

Special report

## SME internationalisation instruments

A large number of support actions  
but not fully coherent or coordinated



EUROPEAN  
COURT  
OF AUDITORS

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## Executive summary

**I** Small and medium-sized enterprises (SMEs) form the backbone of the EU economy. They account for around 99 % of all businesses and represent 65 % of all jobs in the non-financial business sector.

**II** International trade is a critical driver for the EU economy, with more than 90 million jobs depending on exports. Despite their importance for the economy, SMEs do not contribute to international trade to the same extent as larger companies; SMEs account for only 30 % of total exports (by value) to non-EU countries.

**III** The EU contribution for instruments specifically targeting SME internationalisation amounted to about €850 million in the period 2014-2020, including about €450 million of EU funding for the Enterprise Europe Network and €30 million for Startup Europe. These instruments are complemented by EU actions that cover SME internationalisation as one of many areas, like the European Structural and Investment Funds, the European Fund for Strategic Investment, Horizon 2020 or the Foreign Policy instruments.

**IV** This special report is the latest in a series of ECA publications examining support for SMEs. It focuses on two key EU instruments supporting SME internationalisation, both in the EU single market and in non-EU countries, in the 2014-2020 programming period, namely the Enterprise Europe Network and the Startup Europe initiative. SME internationalisation is of high interest for the European Parliament and other relevant stakeholders due to its importance for maximising the EU's potential for growth, in particular through exports. The audit is expected to contribute to increasing coherence and coordination of EU programmes in this important policy area and to reinforce the Commission monitoring systems of the overall implementation of its strategy for SME internationalisation from an early stage of the programme period

**V** We audited the EU's strategy for SME internationalisation and two of the key initiatives managed directly by the Commission in this field, the Enterprise Europe Network and Startup Europe. The main audit question was, whether the EU support to SME internationalisation was coherent and coordinated and successfully contributed to the internationalisation of SMEs.

**VI** We found that the EU's strategy correctly identified the main obstacles to SME internationalisation and that the EU and the Member States have put in place a large number of actions to support SMEs' internationalisation. However, important actions included in the strategy have not been successfully implemented. In particular, there is no up-to-date inventory of all relevant actions in this field which would allow to identify gaps, overlaps and potential synergies among existing actions. In addition, the financial sustainability of EU actions has not always been sufficiently addressed, resulting in some actions having been discontinued despite positive results.

**VII** The Enterprise Europe Network (EEN) has met its targets, but it remains unclear to what extent this has promoted the internationalisation of SMEs. In addition, the performance of the EEN varies across countries and consortia, and EEN members could benefit from additional support in certain areas – such as access to finance. Cooperation between the EEN and other instruments is working well at EU level but less so between the EU and national instruments.

**VIII** Startup Europe addresses the needs of start-ups, but only in the short term, as all funded projects ceased at the end of the grant and in general, activities faced sustainability issues. The Commission has no overall structure for coordinating the initiative, which results in limited cooperation between different projects as well as between Startup Europe and other EU and national instruments. Monitoring of results is only effective at individual project level resulting in limited information on the overall achievements of Startup Europe. Moreover, in some cases the initiative has led to start-ups being acquired by entities outside the EU.

**IX** We recommend that the Commission:

- increase awareness, coherence, coordination and sustainability of the support to SME internationalisation;
- increase the visibility of the Enterprise Europe Network, its cooperation with other similar programmes, the outreach of its training activities and geographical coverage of key EU third country trading partners;
- improve the monitoring and long-term effectiveness of Startup Europe.

# Introduction

**01** Small and medium-sized enterprises (SMEs) form the backbone of the EU economy. Around 99 % of all businesses in the EU, producing just over half of the EU's economic output from the non-financial sector, are SMEs. These 21 million firms employ around 100 million people, and are thus responsible for 65 % of all jobs in the non-financial business sector<sup>1</sup>.

**02** Internationalisation is a significant driver of growth in the EU. There is also a positive effect on employment when companies grow by trading internationally. Within the EU, 56 million jobs depend on intra-EU trade<sup>2</sup>, and more than 38 million on exports to non-EU countries<sup>3</sup>. While precise figures on the share of SME employment in international trade (both within and outside the EU) are not available, it is estimated that exporting SMEs account for only 30 % by value of total exports to non-EU countries<sup>4</sup>.

**03** European and global markets are therefore important for the growth of SMEs. Their small size does not – or should not – mean that they cannot try to obtain the same benefits from cross-border trade as larger companies. And, given the scale of the SME sector, measures that help SMEs to grow can have a significant effect on jobs and growth in the EU.

## Barriers to SME internationalisation

**04** “Internationalisation” is the process by which companies become involved in international markets (EU or non-EU), primarily through exports, but also through imports and technical cooperation. A range of internal and external factors may prevent SMEs from engaging in internationalisation as readily as larger businesses. These include a general lack of knowledge about international trade or business opportunities elsewhere, complex foreign laws, customs regimes and other

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<sup>1</sup> [Annual Report on European SMEs 2020/2021](#). SME Performance Review 2020/2021. European Commission, July 2021.

<sup>2</sup> [Højbjerg Brauer Schultz, based on WIOT input-output tables and Eurostat. 2018 Study. 25 years of the European Single Market.](#)

<sup>3</sup> [2021 Edition. DG Trade Study. EU Exports to the World: Effects on Employment.](#)

<sup>4</sup> [DG Trade Statistical Guide. European Commission, August 2021.](#)

administrative barriers, limited resources and capabilities (including access to finance), risk aversion, and poor awareness of public support schemes. Helping SMEs to overcome these obstacles is high on the EU's agenda, and a number of initiatives are in place to address their needs.

## EU strategy for SME internationalisation

**05** The EU's overall policy towards SME internationalisation, both in the single market and outside the EU, derives from the Small Business Act (SBA)<sup>5</sup>. It is the cornerstone of SME support, aiming to provide coherence among the many EU instruments and actions promoting the international growth of European SMEs. It also sets out the principles governing EU initiatives in this field (see [Box 1](#)), and encourages Member States to follow similar principles and priorities in their own policies supporting SME internationalisation.

