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

**COSME
2014-2020 Programme for the Competitiveness of Enterprises and SMEs 2019
Monitoring Report**

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1. Introduction

COSME is an EU programme to improve the competitiveness of enterprises, especially small and medium-sized enterprises (SMEs). It was established under the COSME Regulation¹. It builds on the 2007-2013 entrepreneurship and innovation programme (EIP) established under the competitiveness and innovation framework programme. It also seeks to optimise links with other EU spending programmes relevant to SMEs.

COSME adds value by addressing transnational issues and market failures through four specific objectives:

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%).

The COSME programme also paid attention to related priorities in the Europe 2020 Strategy² (such as helping SMEs to benefit from innovation, access to skills and training, and the role that SMEs can play in social cohesion through support for social economy and specific business target groups such as potential new, young and female entrepreneurs).

The Commission carried out an interim evaluation of COSME in 2017³. The 2019 work programme made progress in implementing one of the main recommendations stemming from this evaluation: the need to focus on bigger, strategic measures while keeping some flexibility in the programme to test new ideas.

In addition to the 28⁴ EU Member States, the following countries participated in COSME in 2019: Albania, Armenia, Bosnia and Herzegovina, Iceland, Kosovo⁵, Moldova, Montenegro, North Macedonia, Serbia, Turkey and Ukraine⁶.

The Commission is responsible for the overall implementation of COSME. The programme's first specific objective is implemented through the financial instruments and the Commission has delegated the management of these to the European Investment Fund (EIF).

¹ Regulation (EU) No 1287/2013 of the European Parliament and of the Council of 11 December 2013 establishing a Programme for the Competitiveness of Enterprises and small and medium-sized enterprises (COSME) (2014-2020) and repealing Decision No 1639/2006/EC, OJ L 347, 20.12.2013, p.33.

² "Europe 2020 - A strategy for smart, sustainable and inclusive growth" was endorsed by the European Council of June 2010. It set five ambitious objectives on climate and energy, employment, innovation, education and social inclusion to be reached by 2020 and emphasised that SMEs should play a crucial role in reaching these objectives. See: <https://op.europa.eu/s/wVjl>.

³ <https://data.europa.eu/doi/10.2873/87360>.

⁴ The present EU-27 and the UK, which was still an EU Member State in 2019.

⁵ This designation is without prejudice to positions on status, and is in line with UNSCR 1244/1999 and the ICJ Opinion on Kosovo's declaration of independence.

⁶ In general, the selection criteria for COSME grants and procurement actions focused on non-geographical criteria such as conformity with the objectives of the action and the quality of proposals/tenders. The European dimension was also important. Most COSME actions did not have sufficient budget to provide a broad geographical coverage of eligible countries. This report provides country information for a small number of actions, notably for the EEN and circular fashion which did have a broad geographical coverage of beneficiaries.

Measures under the programme's specific objectives 2, 3 and 4 were mainly delegated to the European Innovation Council and SME Executive Agency (EISMEA), an executive agency formerly known as the Executive Agency for Small and Medium-sized Enterprises (EASME).⁷

Certain analytical and benchmarking activities were also indirectly managed by international organisations.

This report gives an overview of the COSME budget's implementation in 2019, as required by the COSME Regulation. Given the multiannual nature of many projects and the need to extend the duration of many projects due to issues related to the COVID-19 crisis, the publication of this report has been delayed so that more comprehensive results and data can be included⁸. This report also covers support measures and administrative expenses.

2. Activities and results in 2019

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

The COSME budget was implemented through four budget lines with appropriations specified by the corresponding revised financing decision for 2019⁹ and the financing decision for support measures¹⁰. After adding contributions from non-EU countries, unused appropriations from the previous programming period and miscellaneous transfers, the budget available for 2019 was made up as follows:

- (a) budget line 02 01 04 01 for administrative expenditure: EUR 4 910 505;
- (b) budget line 02 01 06 01 for the functioning of the EASME agency: EUR 10 322 946;
- (c) budget line 02 02 01 for all other operational expenditure: EUR 141 873 965;
- (d) budget line 02 02 02 for access to finance operational expenditure: EUR 257 991 946.

The financing decision for support measures provided for a contribution of EUR 7 717 000, which was included in the budget line 02 02 01 of the EU's general budget for 2019.

On average, 25% of COSME's activities under the operational budget were delegated to EASME¹¹. Implementation of the financial instruments was delegated to the EIF (see below).

The annual budget for the COSME programme in 2019 was EUR 448 099 362. In total, 96% of this budget was committed and the implementation rate for payments was on average 90%.

2.1 Specific objective A: access to finance

The COSME Regulation specified that at least 60% of the total budget for the programme should be allocated to the financial instruments for 2014-2020. EUR 1.6 billion were committed overall to the financial instruments for the 2014-2020 programming period, which is slightly above 60% of the total COSME Budget

EUR 257 million was committed in 2019 for the financial instruments and accompanying measures, including EFTA and other non-EU countries' participation.

⁷ The former name EASME is used throughout this report.

⁸ https://ec.europa.eu/growth/smes/cosme/programming-monitoring-and-evaluation_en

⁹ C(2019)6039 final: <https://ec.europa.eu/docsroom/documents/36768>

¹⁰ C(2019)2588 final: <https://ec.europa.eu/docsroom/documents/34801>

¹¹ SEC(2013) 493 final: [https://eur-lex.europa.eu/legal-content/EN/TXT/?uri=CELEX:52013SC0493\(01\)](https://eur-lex.europa.eu/legal-content/EN/TXT/?uri=CELEX:52013SC0493(01))

EUR 216 million was committed for the Loan Guarantee Facility (LGF) and EUR 39.7 million for the Equity Facility for Growth (EFG).

In 2019, EUR 1.4 million was committed for accompanying measures, including a survey on SMEs' access to finance (EUR 672 000), the provision of information to SMEs about access to EU financing (EUR 175 000), and an update and complement to a study on tax compliance costs for SMEs in the EU (EUR 250 000).

