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

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

Monitoring Report 2015

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1. INTRODUCTION

COSME is the programme for EU actions to improve the competitiveness of enterprises, with special emphasis on small and medium-sized enterprises (SMEs). It builds upon the Entrepreneurship and Innovation programme (EIP) established for 2007-2013 under the Competitiveness and Innovation Framework Programme (CIP). COSME actions seek to optimise synergies with other EU spending programmes, in particular the European Structural and Investment Funds (ESIF) and the Horizon 2020 programme which includes the innovation activities which were previously part of the EIP.

COSME brings added value by addressing transnational issues and market failures in four key areas defined by the legal base¹:

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

In addition to the 28 EU Member States, the following countries participated in COSME in 2015: Albania, Serbia, Armenia, Turkey, Montenegro, FYROM and Moldova.

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

This report presents an overview of the COSME budget implementation in 2015, in accordance with Article 15 of the COSME regulation, including support measures and expenses of an administrative nature. The details of implementation for each objective are included in annex 1. Annex 2 contains the list of beneficiaries for calls for proposals.

¹ Regulation (EU) N° 1287/2013 of the European parliament and of the Council of 11 December 2013.

2. ACTIVITIES AND RESULTS 2015²

The COSME legal base specifies an overall indicative budget of EUR 2.3 billion for the seven-year period of COSME (2014-2020). The budget follows a spending cycle with commitments planned to increase progressively up to the last year of the programme in 2020. Payment credits are expected to follow the same trend but with a lower level in 2015 as the programme had yet to create the legal commitments needed for generating payments. The COSME legal base specifies that the programme is implemented through an annual work programme and through support measures. The budget also includes administrative appropriations for managing the programme.

The COSME budget is implemented through four budget lines with appropriations specified by the corresponding revised financing decision for 2015³. After adding contributions from third countries, unused appropriations from the previous programming period and miscellaneous transfers the budget available for 2015 was:

- (a) budget line 02 01 04 01 for administrative expenditures: EUR 4 199 483
- (b) budget line 02 01 06 01 for the functioning of the EASME agency: EUR 8 112 465
- (c) budget line 02 02 01 for all other operational expenditure: EUR 117 350 819
- (d) budget line 02 02 02 for access to finance operational expenditure: EUR 200 036 997

The financing decision for support measures⁴ provides for a contribution of EUR 8 342 000, included in the budget line 02 02 01 of the general budget of the European Union for 2015.

On average 92% of the COSME activities, with the exception of access to finance, were delegated to the EASME⁵.

In total, 99% of the €329 million euros available were committed. For payments, the implementation rate was on average 89%.

² For more details, please check annex 1.

³ C(2015) 3767 final

⁴ C(2015) 4198 final

⁵ SEC(2013) 493 final

2.1 ACCESS TO FINANCE

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

In 2015, access to finance represented 59.2 % of the financial envelope available for COSME. The final budget available for the financial instruments and accompanying actions, including EFTA and third countries participation to the programme, was EUR 200 million. The total budget committed for the Loan Guarantee Facility (LGF)⁶ amounted to EUR 148.5 million, while the total budget committed for the Equity Facility for Growth (EFG) amounted to EUR 50.7 million. The budget committed in 2015 for accompanying actions was EUR 0.8 million. These actions included the promotion of financial instruments and the gathering of data on SMEs access to finance.

Loan Guarantee Facility

27 guarantee agreements were signed in 2015 under the LGF with financial intermediaries located in 17 countries (16 Member States and 1 participating third country). More than 51 000 SMEs received financing for almost EUR 1 300 million under the LGF, also thanks to the enhancement of the LGF through additional risk-bearing capacity provided from the European Fund for Strategic Investment (EFSI) which is available since July 2015. The implementation continued to exceed expectations and confirmed the high market demand for financing of riskier SMEs, especially start-ups and small businesses.