### Box 1

#### Small Business Act – Principles for SME internationalisation

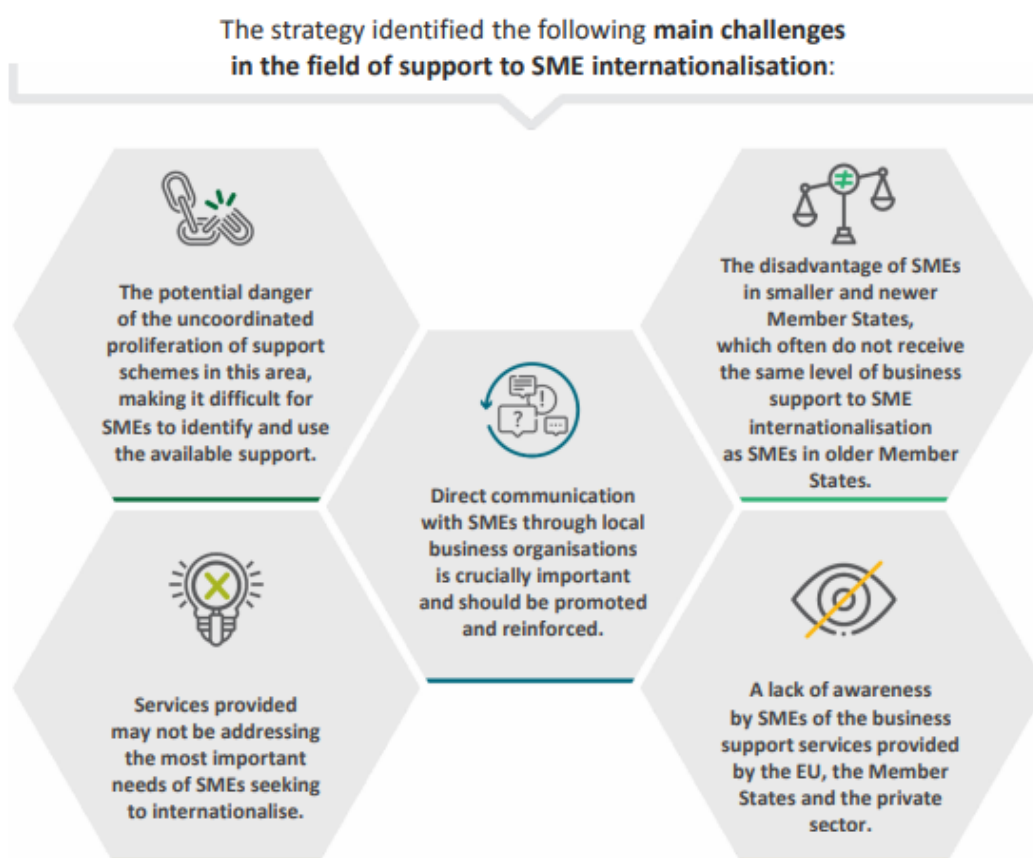
Ten principles underpin the broad objectives of the SBA. They aim to promote SME growth by helping small businesses tackle the obstacles that hamper their development. Two of the ten principles encourage the EU and the Member States to help SMEs benefit from internationalisation:

- Help SMEs benefit more from the opportunities offered by the single market (principle VII);
- Encourage and support SMEs to benefit from the growth of markets (principle X).

**06** The principles laid down in the SBA were followed in 2011 by the Commission Communication "Small Business, Big World", which established an **EU strategy for SME internationalisation**. The strategy aimed to address challenges ([Figure 1](#)), bring coherence to the array of existing actions in support of European SMEs' international growth, and set out the principles that should govern any EU initiative in this field from 2014 onwards.

<sup>5</sup> Commission Communication "Think Small First". A "Small Business Act for Europe", COM(2008)394 final, reviewed in COM(2011)78.

**Figure 1 – Challenges in the field of support for SME internationalisation**



Source: COM(2011) 702 final – “Small Business, Big World – a new partnership to help SMEs seize global opportunities”.

**07** In order to address the identified challenges, the EU strategy on SME internationalisation set out the following objectives:

- to provide European SMEs with easily accessible and adequate information on how to expand their business in international markets;
- to improve the coherence of the existing support activities;
- to improve coordination, collaboration, and cost-effectiveness of existing EU programmes, EU and Member States programmes, and public and private initiatives;
- to fill existing gaps in support services;
- to establish a level playing field and provide equal support to SMEs from all EU Member States.



**08** In addition, the strategy established key guiding principles that should govern any EU-level initiative in this field:

- Complementarity and additionality: any action taken at EU level should be complementary to and not duplicate business support activities already carried out by Member States and/or private organisations;
- Subsidiarity and an appropriate division of labour: any EU action should fill gaps or reinforce existing support services where needs are not met – or are not sufficiently met – by other public or private organisations;
- Sustainability: EU business support services should be based on demonstrated demand in the market. They may be financed in the short term by public funds subject to the Financial Regulation, but should be self-financed as far as possible in the longer term, to avoid competition with private service providers;
- Efficiency in the use of public funds: in accordance with the principle of sound financial management, specific, measurable, achievable, relevant and timed (SMART) objectives should be set for each activity and an appropriate evaluation planned;
- Level playing field across all Member States: equal support should be provided to SMEs from all across Europe.

**09** The Commission committed to undertake a number of actions to implement the strategy and to achieve the above objectives. These actions included the launch of an in-depth mapping and subsequent analysis of the existing support actions at EU and at National level, a reinforcement of the Enterprise Europe Network (EEN), as main EU instrument to provide direct support to SME internationalisation and the promotion of clusters and networks for SME internationalisation.

**10** From 2015 to 2021, the SBA and the strategy for internationalisation were complemented by a number of communications on international trade, the single market, start-ups and scale-ups, access to finance, and other topics with an impact on SME internationalisation ([Annex I](#)). Together with the SBA, these form the Commission's overall policy framework in the area.

## Main EU instruments, roles and responsibilities in support of SME internationalisation

**11** The EU has put in place various instruments to support SME internationalisation, which differ considerably in terms of approach and objectives. They range from support networks for general information and advice to financial assistance and IT tools, as well as portals and helpdesks providing information on the regulatory requirements for international trade. Some instruments exclusively target SMEs (and even SME internationalisation), whereas for others, SMEs feature in just one of several support areas. The EU contribution for instruments specifically targeting SME internationalisation (EEN, Start-up Europe Initiative, European Clusters network, EU Japan centre for industrial cooperation, EU SME centre for China, ELAN network-LATAM, ENRICH NETWORK, EU Gateway, Eurostars and the IPR-Helpdesks) amounted to about €850 million in the period 2014-2020.

**12** The multiple instruments and actions in the field are matched by the large number of organisations and services managing them. For an overview of the main instruments and responsible EU departments, see [Table 1](#) and for a more detailed description of the different instruments see [Annex II](#). The EU instruments are complemented by support schemes in the Member States, most of which are implemented through national and regional trade promotion organisations (TPOs) and SME associations.

**Table 1 – Main EU instruments and responsible DGs/bodies**

Type of instrument	Instrument	DGs/bodies
Overall support for SME internationalisation	Enterprise Europe Network	DG GROW / EISMEA
	Startup Europe	DG CONNECT
Funding programmes	SME Instrument / European Innovation Council (EIC)	DG RTD / EISMEA
	European Structural and Investment Funds	DG REGIO
	Eurostars (EUREKA)	DG RTD
Financial instruments	European Fund for Strategic Investments (EFSI) / COSME / InnovFin	EIB / EIF / DG GROW / DG RTD / DG ECFIN
Geographical instruments and projects	EU-Japan Centre for Industrial Cooperation	DG GROW
	EU SME Centre (China)	DG INTPA
	ELAN network (Latin America)	DG INTPA
	ENRICH network (Brazil, China and USA)	DG RTD
	ICI+ in South East Asia (SEA)	DG INTPA
	EU Gateway / Business Mission Avenues to South East Asia	Service for Foreign Policy Instruments
IT tools, databases, helpdesks	Access2Markets (formerly Market Access Database)	DG TRADE
	European Cluster Collaboration Platform (ECCP)	DG GROW
	Intellectual Property SME helpdesks	DG GROW DG TRADE DG INTPA

Source: ECA, based on the Commission's "Overview of EU instruments contributing to the internationalisation of European businesses".