The COSME Equity Facility for Growth (EFG)

The COSME EFG is dedicated to investments in risk-capital funds that provide venture capital and mezzanine finance to expansion and growth-stage SMEs. Two new fund agreements were signed under the EFG in 2019, bringing the total to 17 by the end of 2019 (including 4 signatures on a conditional basis). The total EU contribution to financial intermediaries from 2014 until the end of 2019 was EUR 242 million. Of these, 11 agreements related to growth and expansion stage funds and the other 6 related to multi-stage funds in combination with the InnovFin Equity Facility for Early-Stage set up under Horizon 2020.

The COSME EFG also contributed to the pan-European venture capital fund-of-funds programme (VentureEU) that was launched in 2017 to reduce bottlenecks in venture capital financing in the EU. One contract for EUR 33 million was signed in 2019 with a fund manager for VentureEU. By 31 December 2019, the total COSME EFG contribution to this facility amounted to EUR 53 million.

By 31 December 2019, the funds supported by the COSME EFG had invested EUR 660 million in more than 100 SMEs in 13 EU countries. This included EUR 400 million invested in more than 50 SMEs that were in their growth and expansion stage. The last two indicators (EUR 400 million and 50 SMEs) were on track for meeting the long term targets¹².

Based on a target leverage of 1:5 and the total 2014-2020 budgetary envelope of EUR 394 million, it was expected that at least EUR 2 billion of risk capital would be provided to more than 200 SMEs over the lifetime of the COSME EFG. This would result in an overall investment of nearly EUR 3.8 billion.

Textbox 1. Example of a COSME EFG project – SilverCloud Health

SilverCloud Health was created in 2012 as a spin-off from academic and clinical research at Trinity College Dublin and the Mater University Hospital. It has long experience in delivering effective online behavioural health solutions to tackle issues such as depression and anxiety; sleep and resilience; personal finance stress; and eating disorders. It cooperates with more than 200 organisations on a wide range of evidence-based programmes and has helped more than 200 000 patients since 2012. 73% of patients see a significant improvement after 6-8 weeks on its platform.

SilverCloud Health received a large equity investment from ACT Venture Capital, backed by the EIF and the EU. 'This allowed us to scale up our activity. We set up an office with a sales team in the US. This allowed us to expand significantly and double our staff numbers', said Kevin Higgins, SilverCloud's Chief Financial Officer. Looking ahead, SilverCloud is keen to combine the use of wearables with support found on the platform to provide even better mental health services.

Updated in November 2020.

¹² The COSME Regulation envisages investments from EUR 2.6 billion to EUR 3.9 billion in 360 to 540 SMEs, whereas (i) the EUR 2.6 billion of investments were made into 346 SMEs up to 2021 and (ii) the COSME EFG is planned to last until last operations are wound down, e.g. 31 December 2034. The implementation of the targets took account of the specific challenges of implementing this financial instrument (priority of operations in non-EU countries participating in COSME programme and the fact that investment demand is lower in these countries, and the time needed to sign agreements with funds, which first requires complex due diligence and fund-raising processes to be completed).

The COSME Loan Guarantee Facility

By the end of 2019, the COSME Loan Guarantee Facility (LGF) provided more than 553 000 SMEs with almost EUR 32 billion financial support in 32 countries. Available data shows that the COSME LGF more specifically supports smaller and younger SMEs that find it harder to obtain the financing they need. Around 90% of the SMEs that received finance had fewer than 10 employees and almost 50% were start-ups.

In practice, the COSME LGF had a much larger impact than the amount of financing that it directly generated for SMEs. It also incentivised these SMEs to make additional investments equivalent to 21-29% of the amount they received through the LGF. The amount of investment realised by businesses as a result of these guarantees is estimated to have reached nearly EUR 39.7 billion at the end of 2019.

The COSME LGF also received a top-up from the European Fund for Strategic Investments, increasing its risk bearing capacity by EUR 1.3 billion by the end of 2019. The top-up was used for a number of purposes, including the launch of a **digitalisation pilot** in 2019 to enable financial intermediaries to provide broader and more comprehensive debt support to SMEs for digital transformation.

Textbox 2. Example of a COSME LGF project – Gustav, food industry

Gustav is an Estonian company that specialises in producing patisserie in-house using fresh and local ingredients. It sells its products – which are noted for its distinctive decoration – in its own cafés and also to external retailers. Gustav has gone from strength to strength, but has faced some challenges along the way – in particular how to manage international growth. Its management team identified a good potential market in Finland, but needed to set up new production facilities there in order to maintain its 22-hour freshness policy.

With an EU-guaranteed loan from Swedbank, backed by the EIF under the COSME LGF and the Investment Plan for Europe, Gustav was able to purchase the equipment and secure the working premises it needed in order to launch its business successfully in Finland. Its objective is now to expand its retail and production points within Estonia and across Europe.

Accompanying measures (surveys, information tools, communication materials and events)

The SAFE survey on access to finance for enterprises provides information on the financial situation, financing needs, access to finance and expectations of SMEs. It is highly useful for evidence-based policymaking at EU level and also used by Member States, analysts, academia and others. A total of 18 159 firms across 36 countries were surveyed in 2019¹³.

The Commission continued updating and promoting the <http://www.access2finance.eu> website that provides user-friendly information for SMEs on how to access EU financial instruments, including the contact details of financial intermediaries. It covers 12 EU programmes in 42 countries, including programmes relevant for clean technology, climate protection, and female-led companies. Various **promotional materials** were also published – including a detailed brochure on the benefits of the COSME financial instruments for SMEs¹⁴ and a brochure on ‘FinTech opportunities for SMEs’¹⁵.

The Angel Investment Summit in November 2019 was attended by 300 stakeholders and provided them with an opportunity to discuss policy initiatives in areas such as climate protection, environment

¹³ Data and surveys - SAFE (europa.eu)

¹⁴ EU Financing for Small and Medium-Sized Enterprises: Real benefit for businesses: <https://ec.europa.eu/docsroom/documents/37584>

¹⁵ <https://op.europa.eu/en/publication-detail/-/publication/41d9c05f-0b50-11ea-8c1f-01aa75ed71a1>

and gender balance, and to participate in matchmaking activities. The participants' feedback was very positive. A successful workshop on FinTech and alternative finance took place in October 2019.

