate change. (For example, nanomaterials are used in solar and wind energy applications, and in reducing the weight of vehicles.)

5. Conclusion

A full 97.5% of the programme's operational budget, supporting access to finance, access to markets, a favourable environment for businesses, competitiveness, and entrepreneurship was executed. Monitoring ensured that the budget was reallocated to the most successful and oversubscribed activities, such as reserve list projects and financial instruments.

Access to finance was a key action area in 2017, representing 64% of the available budget. Under the Loan Guarantee Facility (LGF), 23 new agreements were signed in 2017 (and 24 in 2018), for a total of EUR 1.2 billion. The market demand for COSME LGF guarantees and counter guarantees continues to rise and its 2019 budget is expected to increase, partly by reallocating the COSME EFG budget and partly by increasing the EFSI top-up. Start-ups and smaller SMEs who find it hardest to access finance

due to their perceived higher risk or lack of sufficient collateral have particularly benefited from the enhanced LGF⁷.

Enterprise Europe Network (EEN) played an essential role in 2017-2018, supporting over 200 000 SMEs per year with intensive, high added-value services and reaching 16.8 million SMEs through its digital service offer. Around 3 000 network staff provided specialised advisory services each year and around 25 000 SMEs participated in matchmaking events, resulting in some 2 500 international partnerships. EEN scale-up advisors were put in place in 2017 to help young innovative SMEs develop their activities outside their home country. The EEN built on the good results made under the first 2 years of COSME support, and further improved the quality, efficiency and relevance of its services for European SMEs.

Several cluster actions⁸ helped improve conditions for SMEs by fostering collaboration on joint investment projects in various priority areas, including the tourism sector. Other initiatives helped SMEs working in several economic sectors retain key skills and acquire new ones in order to maintain and strengthen their competitive edge.

On encouraging entrepreneurship, the midterm review of Erasmus for Young Entrepreneurs, carried out in 2017, concluded that the programme's overall concept was a success⁹.

The COSME programme is on track to reach its objectives by the end of 2020. Some objectives, such as those linked to the EEN¹⁰ and the cost of doing business¹¹ have been surpassed and continue to improve, and the COSME actions continue to be relevant for fostering economic growth and creating employment opportunities, while being aligned to the evolving needs of SMEs.

⁷ 89% of the SMEs financed have fewer than 10 employees and almost 50% are start-ups that have operated for less than 5 years

⁸ The European cluster collaboration platform (ECCP) helps facilitate cluster collaboration at European and global level and is a key EU instrument for supporting SME internationalisation. The 'Cluster Go international' initiative, which encourages clusters and the participating SMEs to access global value chains and find strategic partners, helped establish 23 new EU cluster partnerships in 2017, and over 120 clusters in Europe.

⁹ Participants (in 2014-2016) have created 241 new companies and over 1000 new jobs so far. Host entrepreneurs also benefited from the scheme, 58% of experienced entrepreneurs increased their turnover and 41% increased employment.

¹⁰ e.g. 7 500 partnership agreements were estimated by 2017 whereas 8 245 were signed.

¹¹ The time taken to set up a business was 3.1 days (2.7 days when digital registration was taken into account) compared with the 2017 goal of 4 days.

6. ANNEX

| | | Commitments | | | Payments | | |
|--------------------|---|--------------------|--------------------|-------------|--------------------------------|--------------------|------------|
| | | all fund sources | | | all fund sources | | |
| Budget Line | | Initial budget | Budget executed | Execution | Credits available for payments | Payment executed | Execution |
| | | | | % | | | % |
| 02 02 02 | Access to finance | 258 757 863 | 258 757 861 | 100% | 130 079 327 | 89 482 218 | 69% |
| | delegated to other DGs (IT support) | 24 770 | 24 760 | 100% | 11 114 | 11 114 | 100% |
| | total | 258 782 633 | 258 782 621 | 100% | 130 090 441 | 89 493 332 | 69% |
| 02 02 01 | Access to markets, business environment & entrepreneurship | | | | | | |
| | implemented by GROW | 18 738 946 | 13 965 898 | 75% | 11 751 695 | 8 021 865 | 68% |
| | delegated to EASME | 114 644 805 | 114 577 946 | 100% | 131 510 370 | 130 402 834 | 99% |
| | delegated to other DGs | 1 204 809 | 1 127 432 | 94% | 1 060 416 | 685 708 | 65% |
| | <i>of which carry over to 2018</i> | 40 926 356 | 38 000 030 | 93% | | | |
| | total | 134 588 560 | 126 744 949 | 94% | 144 322 481 | 139 110 407 | 96% |
| 02 01 04 01 | Administrative budget | 3 164 426 | 2 451 878 | 77% | 3 164 426 | 587 387 | 19% |
| 02 01 06 01 | EASME - administrative (operating) budget | 9 235 235 | 8 820 886 | 96% | 9 235 235 | 8 820 886 | 96% |
| | Total budget | 405 770 854 | 396 800 334 | 98% | 286 812 583 | 238 012 011 | 83% |