**13** Among the many EU instruments for SME internationalisation, the EEN and the Startup Europe initiative, are of specific relevance. They are a first point of contact for SMEs and start-ups seeking advisory support and networking to internationalise. Consequently, a specific focus of our audit was on these two instruments.

## Enterprise Europe Network

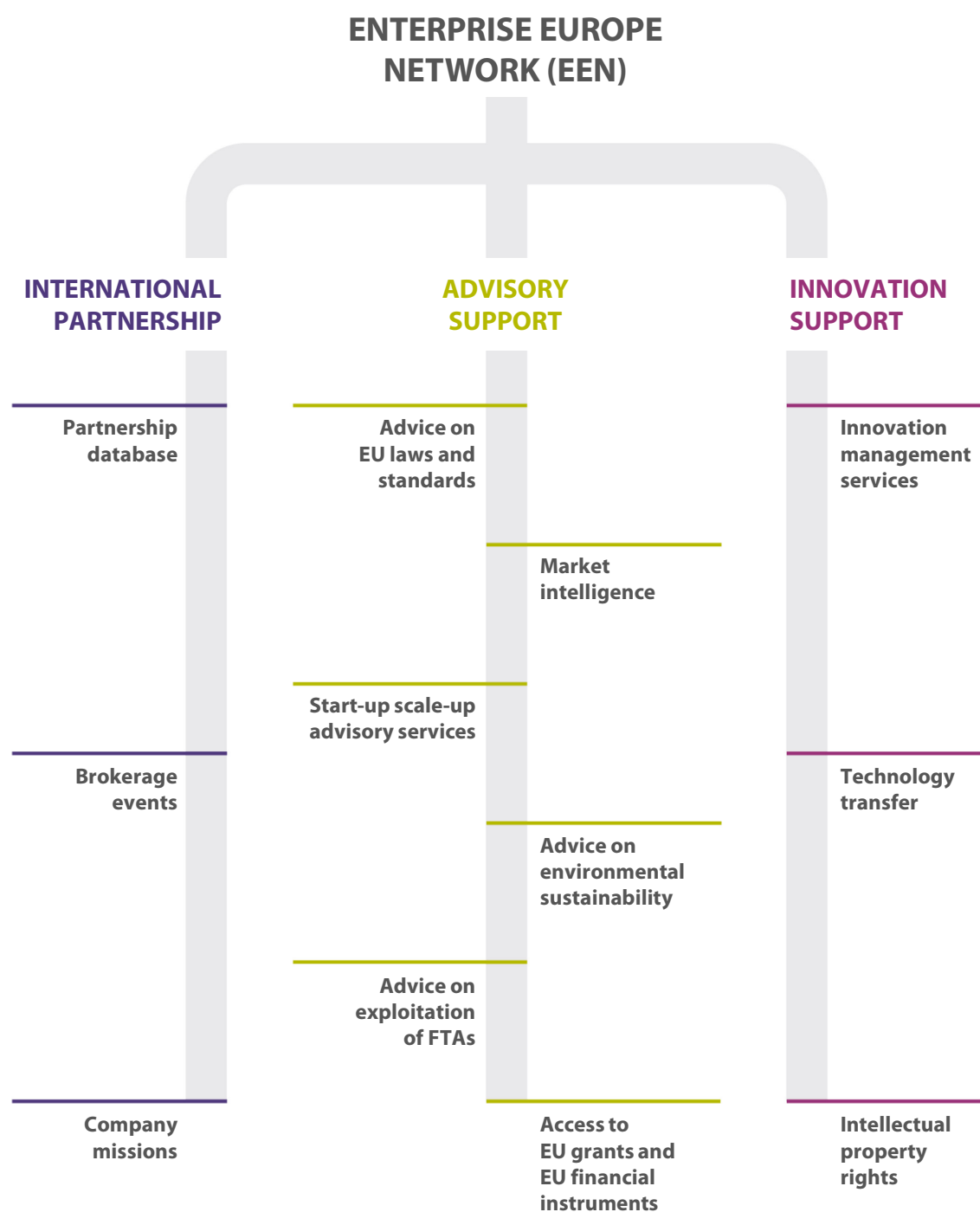
**14** The EEN is the Commission's primary tool for SME internationalisation and the world's largest support network for SMEs with international ambitions. Its main objective is to provide value added services that help European SMEs to enhance their competitiveness, sustainability and innovative capacities to grow and do business in Europe and beyond.

**15** The EEN was launched in 2008. Under COSME, the EEN was allocated €385 million over the lifetime of the 2015-2021 period, or roughly €55 million per year. Over the same period about €11 million per year was provided by Horizon 2020 for innovation-related services for SMEs along with the funding provided by the EEN host organisations (EU co-financing up to 60 % of the EEN budget).

**16** The 2015-2021 EEN consisted of more than 600 member organisations in over 60 countries. They include regional development agencies, technology poles, innovation support organisations, universities and research institutes, and chambers of commerce and industry. They are grouped together in regional consortia that are selected through open calls for proposals. All consortia must be able to deliver high-quality support services to businesses, and members should have proven experience of working with SMEs.

**17** The EEN's support services cover a wide range of activities to help EU SMEs innovate, grow and scale up, both in the EU and further afield. They include the provision of expertise, contacts and events to encourage international partnerships, and advice on international markets and innovation (*Figure 2*).

Figure 2 – EEN services



Source: ECA.

## Startup Europe

**18** The Commission launched the Startup Europe initiative in 2012 to help high-tech start-ups grow in European and international markets. The needs of start-ups are different to those of well-established SMEs, and they are at a higher risk of being bought out before they can become fully-fledged internationally.

**19** To help start-ups achieve market success within and outside the EU, Startup Europe provides funding to ecosystem builders, which are organisations that connect EU start-ups with investors and other stakeholders and give them the information and support they need to grow and internationalise. In the 2014-2020 programming period, Startup Europe spent €30 million to promote 22 projects, reaching more than 1 000 businesses in around 60 start-up ecosystems throughout the EU.

## Audit scope and approach

**20** This special report builds on a series of ECA publications examining support for SMEs<sup>6</sup>. It focuses on SME internationalisation both in the EU single market and in non-EU countries, and on activities implemented to that end in the 2014-2020 programming period. The audit was carried out in coordination with our audit on ERDF support for SME competitiveness.

**21** Both the European Parliament and the Council have stressed the importance of supporting innovative SMEs and start-ups to maximise the EU's potential for growth. In the case of Parliament, the significant impact of SME internationalisation on growth and employment has been of particular interest to the committees on international trade and industry, research and energy. We anticipate that the observations and recommendations of this audit will contribute to increasing coherence and coordination among the many EU instruments in the field, in particular the EEN and the Startup Europe Initiative. In addition, the audit is expected to reinforce the Commission monitoring systems of the overall implementation of its strategy for SME internationalisation at this early stage of the programme period.

**22** The audit assessed whether EU support was coherent and coordinated and successfully contributed to the internationalisation of SMEs. It particularly aims to answer the questions whether:

- o the EU support to SME internationalisation is coherent and coordinated; and
- o the EEN and Startup Europe, as two of the key actions managed directly by the Commission, are successfully contributing to SME internationalisation.