2.2 Specific objective B: access to markets

The COSME Regulation specified that 21.5% of the total budget for 2014-2020 should be allocated to facilitating access to markets. A total of EUR 64 million was allocated to this specific objective in 2019.

The Enterprise Europe Network

The Enterprise Europe Network (EEN) provides high quality innovation, partnering and internationalisation support to SMEs, thereby supporting SME growth, resilience and competitiveness. The network was present in all EU-28 Member States¹⁶, and other countries participating in the COSME programme¹⁷. The EEN's scale-up services have become a core service, providing specialised support for young European SMEs with high-growth potential. The network also started to take preliminary steps for delivering services to support SMEs with sustainability and digitalisation. Throughout the COVID-19 crisis, the EEN has demonstrated its ability to adapt its services to help SMEs deal with new challenges and opportunities. It has become increasingly active in helping SMEs to tackle value chain disruptions and boost their resilience.

Results for EEN activities in 2020 (co-funded under 2019 budget):¹⁸

- the EEN provided information, advice and support services to **231 774** SMEs;
- the EEN's partnering services helped SME clients from all network countries form more than **2 700** international partnership agreements with foreign companies in 2020;
- the EEN's advisory support services helped around **2 137** clients per year to improve their competitiveness and innovation at European level;
- the EEN's digital services reached 14.1 million SMEs.

A survey carried out in spring 2021 showed **high levels of client satisfaction with the quality of the EEN services** received in 2019-2020. 94% of respondents indicated that they would recommend EEN services to others. 90% of recipients of in-depth EEN advisory services expect a market improvement as a result of their engagement with the EEN.

DG GROW and EASME cooperated with a wide range of EU programmes for the management and animation of the EEN, including on training, events, and exchanges of good practice with EEN sector and thematic groups. They also facilitated cooperation between EEN members and structural fund authorities. The EEN also provided innovation-related services¹⁹ – which are beyond the scope of the COSME grant agreements – with co-funding from Horizon 2020/ the European Innovation Council.

Textbox 3. An EEN success story – OiOi

OiOi is a small Finnish business that creates touchscreens from any kind of surface including snow, ice and stone. EEN Turku has been supporting it since its creation in 2010. OiOi displays have been installed in a variety of locations such as playgrounds, shopping malls, science centres, indoor activity parks, hospitals and schools. Some are also in prominent locations such as Helsinki airport.

¹⁶ Including the UK.

¹⁷ Albania, Armenia, Bosnia and Herzegovina, Iceland, Kosovo, North Macedonia, Moldova, Montenegro, Serbia, Turkey and Ukraine

¹⁸ The 2019 budget allocations for the EEN were used to support services provided in 2020.

¹⁹ A clearly defined set of services for enhancing SMEs' innovation management capacities and key account management services for the SME Instrument.

OiOi was successful in Finland, but faced challenges in expanding internationally. It also needed expert advice on opportunities and contacts, and new ways to develop international business relationships. EEN Turku gave OiOi the opportunity to attend partnership events in different countries, and provided other international partnership services and advice on funding.

EEN's support has had a real impact on OiOi's business. 'We have doubled our annual turnover and recruited more programmers', said OiOi's CEO and founder Sami Kämppe. 'We are the industry leaders in Finland and have also successfully expanded in Europe and beyond – including to China.' He confirmed his intention to carry on using the EEN's services in future.

Reinforcing single market tools to prepare for and implement the Single Digital Gateway

The Single Digital Gateway (SDG) is an ambitious programme of public service digitalisation. It will provide full cross-border accessibility to information on single market rights and rules at EU and national level, including single market procedures and assistance services, and the possibility to provide feedback. It is used by both the general public and businesses.

The COSME programme supported the work to reinforce the tools needed to launch the SDG:

- expansion of the content and functionalities of the Your Europe portal (the platform to be used to host the SDG)
- development of an administrative tool (dashboard) for the Member States' coordinators
- work to integrate all required IT functionalities.

The successful outcome of this work enabled the SDG to go live on schedule on 12 December 2020.

EU SME Centre in China – Phase III

The EU SME Centre in China – Phase III²⁰ provides a wide range of services to help EU businesses to assess their readiness to enter the Chinese market. It also helps to strengthen advocacy for defending the interests of the EU business community, and to improve cooperation and the sharing of best practices between business associations at the EU, national, and regional levels for the benefit of EU businesses intending to do business in China.

As described below under heading 4, the COVID-19 crisis affected the implementation of this project and required services and targets to be adjusted. The work to put activities back on track is proceeding smoothly. One key deliverable provided is a self-diagnosis tool that enables European SMEs to make a prior assessment of their readiness to develop their presence on the Chinese market²¹.

Training for SME-friendly policies in Central Public Buyers (CPB)

This measure strengthens the capacity of CPB personnel and helps them to make their tender procedures more easily accessible to SMEs. It is open to CPBs in the EU and other COSME participant countries. Priority is given to CPBs in countries with structurally weak or newly established procurement systems. 34 participants are benefiting from online and on-site training. The project continued until May 2022.

²⁰ Phase III is supported by the COSME programme. The previous phases were co-funded by DG DEVCO (now DG INTPA).

²¹ <https://sdt.eusmecentre.org.cn/>

2.3 Specific objective C: improving framework conditions and competitiveness

The COSME Regulation specified that an indicative amount of 11% of the total budget for 2014-2020 should be devoted to improving framework conditions and competitiveness. EUR 32 million was allocated to this objective in 2019.

Clusters Go International

The **Clusters Go International measure** supported the establishment of EU strategic cluster partnerships to develop and implement strategies for international cluster cooperation with non-EU countries. The call was published in September 2019, but the start of these projects was hampered by the restrictions on travel and contacts imposed during the pandemic. The coordinators adjusted activities and requested extensions, and the projects are now achieving positive results.

