



30 June 2017

BUSINESSEUROPE COMMENTS ON THE INTERIM EVALUATION OF COSME (THE EU PROGRAMME FOR THE COMPETITIVENESS OF SMEs)

A. GENERAL COMMENTS

BusinessEurope has responded to the Commission internet consultation related to the COSME interim evaluation and is pleased to give additional views in the present position paper.

In BusinessEurope's view, the further implementation of COSME should prioritize the following three areas in the period 2017-2020:

- **Internationalization** - Internationalization and access to new markets for startups and SMEs should be a focus area in future COSME activities. Any new initiatives developed by the Commission should be well integrated into existing internationalization support schemes in Member States and provide real added value for businesses.
- **Better Regulation** – Improving the quality of EU policy and law-making must be a prioritized area in future COSME activities, under the COSME objective “Better framework conditions for enterprises”.

Taking a smart approach to regulation, boosting competitiveness and developing the single market by using better regulation tools, can make a real impact for SMEs on the ground.

COSME initiatives should be developed to enhance the quality of information used in EU law-making, so that it is truly evidence-based, with accurate measurement of cost impacts for SMEs in particular. Further ways should be explored to increase stakeholders' involvement in the EU policy design process, taking inspiration from best practices at national level.

- **Access to finance** – Many European startups and SMEs are still facing severe difficulties for accessing risk finance to support their growth and innovation efforts. Therefore, access to finance must be a prioritized area in future COSME activities to overcome the barriers that startups and SMEs face in their search for risk finance at national level.

B. CONTEXT ELEMENTS TO BE TAKEN INTO CONSIDERATION IN THE COSME INTERIM EVALUATION

BusinessEurope notes that the policy landscape around the COSME is evolving:

- For example, as the move to EIC (European Innovation Council) is taking place, the Horizon 2020 SME Instrument is being substantially changed. It will finance mainly high-risk and high potential SMEs with ground-breaking concepts that could shape new markets or disrupt existing ones;
- This change seems to imply that the population of more traditional SMEs, whose projects are more focused on incremental innovation, will be excluded from the new SME Instrument calls already from beginning of 2018;
- We understand that the EEN will still play a role in the area of innovation coaching and other innovation-related activities while the EIC Community Platform will also provide services to all EIC grant beneficiaries;
- Changes are also planned regarding the Single Digital Gateway.

The COSME interim evaluation should go hand in hand with a broader reflection on the future deployment of EU SME-gearred initiatives.

Attention must be paid to the issue of addressing possible gaps in the portfolio of SME support measures, and of ensuring optimal synergies between COSME tools and other SME-relevant tools (like the EIC Community Platform, the National Contact Points for Horizon 2020, the Single Digital Gateway, the EIB Advisory Hub and the Digital Innovations Hubs).

The relevant Commission DGs should design the future SME support tools in an integrated and coherent manner, in order to avoid too much complexity and duplications.

C. DETAILED COMMENTS ON THE IMPLEMENTATION OF SELECTED COSME OBJECTIVES (2014-2016)

1. Improving SME access to finance

BusinessEurope has repeatedly called for stepping up the efforts at EU level to mobilise private investment and boost the use of financial instruments. BusinessEurope supports the use of innovative instruments that aim at using small amounts of public money to mobilise private investment that would otherwise not occur.

1.1. COSME Loan Guarantee Facility (LGF)

Against that background, BusinessEurope assesses in a very positive way the implementation of the COSME Loan Guarantee Facility (LGF), which facilitates financing transactions which the financial intermediary would have otherwise not engaged in due to the perceived higher risk of such transactions or because of a lack of collateral from the SME.

BusinessEurope is very satisfied to see¹ that:

- 67 guarantee contracts were signed up to end 2016, covering 25 countries, for a total guarantee amount of EUR 612m;
- these contracts are expected to provide over EUR 18,905 million of financing to SMEs;
- these contracts are currently enabling the support of 143,344 SMEs and 556,044 jobs (at 1st inclusion);
- the LGF delivers a multiplier factor of 31.6.

While there has been a good uptake of the LGF products, room exists for improving:

- the visibility of the COSME financial products;
- the user-friendliness of the information provided about COSME, which is perceived as complex by micro-enterprises in certain countries;
- the synergy between COSME and the ESIF programmes (and the EU SME Initiative, in those countries where it has been deployed). A true “one –stop-shop” would help.