Equity Facility for Growth

Five commitments were signed by EIF in 2015 under the EFG for the establishment of funds focusing mainly on investments in Italy, France, the Netherlands, Greece and Germany, but open to cross-border investments. The expected volume of investments into eligible final recipients amounts to almost EUR 395 million and is expected to provide risk capital to around 53 SMEs. Out of the five operations signed in 2015, two relate to Growth and Expansion Stage funds and three to Multi-Stage funds, in combination with the InnovFin Equity Facility for Early Stage set up under Horizon 2020. At the end of 2015, two of these operations were unconditionally closed and the respective fund agreements signed with all investors. Unconditional signatures for the three other operations occurred in 2016. First investments into SMEs took place in 2016.

In 2015, the GIF (High Growth and Innovative SME Facility) instrument also continued to provide risk capital to SMEs, with equity investments into 68 additional SMEs. Since its start, the GIF has mobilised more than EUR 3.1 billion of equity finance to more than 500 SMEs. This number will continue to rise over the next years as the investment period is still ongoing for several funds.

⁶ Further information is available as part of the Report from the Commission to the European Parliament and the Council on financial instruments supported by the general budget according to Art.140.8 of the Financial Regulation as at 31 December 2015 ([COM/2016/675 final](#)) and the accompanying Staff Working Document ([SWD/2016/0335 final](#))

Awareness raising activities

In 2015 the Commission continued to update and promote the single portal on EU financial instruments.⁷ The portal provides information how businesses can access COSME and other EU financial instruments supported by Horizon 2020, EaSI, ESIF, EFSI and resources from the EIB group. Technical improvements helped to make the portal responsive to meet the needs of an increasing amount of mobile users. Various promotion activities including Search Engine Optimisation helped to increase monthly page views from 100 000 early 2015 to 150 000 in November 2015.

In cooperation with national stakeholders and partner organisation, the Commission also organised eight Access to Finance events in 2015, increasing the overall number of such events to 29 (covering 28 Member States and the former Yugoslav Republic of Macedonia). Overall, more than 3 000 participants attended these events.

The Commission, together with the European Central Bank, conducts regular surveys on the access to finance of enterprises (SAFE). These surveys provide information on the financial situation, financing needs, access to financing and expectations of SMEs. The 2015 results⁸ showed that access to finance was the most important concern of 10% EU SMEs in 2015 (down from over 15% in 2013), with bank loans remaining the most relevant form of external financing for 50% of the SMEs.

2.2 ACCESS TO MARKETS

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

In 2015 EUR 61.5 million were dedicated to the Internationalisation of SMEs.

COSME provides support to European enterprises and, in particular, to SMEs to help them benefit from the Single market by establishing business links outside their own country and also to export outside Europe.

Enterprise Europe Network

The **Enterprise Europe Network** (EEN) provides integrated business support services to companies who seek to innovate, grow and explore opportunities in the Single Market and third countries. On a yearly basis, the network provides services to about 250.000 SMEs, including specialised advisory services to some 70 000 SMEs. An evaluation of the Network shows that SMEs who use the EEN have 3.1% higher job and turnover growth than those who do not.

In 2015, there were 527 participating organisations from 90 consortia covering all regions of the EU and 8 COSME participating countries, including Serbia and Armenia who joined the

⁷ www.access2finance.eu

⁸ Detailed results available at <http://ec.europa.eu/growth/safe>

Network. Framework partnership agreements were put in place and specific grants agreements for the first operational period 2015-2016 were signed. The average EU contribution to the eligible costs of Network partners is about 53%. Additionally, there were 30 cooperation agreements signed for Business Cooperation Centers in 29 third countries. They focus their activities on partnership services and have to finance their activities by their own resources. (Please refer to <https://een.ec.europa.eu/> for the current list of partners). Additionally, conditional terms for Associated Membership were signed with 13 organisations.

In 2015 the Commission, EASME and members of the Enterprise Europe Network established a working group on access to finance. This proved to be an efficient measure as it helped both, to improve the interest in COSME and other EU financial instruments thereby mobilising their successful roll-out across Europe and to strengthen the financial advisory capacity of the Network.