For example, the PIMAP+ consortium transformed a planned on-site event into a very successful virtual innovation forum that attracted around 640 000 participants. The FASCINATE consortium agreed on a joint internationalisation strategy, signed 11 cooperation agreements with strategic partners in Canada, Japan and the US, and provided internationalisation-readiness training to 82 SMEs in the fashion industry.

Sustainable fashion and tourism

The ongoing projects for a **sustainable and circular fashion industry** in the 2019 work programme aim to accelerate and scale up innovations to support the industry with the transition to circular economy and sustainability at all stages of the value chain. The four ongoing projects are providing direct support for accelerating the implementation of approximately 120 promising sustainable business ideas with high innovation potential²². For further information see: <https://nexttextilegeneration.eu>.

There are also ongoing projects to help **boost the sustainability of tourism** SMEs by strengthening their capacities and skills to explore and implement sustainability solutions. The participating SMEs benefit from training, study trips, and support for cross-border and cross-sector cooperation. This will lead to concrete gains such as resource savings, obtaining sustainability certification, and improved adaptability to new trends, challenges and opportunities. There were 6 ongoing projects under COSME's 2019 work programme with 50 beneficiaries from 20 countries²³.

SME Performance Review, Eurobarometer and other studies on SMEs, start-ups, scale-ups and entrepreneurship

The **SME Performance Review**²⁴ is one of the Commission's main tools to monitor and assess countries' annual progress in implementing the Small Business Act (SBA) and the SBA action plan. The annual report on SMEs and the country fact sheets provide comprehensive information on SMEs' performance and the business environment in the EU and other partner countries (including resource efficiency and green products). The impact of the COVID-19 pandemic on EU SMEs was also a key topic of the 2020 edition of the SPR (funded by the 2019 budget).

One key related study was the **Eurobarometer survey on SMEs, start-ups, scale-ups and entrepreneurship** (published in August 2020)²⁵, which provided useful information on the profile of

²² The 25 partners in these projects were based in Belgium, Estonia, Finland, France, Germany, Greece, Lithuania, Moldova, and Spain, and also included international organisations. This enabled services to be provided in all EU regions under at least one of the projects.

²³ 18 Member States (Austria, Belgium, Bulgaria, Croatia, Cyprus, Denmark, Estonia, Finland, France, Germany, Greece, Hungary, Italy, Netherlands, Portugal, Romania, Slovakia and Spain) and 2 COSME Countries (Moldova and North Macedonia).

²⁴ SME Performance Review (europa.eu)

²⁵ <https://europa.eu/eurobarometer/surveys/detail/2244>

these businesses in the EU and the challenges they face. Both the SPR and the Eurobarometer survey provided useful data to support the European Semester process, the design of national recovery plans, and other evidence-based policymaking.

The OECD carried out a pilot study on unleashing SMEs' potential to scale up. This provides substantial new insights including on key factors that support or inhibit scale-ups. It also maps out almost 1 200 relevant policies and 400 institutions in 38 OECD countries. The **2019 European Startup Monitor** (published in April 2020 and funded by the 2019 budget)²⁶ is a smaller survey with useful data from founders of start-ups and policy recommendations.

The SME envoys network and the SME assembly

The 2019 budget funded the organisation of four meetings of the **SME envoys network** (representatives of Member States' national administrations) in 2019, and the meeting of the **SME Assembly** in November 2019 in Helsinki with **457 delegates**. The discussions in these meetings contributed to the design of policy measures such as the SME Strategy.

EU Open for Business campaign

The 2015-2020 EU Open for Business campaign aimed to make more SME business owners and managers aware of opportunities and rights in the single market; EU support networks such as the EEN; and online tools. The 2020 campaign (under the COSME 2019 work programme) was implemented in Belgium, Luxembourg, Malta, the Netherlands and Slovakia, and its scope was extended to raise awareness about EU advisory services, tools and financial support for SMEs in relation to the COVID-19 pandemic.

2.4 Specific objective D: promoting entrepreneurship and entrepreneurial culture

The COSME Regulation specified that 2.5% of the total budget for 2014-2020 should be devoted to promoting entrepreneurship and entrepreneurial culture.

Erasmus for young entrepreneurs

The Erasmus for young entrepreneurs (EYE) scheme allows a potential or newly established entrepreneur to collaborate with an experienced entrepreneur in another COSME-participating country. Both entrepreneurs gain valuable insights and experiences from this exchange. COSME provides grants to consortia of intermediary organisations (IOs) that recruit and match the entrepreneurs. There were 1 336 EYE exchanges²⁷ in 2019. This fell to 837 in 2020 for reasons related to the COVID-19 crisis. Appropriate action was taken to put the projects affected by COVID-19 back on track (see point 4). **90% of participants rated their exchange as a success.**

An Erasmus for young entrepreneurs success story²⁸

Nabil Chelaouaou (new entrepreneur, Green Farm, Italy) and Carlos Rubio María, La Bardal (Spain)

Nabil Chelaouaou was a new entrepreneur who was setting up 'Green Farm' a business project for producing fresh and healthy vegetables. He benefited from an EYE exchange with Carlos Rubio María, an experienced entrepreneur who runs La Bardal, a project for rural renewal and participatory governance. Both participants benefited from sharing experience and knowledge about regenerative agriculture and how to better use natural resources and practices to have a direct, positive impact on society and on climate change.

Further information: <https://www.erasmus-entrepreneurs.eu/page.php?cid=09&id=959>.

²⁶ <http://europeanstartupmonitor2019.eu/>

²⁷ The number of exchanges is measured by "relationships between entrepreneurs (RLT) performance indicator".

²⁸ See other success stories and testimonials at <http://www.erasmus-entrepreneurs.eu>

Social entrepreneurship and corporate social responsibility

A manual to support policymakers with **design and improvement of regulatory frameworks for social enterprise development**²⁹ has been produced by the OECD with COSME funding. This was presented to 70 policymakers at an event on 28 April 2022.