**23** The audit combined evidence from a range of sources:

- o meetings with experts and representative of stakeholders including main EU SMEs support associations;
- o a documentary desk review; written questionnaires and structured interviews with Commission services (DGs GROW, TRADE, RTD, CONNECT, REGIO and INTPA, European External Action Service, Service for Foreign Policy Instruments), the

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<sup>6</sup> ECA special reports [20/2017 on the SME guarantee facility](#), [17/2019 on venture capital](#), [2/2020 on the SME Instrument](#), [25/2020 on Capital Markets Union](#).

European Innovation Council and SMEs Executive Agency (EISMEA), the EIB, the EIF, TPOs and SME associations; a survey of EEN members about the EEN's contribution to SME internationalisation and its coordination/cooperation with the main EU instruments in this field (see Annex II for details of the survey methodology);

- a survey of TPOs about the main EU instruments for SME internationalisation and their complementarity with national instruments in this field (see Annex II for details of the survey methodology);
- analysis of the financial sustainability and continuity of selected EU geographical instruments presented in Table 2 and of Startup Europe projects; analysis of their coordination and cooperation with the Enterprise Europe Network.



## Observations

### The Commission's implementation of the SME internationalisation strategy was incomplete

**24** The SME internationalisation strategy identified a number of challenges for SME internationalisation (see paragraph 4). To address these challenges, the strategy set, amongst others, the following objectives:

- to provide SMEs with easily accessible and adequate information on how to expand their business;
- to improve the coherence of support activities;
- to fill existing gaps in support services.

**25** To achieve these objectives, the Commission committed in the SME internationalisation strategy to a number of actions, including:

- mapping the existing supply of support services to allow a more rational and coherent approach in the future;
- creating a single virtual gateway to information for SMEs wishing to do business beyond the EU borders;
- making support schemes at EU level more consistent to raise their impact;
- promoting clusters and networks for SME internationalisation.

### There is no complete overview of the support for SME internationalisation and coordination is lacking

**26** When the Commission launched the SME internationalisation strategy in 2011, it identified more than 300 support programmes with a budget above €2 million assisting business internationalisation in the EU and its Member States<sup>7</sup>. This number has

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<sup>7</sup> [Opportunities for the internationalisation of European SMEs](#). Ordered by European Commission, 2010.

continued to increase ever since, raising concerns about the potential danger of proliferating and poorly coordinated support schemes in this area<sup>8</sup>.

**27** To increase coherence among the numerous instruments, and to identify potential duplication, fragmentation, gaps and synergies, the Commission committed to perform an in-depth study mapping existing SME support activities at EU and national level, both public and private, and a subsequent analysis in order to identify duplication and fragmentation as well as gaps and potential synergies in existing SME support activities. The study<sup>9</sup> covered all 27 EU Member States and 25 selected other countries and resulted in an inventory of 1 156 support services (734 in the EU and 422 in other countries). Despite its wide coverage, it concluded that there were still hundreds of support services that could not be included in the inventory.

**28** In 2015, the Commission published a more limited “Overview of EU instruments contributing to internationalisation of European Business”, which was subsequently updated in 2017, 2019 and 2020<sup>10</sup>. Although the overview is useful, the fact that it does not include national instruments limits its value in terms of bringing coherence to the extensive landscape of support activities promoted by both the EU and Member States.

**29** The activities promoted in Member States through the European Regional Development Fund (ERDF) are particularly important for coherence and coordination with other EU actions in this area. We found that, although the ERDF accounted for the largest share of the EU budget devoted to SME competitiveness, including internationalisation<sup>11</sup>, the Commission did not establish a specific intervention category code for actions promoting SME internationalisation through the ERDF for the 2014-2020 programming period. As a result, information on specific projects in this field was not systematically accessible and was not used for analysis and coordination. For the 2021-2027 programming period, the Regulation EU 2021/1060<sup>12</sup> includes a

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<sup>8</sup> European Parliament study “How to support the internationalisation of SMEs and microenterprises”, 2017.

<sup>9</sup> Study on Support Services for SMEs in International Business, European Commission, 2013.

<sup>10</sup> Overview of EU instruments contributing to internationalisation, European Commission.

<sup>11</sup> Article 5(3)(d) of Regulation (EU) No 1301/2013 of the European Parliament and of the Council of 17 December 2013 on the European Regional Development Fund.

<sup>12</sup> Regulation (EU) 2021/1060 of the European Parliament and of the Council of 24 June 2021 laying down common provisions on the European Regional Development Fund, the

specific intervention category code: “SME business development and internationalisation”, which is likely to increase the transparency of EU co-funded actions in this field.

**30** Despite the large number of actions announced in the strategy and the cross-cutting nature of SME internationalisation policy, no specific Commission service was appointed to centralise and coordinate the implementation of the strategy. As a result, coordination among Commission services worked very well in some areas (e.g. SME chapters in free trade agreements (FTAs)) but this was less the case for the various networks co-funded by the EU, such as the EEN, Startup Europe or the ELAN network, as illustrated in subsequent sections of this report.

### **Accessibility to information on support for SME internationalisation has increased but awareness of FTA benefits remains limited**

**31** The Commission committed to a number of actions to improve SMEs’ access to the information they need to enter new markets. In 2014, the Commission set up the SME internationalisation portal with the aim of providing useful and accessible information to SMEs on all services available to them in this field. However, the Commission found it very difficult to maintain up-to-date information about public and private support services within and outside the EU. Moreover, providing data from private support services through a public portal for which the Commission could not be responsible posed additional legal challenges. These difficulties led to the closure of the portal in 2017.

**32** In 2020, the Commission launched the Access2Markets portal, which combines the former Market Access Database, the EU Trade Helpdesk, and also includes the “rules of origin” database in a single tool and the “rules of origin” self-assessment tool (ROSA)<sup>13</sup> (see [Box 2](#)). Both tools were rated very positively by respondents to our survey of EEN members and national TPOs.

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European Social Fund Plus, the Cohesion Fund, the Just Transition Fund and the European Maritime, Fisheries and Aquaculture Fund and financial rules for those and for the Asylum, Migration and Integration Fund, the Internal Security Fund and the Instrument for Financial Support for Border Management and Visa Policy.

<sup>13</sup> “Rules of origin in Access2Markets”, DG TRADE, European Commission.

## Box 2

### The Access2Markets portal and the “rules of origin” self-assessment tool: key to improving the way SMEs benefit from the use of FTAs

The EU’s multilingual **Access2Markets portal**, launched in October 2020, shows the Commission’s commitment to providing suitable and easily accessible information on the regulatory requirements in FTAs concluded by the EU, as well as guidance on how to do business abroad under those agreements. It contains product-by-product information for all EU countries and over 135 export markets on:

- tariffs and taxes
- customs procedures
- rules of origin
- trade barriers
- product requirements
- statistics



Source: European Commission, DG Trade.

Stakeholders and SME associations report<sup>14</sup> that two of the main barriers to greater benefits from the use of the advantages of FTAs by SMEs are poor awareness and the complexity of “rules of origin” procedures, which determine, the origin of a products and thereby whether preferential tariffs under the FTA are applicable. Within Access2Markets , the Commission launched the **“rules of origin” self-assessment tool (ROSA)** to help business, particularly SMEs, decide if they are covered by those procedures.