Increasing SME readiness to internationalise which uses the working title 'Ready2Go' aims to give businesses the opportunity to broaden their horizons, build up foreign contacts and stand out in the global market. It will provide training and network opportunities and started in September 2016.

Other activities

The development of EU-Japan cooperation continues via the annual EUR 2.8 million grant to the EU-Japan Centre improving the access of European businesses into the Japanese market, by providing them with the needed data on local conditions and by acquainting them with commercial and industrial practices which EU businesses are facing in Japan. Training on production technologies, quality management and innovation is also provided, aimed at improving the competitiveness of EU businesses.

The Your Europe Business Portal attracted 1.6 million unique visitors in 2015 which corresponds to an increase of 21% compared to 2014. The most visited sections⁹ are VAT and customs (44%), funding (24%), and start & grow (11%). A new functionality allowed users who need more expert advice to send enquiries directly to a member of the Enterprise Europe Network (EEN). The EEN partners received a total of 2.884 requests for information via the form hosted on the portal. Finance was the top subject followed by "Expanding abroad" and "EU law and research".

According to a survey with portal visitors over 83% of users rate the portal excellent, good or satisfactory.

2.3 IMPROVING FRAMEWORK CONDITIONS AND COMPETITIVENESS

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

In 2015, EUR 24.3 million were directed to this objective from the Work programme and EUR 5.8 million from the Support Measures, representing 11.7% of the financial envelope.

⁹ VAT and customs is now entitled "Taxation" and funding is now entitled "Finance and funding"

COSME funded actions aiming at reducing the administrative burden, strengthening coordination of Member States' industrial policies and reinforcing the use of the 'Think Small First' principle. COSME also promoted resource efficiency, sustainability and corporate social responsibility. Actions to improve the competitiveness of strategically important sectors in the European economy were also carried out, as well as a series of studies which together make up the "Report on single market integration and competitiveness in the EU and its member states"¹⁰.

CLUSTERS

The "Clusters Internationalisation Programme for SMEs" focusses on the promotion of cluster internationalisation where interested consortia have the opportunity to develop a joint international strategy and support SME internationalisation beyond Europe, especially in emerging thematic areas. It also contributes to facilitate international cluster cooperation through the further development of the European Cluster Collaboration Platform.

Cluster initiatives reach out to groups of specialised companies and support strategic interregional and international collaboration.

DESIGN BASED CONSUMER GOODS

The objective of the action is to reinforce the competitiveness of the European SMEs active in the design-based consumer goods by encouraging the market uptake of new and creative solutions in the design-based consumer goods area. The measure therefore seeks to bridge the gap between research and innovation on the one hand and market on the other hand by supporting scale-up, market replication and/or first application of projects related to novel products, services, techniques or processes.

Under this action 10 SME projects have been awarded: their scope ranging from 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. According to the participants, such actions are needed as a lot of innovative technological solutions already exist but companies need help to overcome some barriers that make it difficult for them to reach the market.

TOURISM

The tourism initiatives funded by COSME 2015 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, which is fundamental for the industry to gain competitiveness and to offer all year round jobs. 11 projects are being co-financed (9 with a focus on senior tourists and 2 on young tourists) for the duration of 12/18 months.

The EU transnational thematic tourism offer has been enlarged and diversified and new public-private partnerships supported and consolidated. The participation of small and micro

¹⁰ <http://ec.europa.eu/DocsRoom/documents/13418/>

enterprises in tourism partnerships have been strongly encouraged and increased. 10 projects are being co-financed for the duration of 15/18 months.

Actions to enhance tourism accessibility contributed to improving facilities and services for tourists with special access needs. 8 projects on accessible tourism itineraries are being co-funded for the duration of 18/24 months.

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. 13 projects have been co-financed for the duration of 15/18 months.

Awareness-raising activities and events generated a better visibility and up-take of tourism initiatives. The annual European Tourism Forum and European Tourism Day, conferences, which gathered 200 and 400 participants respectively, largely contributed to the exchange of views on main topics of interest to the tourism industry and the Member States. The feedback from participants' surveys shows overwhelming satisfaction with the choice of topics and the format and content of debate at these events.