There is also a measure in progress to assess the level of uptake of **corporate social responsibility (CSR)**, to collect information on national support measures and good practices, and to propose recommendations for effective mechanisms for supporting CSR/responsible business conduct.

3. Support measures and administrative expenditure

COSME support measures were financed under budget line 02 02 01. EUR 7.7 million was allocated to support measures in 2019.

Conferences and meetings were organised with stakeholders to discuss the challenges facing different industrial sectors. A variety of measures were supported, including analytical work such as studies to support policymaking and information tools providing practical support for SMEs.

The **study on circular economy principles for building design** was finalised at the start of 2021 and made useful policy recommendations at the EU level based on a thorough analysis of national and regional policy initiatives and a qualitative assessment of their likely impact. These recommendations were taken into account in the proposals for revising EU legislation on the energy performance of buildings and construction products, and in other ongoing legislative revision work.

The **Data 4 Healthy Recovery Hackathon** online event on 18-20 June 2021 enabled businesses and industrial stakeholders to define challenges for tackling the green and digital (twin) transition, and to work together to develop potential solutions. The 12 highest-ranked teams also completed an acceleration programme to help them develop their ideas further and improve their readiness for market launch.

A study of **European structural and investment funds (ESIF) support for defence and dual-use-related activities was prepared**³⁰, including a detailed mapping and compilation of previous projects, information on the ESIF framework for 2021-2027, a brochure for SMEs, and conclusions and lessons learnt on how to support SME participation. A workshop was held on 19 January 2021 to present this to the sector.

The content of the **EU Intellectual Property Helpdesk** and the four **international IP helpdesks** was integrated into the European Commission's main web site (Europa) as part of the Single Digital Gateway service.

Administrative expenditure represented 3% of the budget in 2019. It covered expert meetings, information and communication measures, and the Commission's (DG GROW's) expenses of EUR 2.2 million linked to IT networks and other technical and administrative assistance. The budget for the functioning of EASME was EUR 9.9 million.

4. Impacts of the COVID-19 crisis on project implementation

Many projects under the COSME 2019 work programme were about to start or were already in progress when the COVID-19 crisis broke out. This inevitably hindered their implementation. The crisis also brought positive opportunities such as the chance to refocus measures towards helping

²⁹ <https://www.oecd.org/cfe/leed/social-economy/legal-frameworks.htm>

³⁰ https://ec.europa.eu/defence-industry-space/system/files/2021-05/Study%20on%20Contribution%20of%20the%20defence%20sector%20to%20Regional%20Development%20through%20ESIF_pdf.pdf

businesses to respond to the exceptional challenges they now faced and to boost their resilience in the future.

Refocusing COSME measures and projects towards helping businesses to tackle the COVID-19 crisis

From the start of the COVID-19 crisis, the **EEN** adapted quickly and flexibly to enterprises' changing needs. The EEN helped SMEs to address supply chain disruptions and find commercial and technology partners to refocus their business (for example, to switch production to personal protective equipment or other healthcare products). The EEN also helped businesses to meet the need for disruptive innovation and change management resulting from the crisis and to boost their resilience. Other noteworthy services included EEN single market advice for tackling new barriers and restrictions that emerged, and advice on access to finance. 85% of the EEN's clients were satisfied or very satisfied with the support provided by the EEN during the crisis.

The scope of the **2020 SME Performance Review** (funded by the 2019 budget) was refocused on the impact of the pandemic on EU SMEs in 2020 and their probable performance in 2021. This review provided useful data to support the implementation of the Recovery plan for Europe.

The **Data 4 Healthy Recovery Hackathon** in June 2021 (see support measures in point 3 above) was a success despite being affected by the COVID-19 crisis from the very beginning. It was converted into an online event, and a tailor-made mentoring service that was added as a substitute deliverable in response to the crisis proved to be effective and helped the Hackathon teams develop their ideas and get closer to the market launch.

Impact of the COVID-19 crisis on the implementation of COSME projects

The initial impact of the crisis was significant for many projects in the COSME 2019 work programme – particularly when a high level of face-to-face contacts were needed for providing the deliverables or implementing the service delivery approach described in the grant agreement. On-site events were changed into online-events whenever possible. Many projects had to be rescheduled to allow more time to reach targets. Other deliverables were also adjusted to the crisis conditions. The following examples illustrate how projects were affected and the steps taken to put them back on track.

- The **EU SME Centre in China** (a COSME 2019 measure) was severely disrupted by travel restrictions, stringent sanitary measures in China and other COVID-19 related issues. The consortium looked for mitigating measures proactively. Services were adapted to the crisis situation in agreement with EASME and the Commission. However, some changes such as the shift to virtual events did not realise their full potential (in this example, the demand for webinars was good, but businesses did not feel at ease with remote matchmaking events). The project duration was extended to allow the beneficiaries sufficient time to meet their targets.
- The **Erasmus for young entrepreneurs IO** projects that started in February 2020 under the 2019 budget were seriously affected by the COVID-19 crisis. Contract extensions were granted and activities were adjusted (for example, by increasing the offering of remote exchanges). Work to catch up is progressing well. The number of exchanges between new and experienced entrepreneurs for projects under the 2019 call increased from 871 in March 2022 to 967 in May 2022. This is well on track to meet the end-of-project final target of achieving 1 969 exchanges³¹.

Many Clusters Go International projects under the 2019 COSME work programme have also been affected by the COVID-19 crisis. Their fact-finding missions, events and business contacts in non-EU

³¹ The target is to be achieved by the end date (31 January 2024 for 8 projects and 31 January 2023 for 1 project).

countries were impeded or completely prevented by travel restrictions and sanitary measures. This made it harder to achieve results. Activities were adjusted and rescheduled where possible. The consortia also found alternatives to travelling – notably finding partners in the targeted non-EU countries to help prearrange meetings with key stakeholders. The different project participants also cooperated to solve common problems and organise joint events. Activity has since begun to recover.