**33** The introduction of specific SME chapters in FTAs between the EU and third countries<sup>15</sup> was a significant achievement for SME internationalisation during the 2014-2020 period. As highlighted in the SME internationalisation strategy, these chapters are designed to help SMEs to draw the benefits under FTAs from eliminating tariff and non-tariff barriers, while providing a comprehensive regulatory framework and institutional mechanisms to detect problems in the implementation of the rules.

**34** In order to benefit from FTAs signed by the EU, SMEs need to be made aware both of the potential advantages they may bring and of how to meet complex requirements such as those on rules of origin. Awareness-raising and communication

<sup>14</sup> SMEunited Statement on the World Trade Organisation’s MSMEs Workstream: How to Make International Trade Fit for MSMEs, 19 February 2020.

<sup>15</sup> Commission Report on the Implementation of EU Trade Agreements, COM(2020) 705 final.

are the collective responsibility of the Commission, Member States, business associations and TPOs.

**35** In 2019, a Committee of the Regions / Eurochambres survey of representatives of regional and local stakeholders and national and regional chambers of commerce in the EU<sup>16</sup> found that SMEs were still poorly informed about FTAs, with more than 70 % of respondents stating that there was “insufficient practical information on how to use the agreement”<sup>17</sup>.

**36** Our interviews with the Commission as well as its replies to our written questionnaires also showed that the awareness of FTAs’ advantages for SMEs still shows shortcomings. More specifically, FTAs are not yet sufficiently promoted, and the access2Market portal is not linked with other information portals related to trade such as the national TPOs websites. Furthermore, in our survey of National TPOs nearly 80 % of the respondents expressed the wish of more alignment between the EU and Member States with regard to the promotion of FTAs through a consultation body for this specific matter

### **Not all projects achieve sustainability and long-term continuity**

**37** The networks funded by the EU in the context of SME internationalisation take time to establish the necessary connections and need to be widely known in order to provide valuable support to SMEs. This continuity can in principle be achieved in two different ways: either the support services receive long-term public funding or they succeed in generating income and thereby become financially sustainable.

**38** The SME internationalisation strategy explicitly gives preference to the latter, with sustainability being one of the key principles of the strategy. This principle requires EU business support services to be based on demonstrated demand in the market. They may be financed in the short term by public funds subject to the Financial Regulation, but should be self-financed as far as possible in the longer term. This does not preclude continued long term financing to other Commission instruments in support of SME internationalisation such as the EEN.

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<sup>16</sup> “Implementation of Free Trade Agreements”, Committee of Regions and Eurochambres, 2019.

<sup>17</sup> ECON and Eurochambres Survey Results Note on the Implementation of Free Trade Agreements.

**39** One example of support services with long-term public financing arrangements made at inception is the EU-Japan Centre for Industrial Cooperation and the EU Gateway / Business Missions to Japan, both of which have been running for more than 30 years (see [Box 3](#)).

### Box 3

#### **The EU-Japan Centre for Industrial Cooperation: high level of satisfaction on additionality and cooperation with the EEN**

For more than 30 years, the EU Centre in Japan has been acting to facilitate access to Japanese markets for European businesses in general and SMEs in particular. Our surveys of EEN members and national TPOs both revealed a high degree of satisfaction with the services provided by the Centre, including cooperation with the EEN, making it one of the most highly-rated BCCs in a non-EU country.

Likely reasons for the high satisfaction levels are continuity (drawing on a long and successful partnership with the Japanese authorities), the Centre's role as an EEN member and national contact point for R&I programmes, and its close interaction with key stakeholders, including TPOs (which gave the Centre a satisfaction rating of over 90 %) and business associations.

*Source:* ECA, based on surveys of national TPOs and EEN members and Commission data.

**40** On the other hand, we found that continuity was generally an issue for the projects co-funded under the ELAN, ICI+ in South East Asia (ICI+SEA) and Startup Europe initiative during the 2014-2020 period. All of them faced problems in developing sufficient revenue and thus in becoming financially sustainable as requested in the grant agreement. As a result, they were discontinued, even though some were assessed rather positively in monitoring reports (see examples in [Box 4](#) for ELAN and ICI+SEA, and paragraphs [67-70](#) for Startup Europe projects' discontinuity).

## Box 4

### **The sustainability of a number of EU co-funded projects launched during 2014-2020 was not achieved**

#### **European and Latin American Business Services and Innovation Network (ELAN)**

The European and Latin American Business Services and Innovation Network (ELAN) was launched in 2015 with a total EU budget in co-funding of more than €10 million. The call for proposals for both ELAN components – Business Services (ELANbiz) and the Technology-based Business Network (ELAN network) included the requirement that they become financially sustainable by the end of the grant agreement. Despite this requirement, and despite positive reports on their operations and support from stakeholders, both components were ultimately discontinued because they had not become financially sustainable and the Commission had not budgeted resources to finance an extension of the projects.

#### **ICI+ projects in South East Asia**

The overall objective of the ICI+ instrument was to increase and diversify trade and investment by European businesses, in particular SMEs, in Cambodia, Indonesia, Laos, Malaysia, Myanmar, the Philippines and Vietnam. When designing ICI+ projects in the region, the Commission did not make a specific impact assessment of different policy options with a view to optimising spending and ensuring sustainability when grant agreements ended. Despite positive project assessments and the contractual requirement for projects to become sustainable, the revenue generated was limited and the projects were discontinued when the corresponding grants ran out.

**41** The satisfaction rate expressed by key stakeholders, such as EEN members, for short-term instruments and actions was below 45 % – substantially lower than for instruments and actions which achieved long-term continuity (see [Table 2](#)).

**Table 2 – Analysis of selected EU instruments for long-term continuity and satisfaction with cooperation with the EEN**

EU instrument	Long-term continuity	Satisfaction rate of EEN members on cooperation
EU-Japan Centre for Industrial Cooperation	Yes	69 %
Intellectual Property SME helpdesks	Yes	80 %
European Cluster Collaboration Platform (ECCP)	Yes	49 %
Eurostars (EUREKA)	Yes	67 %
SME Instrument / European Innovation Council (EIC)	Yes	72 %
EU SME Centre (China)	Partial	44 %
EU Gateway / Business Mission Avenues to South East Asia	Partial	35 %
Startup Europe	No	35 %
ENRICH network (Brazil, China and USA)	Partial	18 %
ELAN (Latin America)	No	15 %
ICI + in SEA countries	No	NA

Source: ECA survey of EEN members, review of Commission documentation and interviews with relevant Commission services.

## The SME internationalisation strategy was not systematically evaluated

**42** To steer implementation of all the actions announced in the SME internationalisation strategy, the Commission committed to monitor progress and periodically evaluate the strategy's effectiveness, involving all major stakeholders.

**43** While regular meetings and forums with SME representatives and other stakeholders have taken place (e.g. [European SME week](#), [the SME Assembly](#) and regular meetings with national TPOs), implementation of the strategy has not been



specifically or comprehensively evaluated as described above. As a result, there has been no comprehensive reporting on its implementation.