Through a successful cooperation with the European Travel Commission (ETC), the visibility of Europe as a destination both to intra-EU and to third-countries' travellers has been increased. This was achieved through various branding and destination marketing actions through the www.visiteurope.com portal, under which ETC published 100 new pieces of pan-European content in six different languages and deployed new technical features.

2.4 PROMOTING ENTREPRENEURSHIP AND ENTREPRENEURIAL CULTURE

The COSME Regulation specifies that an indicative 2.5% of the financial envelope has to be devoted to promoting entrepreneurship and entrepreneurial culture.

In 2015, a budget of EUR 12.9 million¹¹ has been implemented for the **promotion of entrepreneurship**, in particular to the Erasmus for Young Entrepreneurs mobility scheme, representing 4% of the total amount committed for COSME. The Erasmus for Young Entrepreneurs call for proposal was oversubscribed and received an additional allocation of EUR 1 million budgetary surpluses remaining from other activities.

ERASMUS FOR YOUNG ENTREPRENEURS

So far¹², nearly 12 000 entrepreneurs' profiles have been registered and 3 900 matches involving 7 700 entrepreneurs established. A survey shows that more than a third of the would-be entrepreneurs who took part actually started a business.

Moreover, the COSME programme supported exchanges of best practices to promote entrepreneurship education in the EU. Specific support for Web entrepreneurs was provided.

¹¹ The initial envelope was EUR 10,8 million

¹² Figures collected in 2015.

Some of the actions were targeted to specific groups such as young people, women or senior entrepreneurs providing mentoring and other tailored measures to facilitate entrepreneurship among these groups.

DIGITAL ENTREPRENEURSHIP MONITOR

Digital technologies and digitalization can make an increasingly important contribution towards meeting today's most pressing societal challenges (including climate change objectives) and supporting economic growth, by delivering new knowledge, products and services. Making full use of new technologies, in particular ICT, will be the key to building a more sustainable and energy efficient future to fight against the climate change. Digital technologies affect the full product lifecycle. They bring substantial gains in terms of carbon and energy efficiency. They also enable the management of end-of-life products in a smarter and energy-efficient way.

Since March 2015, four Strategic Policy Forum on Digital Entrepreneurship meetings and two Member States Board on Digital Entrepreneurship meetings have been organised. A first draft of the Strategic Policy Forum's recommendations has been provided on 10 March 2016.

3. SUPPORT MEASURES AND ADMINISTRATIVE EXPENDITURE

The COSME support measures are financed under the operational budget line 02.0201. In 2015 the total allocated to support measures was EUR 8.3 million.

Conferences, workshops and expert meetings were organised with participation of various stakeholders (including national authorities, industry and consumer organisations, SMEs representatives, non-governmental organisations) to discuss challenges facing different industrial sectors. Particular attention was devoted to recommendations on how to better address SMEs' needs and how to further foster competitiveness.

The administrative expenditure for DG GROW represented EUR 5.017.946, less than 2% of the total amount committed. The budget implemented for the functioning of the Executive Agency for SMEs was EUR 6.626.000 representing 2.6% of the total budget committed. In total, administrative expenses represented 4.6% of the financial envelope in 2015.

The corporate communication campaign on COSME benefits for SMEs targeted 9 million SME owners in Cyprus, France, Greece, Italy and Spain. It was rolled out in two phases: Spring 2015 (radio) and Autumn 2015 (online and print advertising). The objectives of the communication strategy for SMEs were: Filling the gap between SMEs needs and available opportunities; Bringing corporate and political communication together; Defining the narrative with a "go local" approach; and Continuously assessing the impact of our actions.

Moreover, the Enterprise Europe Network in the target countries reported an increase of requests during the campaign (in particular, it was proven that at least 1000 additional requests from entrepreneurs were directly related to the campaign).