5. Contribution to the climate mainstreaming objective

The need for enterprises to adapt to a low-carbon, climate-resilient, energy- and resource-efficient economy has been promoted throughout the implementation of the COSME programme. The programme's contribution to the climate mainstreaming objective, set for all Commission programmes (overall 20% of the EU budget 2014-2020), has been estimated at EUR 21.7 million (5% of the financial allocation in 2019). There is no tracking of the precise contribution of most COSME measures to climate mainstreaming³², but many projects and measures focus some attention on climate objectives to some extent.

Up to 31 December 2019, the **COSME Equity Facility for Growth** invested EUR 6.7 million in a venture capital fund focusing its activities on clean technologies³³. This has facilitated more than EUR 51 million of investment in SMEs operating in the 'energy and environment' sector³⁴

The EEN helps SMEs to address climate-related challenges in various ways. For example, helping them to use innovation to become more energy and resource efficient, by reducing waste and minimising energy consumption allowing them to reduce their CO₂ footprint. The network also has sector and thematic groups focusing on sustainable construction, intelligent energy, the environment and the circular economy. Over 200 expert EEN business advisers specialise in climate-related issues, such as the circular economy, intelligent energy, sustainable construction and green technologies³⁵.

The **Intelligent Cities Challenge (ICC)** initiative recognises the importance of delivering on the pledges of the European Green Deal and guides and supports cities to deliver **Local Green Deals**, and to support the green and digital twin transition of local businesses, enabling the transition to a digitalised, service-oriented, low-carbon circular economy. It also helps them to support job-creation, reskilling, citizen participation and well-being. The participating cities and regions receive various forms of support including training, guidance and a methodology. For the '**Green economy and local green deals**' strand, 37 cities have developed roadmaps for implementing a total of 71 solutions. The ICC also encourages cities to lead by example in decarbonising transport, logistics and buildings by moving to green and social procurement and urban planning.

Under the measure '**Accelerate and scale-up innovation for a circular fashion industry**', four projects are in progress to support the scaling up of approximately 120 promising business ideas for sustainable and circular fashion (these ideas concern innovative applications, products, processes or ideas). Capacity building, and technical and financial support for scaling up are also provided. One of these projects is CircularInnoBooster, which has launched CirCoAX (a circular collaborative and

³² Many COSME measures included some support for climate-related goals. However, as this was always set within the broader competitiveness objective, there was generally no distinct budget for the climate component of the measures.

³³ https://www.eif.org/what_we_do/equity/single_eu_equity_instrument/cosme_efg/intermediaries.pdf

³⁴ https://www.eif.org/what_we_do/equity/single_eu_equity_instrument/cosme_efg/cosme-efg-implementation-update.pdf

³⁵ This report focuses on EEN services co-funded via the COSME programme. The EEN also provided an additional specifically defined set of services with Horizon 2020 programme support (Key account management services for the SME instrument, and services to help SMEs enhance their innovation management capacities).

cooperative co-design accelerator), and provided market analysis and a report on the main legal challenges the textiles industry is facing in becoming more sustainable.

As mentioned above, the recommendations in the **study on circular economy principles for building design** were taken into account in proposals to revise EU legislation which will contribute towards achieving climate goals, notably the proposed revision of the Energy Performance of Buildings Directive³⁶. Under the **Circular Plastics for SMEs** measure, guidance was made available to reduce the environmental impact of the plastics production lifecycle³⁷. A number of publications by the **European Construction Sector Observatory** also focus on the circular economy, energy efficiency and sustainability, including the analytical report on housing availability and sustainability³⁸

The **European Resource Efficiency Knowledge Centre** is a key reference tool for resource efficiency and circular practices for SMEs and SME practitioners. This service was further upgraded in 2019 and a new methodology was developed for validating entries in this database.

Several preparatory events for the German Presidency Conference on **Social Economy** focused on climate objectives. In particular, more than 200 people attended the **online event ‘Road to Mannheim’** on 25 February 2021 to discuss how the social economy could be used to reinforce the green transition.

6. Contribution to sustainable development goals

Many COSME measures are relevant to the sustainable development goals (SDGs) laid down in the 2030 Agenda for Sustainable Development. **A few examples are presented below:**

SDG 8 (decent work and sustainable economic growth)

Relevant measures include the EYE exchange scheme, the EEN’s services to support SMEs with sustainable growth, and measures for social economy such as the guidelines and best practices to help national policymakers develop legal frameworks to allow social enterprises to flourish.

SDG 9 (inclusive and sustainable industry, innovation and resilient infrastructure)

The **Intelligent Cities Challenge**³⁹ has a strong impact on building resilience, fostering innovation for local economic activity, and supporting the delivery of Local Green Deals, which address the green transformation in industry. This challenge helps cities to coordinate measure for delivering comprehensive business models, governance structures and networks. It builds strong partnerships with local businesses, SMEs and organisations, demonstrating that city-stakeholder collaboration significantly boosts the transition to circular business models and a sustainable economy.

The **Enterprise Europe Network** addresses many SDGs to some extent, but the main focus in 2019-20 was still on supporting SMEs with the transition to circular business models and for making use of

³⁶ <https://eur-lex.europa.eu/legal-content/EN/TXT/?uri=CELEX:52021PC0802> Proposal for a Directive of the European Parliament and Council on the energy performance of buildings (recast), COM/2021/802 final.

³⁷ [Including a methodology to compare environmental impacts between fossil fuel, biomass and plastic waste as inputs to plastics production: https://publications.jrc.ec.europa.eu/repository/handle/JRC125046](https://publications.jrc.ec.europa.eu/repository/handle/JRC125046) and case studies.

³⁸ https://ec.europa.eu/growth/sectors/construction/observatory/analytical-reports_fr

³⁹ This includes cities from 18 EU Member States: Belgium, Bulgaria, Croatia, Czech Republic, Denmark, Finland, France, Germany, Greece, Hungary, Ireland, Italy, Latvia, Netherlands, Slovakia, Spain, Portugal and the UK; 2 COSME associated countries: Bosnia and Herzegovina and North Macedonia, and a number of third countries.

greener, energy-efficient technologies. In 2019, the network started to make initial preparations for extending its services to cover sustainability⁴⁰.