**44** In May 2021, the Commission produced a staff working document headed “[Annual Single Market Report](#)”. This is a status report on progress achieved in the implementation of the EU’s 2020 industrial and SME strategies. However, the information provided on specific actions promoting SME internationalisation is very general, and insufficient for monitoring and evaluation purposes.

### **The EEN is achieving its main targets, but there is suboptimal visibility and coverage in third countries**

**The EEN has met its overall objectives but does not yet have sufficient visibility**

**45** For the 2015-2021 period, two sets of targets and key performance indicators (KPIs) were set for the EEN:

- o the indicators in the COSME regulation<sup>18</sup> with high-level targets for the EEN as a whole (see [Table 3](#)); and
- o the “Performance Enhancement System” targets agreed at a lower level between EISMEA and each consortium.

**46** In the EEN 2020 Final activity report, the Commission noted that the aggregated high-level targets had been achieved, but gave no information about progress on the EEN’s recognition by SMEs.

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<sup>18</sup> [Regulation \(EU\) No 1287/2013](#) establishing the COSME programme.

**Table 3 – COSME indicators for the EEN: achievement of objectives**

Specific objective	Long-term target (2020)	Situation in 2020
E.1. Number of partnership agreements signed (per year)	2 500	2 503
E.2. Recognition of the EEN among SME population	Increase (from 8 % in 2015)	Not yet reported
E.3. Client satisfaction rate (% of SMEs stating satisfaction, added value of specific services provided by the EEN)	82 %	92 % <sup>19</sup>
E.4. Number of SMEs receiving support services (per year)	500 000	232 348 (results below the target due to a change in calculation method in 2017-2018)
E.5. Number of SMEs using digital services (including electronic information services) provided by the EEN (millions)	2.3	14.1

Source: EEN 2020 final activity report.

**47** At EEN consortium level, the final activity report for 2020 stated that, collectively, the EEN had over-achieved its targets for the indicators where targets had been set. However, the figures for the number of partnership agreements signed and advisory services provided by consortia show that performance varies significantly between countries: from 24 achievements per head of staff (full-time equivalent) in Ireland and 20 in Lithuania, to two, three or four in many other countries. These variations in performance are attributed to consortium management issues, changes affecting coordinating organisations, and the departure of key staff.

**48** Although the EEN has, in general, achieved its overall objectives, the extent to which this has translated into actual improvements in terms of SME growth in the Single market and beyond cannot be fully determined. An interim evaluation of the

<sup>19</sup> Data from the EEN 2021 client satisfaction survey.

COSME programme in 2017<sup>20</sup> concluded that, while the EEN was effective, it was not possible at that point to measure its full impact. In other words, although the services provided by the EEN may lead to many positive results, such as scaling-up, enhanced innovation and capacity enhancement, it is difficult to draw a direct link to each of these results as the EEN services only play a supportive role, and the concrete results still need to be achieved by the SMEs themselves.

**49** Increasing stakeholders' awareness of the EEN continues to be a target for the Commission. To this end, host organisations are required to ensure that their EEN activities have a high degree of visibility. In 2015, only 8 % of SMEs surveyed in that year's Eurobarometer were aware of the EEN, and the figure varied considerably between Member States. An EASME communication audit in 2017-2018 revealed that visibility requirements for many EEN members' websites were not systematically met. This was confirmed by our audit: only ten of the 30 websites we examined displayed the EEN logo and a link to EEN services on their homepage. The Commission has not published an updated figure against the benchmark for awareness.

### **Coordination between the EEN and national instruments is not fully exploited**

**50** Coordination between the EEN and other EU, national and regional instruments is important to ensure there is a coherent, comprehensive and complementary range of support for SME internationalisation. Although it is not a formal requirement, EEN consortia are encouraged to include organisations supporting SMEs in their region as a way of extending their reach into the business community. Moreover, EEN applicants must ensure that their activities do not duplicate services already provided by other organisations in the same geographical area, and are encouraged to work closely with representatives of other EU networks in their region, such as Research Framework Programme national contact points and ERDF intermediary bodies and managing authorities, and to liaise with them on a regular basis. The EEN guide for applicants<sup>21</sup> stresses that this will entail a high degree of regular stakeholder involvement in EEN

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<sup>20</sup> [Interim Evaluation of the COSME Programme](#), Annex B to the Draft Final report: Business Management Capacity thematic area (EEN), Technopolis Group for the European Commission, December 2017.

<sup>21</sup> [Guide for Applicants, Call for proposals: COS-WP2014-2-1. COSME Enterprise Europe Network 2015-2020.](#)

activities at all levels (local, regional and national) and constant dialogue with other support service providers.

**51** Nearly 70 % of the respondents to our survey of national and regional TPOs considered that the EEN provides additionality for European SMEs beyond the capacity of national support structures for internationalisation. However, there was also a desire for stronger integration of the EEN into national and regional organisations of EU Member States. Satisfaction levels were high regarding cooperation with many EU instruments in support of SME internationalisation (see [Table 2](#)), but it was felt that cooperation could be strengthened with, in particular, support instruments such as Startup Europe and the ELAN and ENRICH networks.

**52** Under the 2015-2021 EEN, in order to support EEN activities and foster cooperation at EU level between the Commission and organisations operating in the field of SME internationalisation, the Commission concluded separate bilateral agreements with these organisations, who became associate members providing services to the EEN. In addition, the Commission could conclude specific memorandums of understanding with relevant international organisations.

**53** By the end of 2020, the EEN had concluded bilateral agreements or specific agreements with seven European associate members, two European agencies, the Intellectual Property Rights (IPR) helpdesks and a number of national associate members. The EEN had also signed a declaration of intent to cooperate with the European Digital Innovation Hubs (EDIH). However, by the end of 2021, no agreements had yet been formalised with a great many instruments and networks, including the network of National Contact Points, Startup Europe, the ENRICH network, the EIB and the EIF (to promote EU financial instruments through the EEN), and Member States' national and regional TPOs.

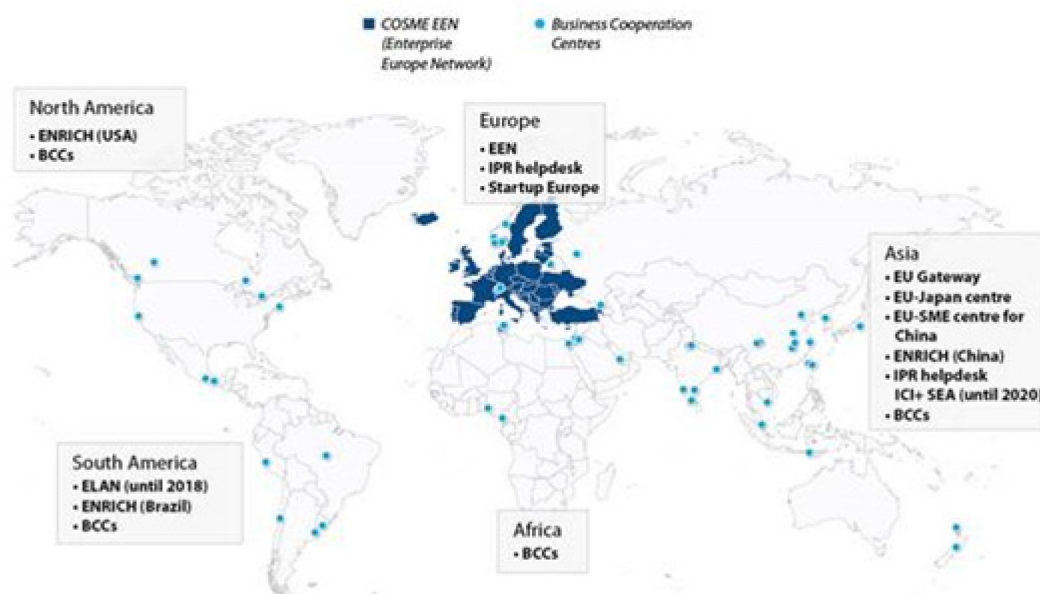
### **Stakeholders identified gaps in third country coverage and EEN members report variable service quality**

