Programme for the competitiveness of enterprises and SMEs, COSME 2014-2020

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The European Commission presented a report on the interim evaluation of the programme for the competitiveness of enterprises and small and medium-sized enterprises (COSME).

As stipulated in the COSME regulation, the Commission has carried out the interim evaluation of the programme in order to assess its relevance and added-value as well the effectiveness and efficiency of its implementation and coherence with other EU programmes. The mid-term evaluation covers the period 2014-2016.

This report summarises the main findings of the evaluation according to the following five evaluation criteria:

Relevance

COSME actions are highly relevant in addressing the challenges related to fostering economic growth and creating employment opportunities. However, their impact is more limited in addressing global and societal challenges. COSME responds to these objectives mainly in an indirect manner.

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

The main weakness regarding relevance relates to the structure of the programme.

Effectiveness

The report noted that between 2014-2016, COSME has been successful in reaching the expected outputs such as the number of SMEs benefiting from debt financing or number of events organised. The available evidence suggests that COSME will have a positive impact on its beneficiaries' growth and employment. The strength of COSME lies in particular in the use of intermediaries for the implementation of the programme.

- ***The Loan Guarantee Facility and the Equity Facility for Growth*** financial instruments are highly effective for beneficiary SMEs, especially the Loan Guarantee Facility (LGF). However, it was pointed out that the threshold of EUR 150 000 above which the financial intermediaries must check if the SME does not meet any of the innovation criteria established under the Horizon 2020 debt financial instrument for SMEs created a negative effect. The intermediaries are induced to limit their financial offer to this threshold while the threshold is deemed inadequate to the financing needs of many SMEs.

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

- ***The Europe Enterprise Network (EEN)*** has shown a strong capacity to reach SMEs throughout Europe, including 150 000 SMEs that participated in the EEN co-operation and advisory services.

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

- ***Erasmus for Young Entrepreneurs (EYE)*** was successful in reaching its expected goals. It involved around 3500 entrepreneurs. It is estimated that participation of New Entrepreneurs in the programme led to the creation of 250 new companies, EUR 5 million of additional turnover and about 1000 new jobs over the period 2014-2016. Participants stated that their EYE experience had improved their understanding of the challenges faced by entrepreneurs.

Efficiency

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

On the shortcomings, the mid-term evaluation shows that the management of COSME data needs to be improved. A stronger attention to the collection of data on the profile of the beneficiaries is needed to allow for a proper monitoring of the programme outcomes and progress towards reaching its objectives.

Coherence

Overall, COSME programme shows a good level of internal coherence. Efforts are made to create synergies and no substantial overlaps were identified. A lot of attention is dedicated to reaching complementarities among the different actions, especially in the areas of the EEN and internationalisation. The EU-Japan Centre and the IPR Helpdesks, for instance, are both cooperating with the EEN. There is an overall coherence between COSME and Horizon 2020 financial instruments.

At the same time the mid-term evaluation shows that the interplay between the EU, national and regional levels of support for SMEs is not always synergistic and complementary, even though no substantial overlaps were identified. The improved data management and easier access to the monitoring data at country/regional level will allow Member States to report on overlaps and to increase synergies.

European Union added value

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

The EYE programme has also a strong EU cross-border remit and objectives. It enables mobility throughout Europe, matching young entrepreneurs with their hosts in other countries and offering opportunities to learn and to meet business contacts across the Single Market. The scale and depth of support that COSME offers goes well beyond the support that can be offered to European SME through national or regional initiatives.

Main conclusions

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

The mid-term evaluation will pave the way for the final evaluation of COSME that will also feed the detailed design of the first work programmes of the period post 2020. Preliminary findings of the interim evaluation have informed the impact assessments on Single Market and Invest EU programmes for the next Multi-annual Financial Framework 2021-2027.