The COSME programme also supports projects to accelerate and scale up innovation for a **circular and sustainable fashion industry**, and to boost **sustainable development and capacity of tourism SMEs** (particularly their ability to adopt more sustainable business models).

SDG 11 (sustainable cities and communities).

The **Intelligent Cities Challenge (ICC)**, which has been described in further detail above, contributes to achieving this goal by supporting cities to achieve sustainable growth by means of advanced technologies. It also prepares the local workforces for the green and digital twin transition and the jobs of the future through a dedicated thematic priority on **re-skilling and upskilling**.

SDG 12 (sustainable consumption and production patterns)

Other COSME measures with impacts on climate (mentioned in point 5 of this report) also support this SDG goal, in particular the projects for sustainability and circularity in the fashion and tourism industries, the Circular Plastics for SMEs measure that delivered a methodology for comparing the environmental impacts of different inputs (feedstocks) for plastics production (and related case studies), the study on Circular Economy Principles for Buildings Design, and the European Resource Efficiency Knowledge Centre, which among other things included a tool on business models that industrial clusters could implement to support industrial symbiosis⁴¹.

Actions addressing a wider set of sustainability goals, including the social dimension

Some COSME actions and projects include a social dimension, in particular the measures for social economy (see SDG 8 above), measures targeted at specific groups of entrepreneurs (Erasmus for Young Entrepreneurs, and actions for women entrepreneurs). Other COSME projects and actions have a social dimension embedded within a set of wider objectives for fostering sustainability and competitiveness (good examples are the EEN sustainability advisor services, certain projects for tourism⁴² and textiles⁴³, and the Tech4Good Marketplace within the Intelligent Cities Challenge action⁴⁴).

7. Gender

While no gender objective or target is specifically included in the COSME Regulation, measures supported under this programme do respect gender equality principles and take the gender dimension into account.

⁴⁰ This led to the creation of “sustainability advisers” services in 2022. The EEN SME client assessment (the starting point for defining which EEN services each SME needs) now covers the full set of environmental, social and economic aspects. Sustainability is mainstreamed across all EEN services including innovation and access to finance. These new EEN services cover different areas such as waste and water management, use of clean energy, human rights monitoring and reporting, workers’ rights, safety and health, etc.

⁴¹ <https://clustercollaboration.eu/content/erek-european-resource-efficiency-knowledge-centre>

⁴² The TOURBAN project (under the Tourism cooperation action) helps urban tourism SMEs to become more competitive and more sustainable, not only from an environmental but also from an economic and social point of view. See: <https://www.tourban.eu/> .

⁴³ The CircularInno booster project aims to transform companies in the fashion and textile industry into sustainable, circular, and regenerative ones. It applies a wide definition of sustainability including the social dimension. See: <https://circoax.eu/>

⁴⁴ This market place provides easy access to innovative technology-powered solutions, business models and services designed to advance economic, social and environmental causes.

46% of **EEN** consortia have female coordinators. The EEN also has a dedicated group that supports women entrepreneurs and provides partnership and advisory services specifically tailored to their needs. Approximately 50% of new entrepreneurs benefiting from Erasmus for young entrepreneurs exchanges were women in 2020, and 71 out of 94 coordinators (75.5%) were women.

The gender dimension for the COSME LGF was tracked in analysis carried out by the EIF in 2018. This confirmed that almost 40% of SMEs that received debt financing thanks to the LGF had a female chief executive officer, general manager and/or company director.

The COSME programme also created opportunities for businesses in sectors such as fashion and the social economy which are known to attract a high percentage of women entrepreneurs. For example, under the **accelerate and scale up innovation for a circular fashion industry measure**, 60 of the 83 partnerships receiving third-party finance (72%) are coordinated by a female entrepreneur⁴⁵.

8. Conclusions

A full 96% of the programme's operational budget was committed – supporting access to finance, access to markets, a favourable environment for businesses, competitiveness and entrepreneurship.

Monitoring ensured that the budget was reallocated to the most successful and oversubscribed activities (e.g. reserve list projects) and in particular to the COSME LGF.

The 2019 work programme made progress towards implementing one of the key recommendations of the mid-term evaluation of the programme: to focus on bigger, strategic actions while keeping some flexibility to test new ideas. Flagship initiatives such as the Enterprise Europe Network, Erasmus for young entrepreneurs, and the Financial Instruments accounted for 75% of commitments for the COSME budget in 2019.

Both the flagships and the smaller measures demonstrated the flexibility needed to address emerging challenges, in particular the COVID-19 crisis. Many smaller measures also made valuable contributions by addressing new policy and business challenges⁴⁶.

Access to finance was a key objective, implementing 66% of executed budget. In 2019, the COSME Loan Guarantee Facility (LGF) allowed financial intermediaries to continue providing financial support to SMEs which were perceived to be riskier and which found it difficult to obtain debt financing. Overall, it is expected that the COSME LGF will generate more than EUR 65 billion of financing for at least 1 000 000 SMEs over the full course of the programme, leading to more than EUR 81 billion of investment. This shows that the COSME LGF has an important impact on the real economy in the EU and non-EU countries participating in COSME.

In 2019, almost all of the funds in which the COSME Equity Facility for Growth (EFG) has invested were in their investment period (i.e. the screening of potential SMEs to be invested in). The figures for investment in growth and expansion stage SMEs were on track to meet the original long-term targets. The implementation of the targets took account of the specific challenges of implementing this financial instrument (priority of operations in non-EU countries⁴⁷ participating in COSME

⁴⁵ This is based on data from three of the four projects. The fourth project has not yet completed procedures for the call for partnerships.

⁴⁶ For example, the recommendations in the study on circular economy principles for buildings' design were taken into account in several proposals for legislative revisions to support the move to circularity in the sector, and the guide for policymakers on social enterprise makes a valuable contribution to clarifying policy options in this area.