**54** The presence of the EEN around the world is critical for its ability to help SMEs gain access to worldwide markets. The work of the EEN extends to non-COSME countries through the setting-up of business cooperation centres (BCCs). These receive non-financial support from the Commission for EEN activities, in particular technical assistance and support and access to IT tools, the EEN intranet, databases and other online services. The EEN does not have the means or mandate to provide financial

support to BCCs in non-EU countries. Consequently, BCCs partly depend on any financial backing they may receive from national authorities and elsewhere.

**55** At the end of 2020, the EEN was represented in 65 countries (mainly countries with which the EU has an interest in economic cooperation and, normally, a trade agreement) through 625 partner organisations. Of these, 427 organisations were in EU Member States, 92 in other COSME countries, 23 in the UK, and 73 (as BCCs) in 29 other countries (see [Figure 3](#)).

**Figure 3 – Worldwide support for European SMEs through the EEN and other EU instruments**



Source: ECA, based on data from the European Commission.

**56** Although there is no specific target for the number of BCCs, in our survey of EEN members and interviews with stakeholders the respondents frequently mentioned a number of countries where they would have liked to see an enhanced BCC presence. These countries were South Africa (with which the EU has an FTA), Australia (currently in trade negotiations with the EU), China and the United Arab Emirates. In addition, the European Trade Promotion Organisations Association identified Africa as an ideal

region for developing new forms of collaboration and gaining market access for EU SMEs<sup>22</sup>, since Member States' TPOs are under-represented on the continent.

**57** In terms of service quality, the survey showed that EEN members are very satisfied with certain BCCs. The responsiveness, quality and usefulness of the services provided by others were reported to be variable, with cases of insufficient cooperation or integration with European TPOs and too little interest shown in European exporters. In its new call for expressions of interest for “international network partners” (the new name for BCCs)<sup>23</sup>, the Commission has explicitly included national and regional TPOs in the section on “type of organisations sought”, thus increasing the potential future benefits of the network.

### **EEN members would welcome further training or outreach in access to finance and free trade agreements**

**58** Reliable access to finance is one of the highest priorities of SMEs, whether or not they are concerned by internationalisation<sup>24</sup>. In response, the Commission has made great efforts to provide SMEs with a wide range of financial instruments – which are variously implemented by the Commission, the EIB, the EIF or financial intermediaries.

**59** The EEN aims to provide information and advice on EU financial instruments and the various EU portals offering information on access to finance, in particular that of the Commission and the European Investment Advisory Hub (EIAH). However, the online visibility and accessibility of this information varies considerably between EEN members. Moreover, both the EIAH and the Commission's Access to Finance portal lack information and signposting on the EEN.

**60** Comments made by the respondents to our two surveys confirm the need to promote awareness and easier links to information on access to SME finance, notably

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<sup>22</sup> Towards a joint EU-Member States agenda for the internationalisation of SMEs, ETPOA position paper, November 2020.

<sup>23</sup> Single Market Programme, [Call for expressions of interest for International Network Partners of the Enterprise Europe Network](#), SMP-COSME-2021-EEN-INTERNATIONAL.

<sup>24</sup> European Commission. Flash Eurobarometer 421 Internationalisation of SMEs report. October 2015.

by enhancing the EEN's role in coordination with EU schemes, such as the Commission's Access to Finance portal and the EIAH.

**61** In 2019 the Commission produced a guidebook with a number of specific recommendations<sup>25</sup>. However, some of the main recommendations, including the designation of permanent FTA contact points and specific training sessions on FTA implementation for EEN members (which act as key sources of information and advice for SMEs) have yet to be implemented.

**62** IT tools and capacity-building are an increasingly important means of making the EEN's services more client-centred and tailor-made to SMEs' specific requirements. Our survey showed that the EEN needs to improve and further develop its IT tools to this end, with one in five respondents expressing dissatisfaction (a higher level of dissatisfaction than for other areas of support).

**63** Our survey and interviews with Commission and EIB/EIF departments indicated a need for further training with the participation of EIB and EIF experts. In addition, the possibilities for interactive learning – which would boost the capacity of SMEs to deal with specific and more technical areas, such as FTAs and access to finance – are limited.

### **Startup Europe addressed important needs, but sustainability, monitoring and coordination are variable**

**64** The overall objective of Startup Europe is to strengthen networking opportunities for high-tech scale-ups and ecosystem builders, to accelerate the growth of the entire entrepreneurial ecosystem in the EU. This in turn supports local start-up communities by connecting start-ups, scale-ups, investors, accelerators, corporate networks and universities.

**65** During the 2014-2020 programming period, Startup Europe was implemented via three calls for proposals (in 2014, 2017, and 2019). Each call had a budget limited to around €10 million. Whilst the 2014 call focused on encouraging web entrepreneurs to start a business in the EU and grow internationally, the 2017 and 2019 calls expanded

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<sup>25</sup> EEN-Commission Guidebook "Enhancing services to improve the export & import performance of European companies under EU Free Trade Agreements (FTAs)", November 2019.

the scope of Startup Europe to all high-tech start-ups and innovative SMEs, encouraging growth and scaling-up across the EU and beyond.

**66** The Commission selected 22 projects from the three calls. Projects usually have a duration of two years. Each one is implemented by a consortium that links partners from different start-up ecosystems across the EU and provides networking opportunities for start-ups and scale-ups. The number of partners in the consortia varies from three to 15. **Box 5** presents some examples of project objectives and activities implemented through Startup Europe. **Annex IV** contains short self-descriptions of all Startup Europe projects funded during the 2014-2020 programming period.

## Box 5

### Examples of Startup Europe projects

**Access2Europe** aimed “to cut through the maze of information available online and bring the right people together to multiply the chances of EU start-ups to scale and grow turnover and retain qualified employees” by connecting start-ups ecosystems of Berlin, Paris, Barcelona, and Tallinn.

To reach these objectives, Access2Europe selected start-ups to participate in three-day “discovery tours”, during which they were enabled to leverage connections and meet stakeholders. Ninety-nine start-ups with 121 participants profited from discovery tours in the four partner cities.

Another initiative, “support & match” activities, allowed 41 start-ups to roll out their activities in international markets. The “support” element consisted of free office space, expert-led workshops and one-on-one meetings for successful market entry, as well as free access to key tech events and exposure via the partners’ communication channels. The “match” element included introductions to relevant corporate and finance players.