1.2. COSME Equity Facility for Growth² (EFG)

BusinessEurope is satisfied to see that, at 31.5.2017, initial contracts have been signed with 9 funds³ (with a total amount of financial support of EUR 103 million), and that more contracts are in the pipeline.

BusinessEurope supports the objectives of the EFG, given that equity finance is underdeveloped in the EU.

2. Improving SME access to markets

2.1. EEN (Enterprise Europe Network)

a) Overall assessment of EEN for 2014 – 2016

In a 2012 position paper, BusinessEurope stressed:

- the need to increase the visibility of the Network
- the need to have a strengthened governance model for the EEN, ensuring that the activities of services providers of the network were truly in line with the priorities of business

¹See LGF implementation status per 31 December 2016:

http://www.eif.europa.eu/what_we_do/guarantees/single_eu_debt_instrument/cosme-loan-facility-growth/implementation_status.pdf

² The EFG is dedicated to investments in risk capital funds that provide venture capital and mezzanine finance to expansion and growth stage SMEs, in particular those operating across borders

³

http://www.eif.europa.eu/what_we_do/equity/single_eu_equity_instrument/cosme_efg/intermediaries.pdf

Four years later, BusinessEurope notes that significant progress had been made in these areas:

- Any service provider wanting to be active under EEN must, when replying to a call for tenders, provide a service implementation strategy, showing that he is aware of the services already provided at national or regional level, and showing how his proposed services would be positioned in that map.
- An improved system of key performance indicators (KPI) has been introduced for reviewing the performance of service providers. Adherence to a code of conduct has become mandatory for the service providers. The issue of administrative burdens under EEN must however continue to be taken care of. The planned revision of KPIs should be carried out in a spirit of simplification and flexibility. Administrative tasks should not hinder or delay the provision of services to users.
- Some effort - though not enough yet - is also done at national level in order to ensure that the needs of private service providers are properly taken into account by the national delegates sitting in the EEN Steering and Advisory Group (SAG), which is in charge of the strategic management of the EEN.

Overall, BusinessEurope considers that EEN is delivering significant value and has the potential to deliver even more through continuously refining its management methods.

b) Comments on the draft future EEN vision presented in April 2017

EEN customised services

BusinessEurope agrees that, whilst the EEN should continue to deliver a basic service to all interested SMEs, it should significantly expand its offer of customized services.

The target group for these customized services should be the growth-oriented SMEs, understood in a broad sense, which means:

- start-ups in the stand-up phase and in the scaling-up phase
- established SMEs with a growth potential, linked to strengths in the innovation area or in other areas.

For defining the target population for customized services, the recent draft EEN strategic vision paper refers mainly to the following key concepts:

- deployment of EEN Scale-up Advisors to provide tailored advice to start-ups and scale-ups
- development of in-depth, niche services for “ambitious SMEs with growth potential”.

BusinessEurope insists that these concepts should be interpreted in a sufficiently broad way in order to maximise the impact of customized services on growth-oriented SMEs. Experience with innovation-gearred services under EEN shows that customized services can be deployed in a way that does not create unfair competition to private consulting companies. Such EEN services have been positive for the development of private follow-

up consulting services. This approach should inspire the future development of all customized services in the EEN.

Factors that are important for an efficient implementation of the EEN strategic vision

SME-gearred support activities deliver especially good results in the EEN context when concrete cooperation is established on the ground between EEN and local stakeholders (clusters, regions, etc.). To foster this cooperation, it is important to put the emphasis on the provision of support services that have a broad local/regional coverage. The enhancement of these synergies should be specified in the framework of the next call for proposals.

EEN's positioning in the landscape of support services

EEN should work with the regional ecosystems to seek complementarities and avoid duplication with existing services, providing added value services with a European dimension that fit into and complement the existing regional business and innovation support systems.

2.2. Other COSME support for access to markets

BusinessEurope assesses in a positive way:

- a) the services provided by the ASEAN, China and MERCOSUR IPR SME Helpdesks
- b) the seminars and training programmes organised by EU-JAPAN Centre for Industrial Cooperation
- c) the cluster internationalisation programme (which is connected to the COSME objective "Improving framework conditions for enterprises").