The administrative expenditure covered studies, meetings of experts, information and communication actions, including corporate communication of the political priorities of the

Union related to the general objectives of the COSME programme. Expenses linked to IT networks and other technical and administrative assistance expenses incurred by the Commission for the management of the COSME programme were covered.

4. CONTRIBUTION TO THE CLIMATE MAINSTREAMING OBJECTIVE

The contribution of the COSME programme to the climate mainstreaming objective, set for all Commission programmes, has been estimated at €21.6 million representing 6.4 % of the financial allocation in 2015.

Relevant objective/output	Budget 2015 (EUR Million)
Enterprise Europe Network	13.3
Financial instruments: Equity Facility for Growth	8.3
Total	21.6

For several COSME actions, such as the Loan Guarantee Facility, it is challenging to track the contribution to the climate mainstreaming without imposing an additional administrative burden on financial intermediaries and, ultimately, the hundreds of thousands of participating SMEs which are the final recipients.

5. CONCLUSION

2015 saw the programme become operational as the projects launched in 2014 took their first steps in implementation.

Access to Finance remained a key action area. More than 51.000 SMEs received financing for almost EUR 1 300 million under the Loan Guarantee Facility, and guarantee agreements were signed in 17 countries. Information events on Access to Finance saw over 3000 participants attending events in 2015. And under the Your Europe Business Portal with its 1.6 million unique visitors the second most visited section is funding.

COSME, including the integrated business support services of the Enterprise Europe Network, contributed to facilitating SMEs' access to finance and markets, to decrease the disproportionate administrative burden and to promote entrepreneurship across the EU. As an SME-focused programme, the COSME actions complement other EU programmes and build on the solid experience from the predecessor programmes.

ANNEX

Table: COSME total budget available in 2015 for commitments

Budget line 02 01 04 01 for administrative expenditures

Voted budget, available after transfers:	3.864.722
Other external assigned revenue:	154.176
Contributions from third-countries:	180.585
Total Budget available for commitments:	4.199.483

Budget line 02 01 06 01 for the functioning of the EASME agency:

Voted budget, available after transfers:	8.047.977
Other external assigned revenue:	37.329
Contributions from Third-countries:	27.158
Total Budget available for commitments:	8.112.464

Budget line 02 02 01 for all other operational expenditure

Voted budget, available after transfers:	105.648.672
Transfer/carry-over:	3.447.990
Contributions from Third-countries:	8.254.157
Total Budget available for commitments:	117.350.819

Budget line 02 02 02 for access to finance operational expenditure

Voted budget:	174.791.725
Contributions from Third-countries:	12.141.530
EFTA contribution	139.833
Additional internal transfers	12.963.909
Total Budget available for commitments:	200.036.997

Table: COSME budget execution in 2015

Budget Line		Commitments ¹³			Payments ¹¹		
		Budget available	Budget implemented	Implementation %	Credits available for payments	Payment executed	Execution %
02 02 02	Access to Finance	200.036.997	200.036.997	100%	110.884.513	98.601.480	88,92%
02 02 01	Access to Markets, Business Environment & Entrepreneurship						
	total budget committed in 2015 including carry-overs for 020201	117.350.820	115.358.094	98,30%	103.628.436	93.181.924	89,92%
Carried over EASME	actions carried-over to 2016	33.590.388	33.104.718	98,55%			
Carried over GROW	actions carried-over to 2016	1.515.000	889.700	58,73%			
02 01 04 01	Administrative Budget	3.864.722	3.799.959	98,32%	3.864.722	653.053	16,90%
02 01 06 01	EASME - Administrative Budget	8.047.977	8.047.977	100,00%	8.047.977	8.047.977	100,00%
	Operational Budget committed in 2015 including carry-overs	329.300.516	327.243.027	99,38%			
COSME Total	Total budget implemented, including adm. Expenses, after execution of the carry-overs	329.300.516	326.132.058	99,04%	226.425.649	200.484.435	88,54%

¹³ Including the voted budget, third countries and EFTA contributions and transfers