⁴⁷ For EU countries, an order of priority has been established whereby the EIF shall endeavour to first absorb investment capacity available under the EFSI Expansion and Growth Window before making use of COSME EFG resources. The COSME EFG with its broader geographic scope was available then also to invest in non-EU countries participating in COSME programme. For such investments to take place, however, an

programme and the fact that investment demand is lower in these countries, and the time needed to sign agreements with funds, which first requires complex due diligence and fund-raising processes to be completed).

The EEN's services in 2020 (co-funded under the 2019 budget), supported 231 774 SMEs with advice, information and partnership services and the network's digital service offer reached 14.1 million SMEs. The EEN's scale-up services became a core service and network advisers also started to experiment with sustainability services. The EEN provided valuable support to SMEs throughout the COVID-19 crisis.

The measure for accelerating and scaling up innovative business ideas for **sustainable and circular fashion** supported the accelerated application of 120 promising business ideas that can support the fashion industry with the transition to green and sustainable business models.

The projects to **boost the sustainability of tourism SMEs** are helping businesses in this sector to strengthen their capacities and skills to explore and apply sustainability solutions by leveraging on cross-border and cross-sector cooperation. There are 6 ongoing projects with 55 beneficiaries in 21 countries.

A number of projects and measures were affected by the **COVID-19 crisis**, in particular those that involved travel, and physical events or other face-to-face contacts. Notable examples are the EU China Centre, Erasmus for young entrepreneurs, and Clusters Go International. When appropriate, the coordinators obtained extensions to the duration of projects with adjustments to activities to take account of crisis conditions. They are now working hard to ensure that targets are met.

For example, the **Clusters Go International projects** are moving ahead with their strategic international cooperation, helping European businesses to connect to international value chains.

The Erasmus for young entrepreneurs projects that started in 2019 and 2020 under the 2019 work programme were affected by COVID-19 related issues and the number of exchanges was lower in 2020 than in 2019. This was to be expected because travel and personal contacts are an essential part of this measure. Contracts were extended and activities were adjusted to take account of the crisis. The projects are now making good progress towards meeting their final targets.

Links with other EU programmes and funds were optimised. For example, cooperation with the European Fund for Strategic Investments led to a large top-up in the budget available for the COSME LGF. Tailor-made guidance and conclusions were prepared to help SMEs obtain ESIF support for defence and dual-use-related activities. There was also cooperation between COSME and a wide range of EU programmes for EEN activities.

Close monitoring of ongoing COSME programme actions will continue, especially for those that were more severely affected by the COVID-19 crisis. The regular monitoring for this programme has enabled other issues to be detected and addressed. Data from the current monitoring exercise indicates that DG GROW staff should pay closer attention to reallocating amounts that have not been used for measures managed in house⁴⁸. This will be mentioned in new monitoring guidance currently in preparation. Monitoring processes for the study on the development of a European Food Price Indicator drew attention to under-performance issues and the price paid for this assignment by the contracting authority has been reduced.

investment demand is needed as the COSME EFG is demand-driven, meaning that the allocation of finance will take place based on the demand expressed by financial intermediaries by also taking into account the need for a broad geographical distribution. At the same time, the investment demand continues to be lower in these non-EU countries.

⁴⁸ For actions delegated to the Agency (EISMEA) there is already a reallocation process in place.

Overall, the **COSME programme is on track to reach its objectives**. Many measures met their original targets for the end of 2020 and projects affected by the COVID-19 crisis are moving back onto track. The experiences from this monitoring exercise also fed into the shaping of actions for future years, notably the work to ensure better continuity of the flagship actions⁴⁹.

The measures supported under the programme continue to foster competitiveness, growth and employment. The COVID-19 crisis has also demonstrated that COSME measures meet the evolving needs of SMEs and respond flexibly to new challenges. This will also be important in future reporting periods, when support will be focused as much as possible on helping SMEs tackle the challenges caused by the Russian military aggression in Ukraine that have had a severe impact across the EU's economy.

⁴⁹ This process continued in the 2021-2027 financial period under the SME Pillar of the Single Market Programme. In particular, the EEN Network, EYE and the Joint Cluster Initiatives are now multi-annual actions benefitting from co-funding until 2024 to provide better medium-term continuity for these services. See also paragraph 3 of these conclusions.

9. Annex

Implementation of the COSME 2019 Budget (all figures are in euros)

Budget Line		Commitments				Payments		
		<i>all fund sources</i>				<i>all fund sources</i>		
		Initial budget	Budget implemented	Execution		Credits available for payments	Payment executed	Execution
				%				%
02 02 02	Access to finance	290 488 049	256 740 242	88%		187 844 246	171 596 957	91%
	delegated to other DGs	3 897	3 897	100%		13 897	13 897	100%
	delegated to EASME	500 000	500 000	100%		0	0	0%
	<i>of which received from non-EU countries</i>	<i>40 115 174</i>	<i>6 875 480</i>	<i>*</i>		<i>40 115 174</i>	<i>26 416 116</i>	<i>*</i>
	total	290 991 946	257 244 139	88%		187 858 143	171 610 854	91%
02 02 01	Access to markets, business environment and entrepreneurship							
	implemented by GROW	20 860 159	9 515 853	46%		20 478 180	9 306 678	45%
	delegated to EASME	117 896 424	117 606 038	100%		101 382 506	100 718 334	99%
	delegated to other DGs	3 117 383	2 999 103	96%		3 739 266	1 605 740	43%
	<i>of which received from non-EU countries</i>	<i>15 260 744</i>	<i>4 104 138</i>	<i>*</i>		<i>15 260 744</i>	<i>1 829 357</i>	<i>*</i>
	total	141 873 965	130 120 993	92%		125 599 951	111 630 752	89%
02 01 04 01	Administrative budget	4 910 505	3 258 490	66%		4 910 505	562 226	11%
02 01 06 01	EASME administrative (operating) budget	10 322 946	9 908 597	96%		10 322 946	9 908 597	96%
	Total budget	448 099 362	400 532 219	96%		328 691 545	293 712 429	89%
* The accounting systems carry these credits forward so the percentages are not shown. Annual commitment and payment consumption are based on actual data								