My-Gateway aimed “to strengthen the capacities of high-tech start-ups and innovative SMEs in the central and eastern European region by connecting start-ups ecosystems of Budapest, Lisbon, Tel Aviv, Salamanca, Brussels, London, Cluj, Maribor, Prague, and Madrid to become better connected, gain higher market exposure and have improved, streamlined access to funding opportunities and talent”.

The project contributed to the expansion of the Startup Europe community by opening the door to start-ups from the Balkans. A “talent acquisition model” was drawn up to help central and eastern European universities establish connections between entrepreneurial students and start-ups in search of skilled workforce. A



“technology transfer model” focused on closer cooperation between R&D and start-ups by providing assistance in transitioning technologies from the research stage to industrial development. “Access to finance” workshops were organised to improve start-ups’ understanding of the funding landscape and connect with investors and other key ecosystem players.

### Startup Europe projects lack continuity

**67** All selected projects aimed to address one or more barriers that hamper growth and prevent businesses from scaling up or growing into pan-European or global companies. They were clearly linked to the typical challenges facing start-ups and scale-ups, namely access to finance, access to new markets, recruiting skilled employees and finding partners.

**68** However, these contributions to the Startup Europe objectives were of short duration. Project activities and actions largely ceased at the end of the corresponding grant period, despite the provision in the 2017 and 2019 calls that projects must demonstrate sustainability of the actions beyond the life of the project.

**69** Our interviews with project coordinators and Commission staff gave some possible reasons for this:

- start-ups not willing or able to pay for services;
- services that can be found elsewhere for free;
- start-ups reluctant to take external advice.

**70** In addition, all grant agreements contained a “no-profit” rule, meaning that any profits would be deducted from the grant. The average EU financial contribution to projects was very high, at 88 % of total costs, and in some cases, 100 % of costs. Consequently, any revenue generated might automatically reduce the EU contribution. Although having its justification, the “no-profit” rule may discourages consortia from generating revenue, which decreases the chances of financial sustainability and ultimately continuity of the projects.

## **Inadequate monitoring of Startup Europe as a whole**

**71** Each Startup Europe project proposal must include a list of deliverables, milestones and project-specific KPIs with which to measure progress and results. Projects report periodically on their progress and the Commission responds with findings and recommendations in the form of single-project reviews. In general, the Commission assesses project achievements positively. However, we were unable to assess the extent to which Startup Europe has met its overall objectives, since individual projects have completely different KPIs that cannot be aggregated.

## **Limited coordination within Startup Europe and beyond**

**72** The Commission publishes information about Startup Europe projects and the events they organise on its website. However, we found no central coordination mechanism, tool or body to steer the initiative towards its overall objectives. Each project was implemented separately, with only occasional cooperation, as for example some consortium members were partners in more than one project.

**73** The Commission staff implementing Startup Europe occasionally met colleagues from other DGs (e.g. at project events). However, there was no regular, structured coordination of the activities of the various DGs supporting start-ups and scale-ups. Nor did the Commission coordinate Startup Europe activities with national programmes providing support for start-ups and scale-ups. The Commission's 2016 communication on this matter stressed the need to enhance cooperation between the EEN and Startup Europe projects. However, this too has not been set up in a structured way and contacts between the two networks are rather infrequent. Only 35 % of the respondents to our survey of EEN members declared themselves satisfied with the level of cooperation between the EEN and the Startup Europe initiative.

## **Contribution to the overall SME strategy has not been assessed**

**74** One of the objectives of EU policies and strategies in this field is to help start-ups and scale-ups remain in Europe, where they can grow to become global leaders and create jobs in the EU<sup>26</sup>.

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<sup>26</sup> EC Industrial leadership website.

**75** Several Commission documents<sup>27</sup> have flagged, however, that promising EU start-ups and scale-ups do not manage to become global leaders in Europe as they are acquired at an early stage by non-EU corporates. US companies are the most prolific, having acquired 12 780 EU start-ups (27 % of all EU start-up acquisitions) between 2010 and 2018. In terms of capital invested, US companies accounted for 55 % of the total value of deals<sup>28</sup>.

**76** We identified two Startup Europe project partners, participating in 10 of the 22 projects, which were engaged in scouting for corporate clients, including non-EU corporates. This entailed screening the start-up ecosystems for high-tech innovative start-ups of potential interest given their clients' innovation needs. The resulting cooperation between corporates and start-ups/scale-ups takes many forms, from licensing to partnerships, to full-scale acquisition. The matchmaking activities of one such Startup Europe project led to 27 mergers and acquisitions, only 12 of these within the EU (including seven acquiring companies from the UK, which was still part of the EU at the time).

**77** Whilst cooperation can be beneficial for both parties, non-EU acquisitions of an EU start-up or scale-up conflict with the EU's policy and strategy objective of helping companies to grow internationally while remaining in the EU.

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<sup>27</sup> EC Funding & tender opportunities website.

<sup>28</sup> MTB & Crunchbase, Tech Startup M&As – 2018 Report, pp. 11 and 13.

## Conclusions

**78** Our audit found that the EU and Member States have introduced a large number of support actions to address SMEs' internationalisation needs, but they are not fully coherent or coordinated. The EEN is achieving its main targets but there is suboptimal visibility and coverage in third countries. On a smaller scale, Startup Europe shows some positive results at project level but lacks continuity and measurable overall results.

**79** We conclude that the implementation of the 2011 EU strategy for SME internationalisation remains incomplete. While key actions have been at least partially implemented, such as reinforcement of the Enterprise Europe Network and development of the Access2Market portal, some key actions for improving coherence across the extensive landscape of EU and Member State initiatives have not been successful (paragraphs [24-29](#)).

**80** Coordination of the many EU and Member State actions addressing SMEs' internationalisation needs is lacking at multiple levels. Although inter-service coordination is highly effective in some key areas of the Commission's work (e.g. cooperation on the SME chapters for FTAs), this is not the case in others, particularly regarding internationalisation networks and EU instruments providing access to finance (paragraphs [30-36](#)).

**81** The financial sustainability of a number of EU actions launched during the 2014-2020 programming period was not sufficiently addressed, with the result that several actions were discontinued despite positive results. In addition, there has neither been a regular and specific reporting and monitoring, nor a comprehensive evaluation of the implementation of the SME internationalisation strategy (paragraphs [37-44](#)).

**82** The Enterprise Europe Network has achieved its main targets, but further efforts are required in terms of visibility, coordination, third-country coverage and capacity-building (paragraph [45](#)).

**83** The EEN has mostly met its aggregated high-level objectives, but achievement rates are variable at lower levels. In addition, the extent to which these achievements relate to the EEN actions cannot always be easily linked. Despite improvements in performance measurement, many EEN members do not yet systematically meet the

visibility and communication requirements targeting increased awareness and accessibility (paragraphs [45-49](#)).

**84** Coordination between the EEN and other internationalisation instruments at EU, national and regional level form the basis for a coherent, comprehensive and complementary range of support services. Although cooperation between the EEN and other EU instruments is good in some cases, formal cooperation agreements have not always been put in place (paragraphs [50-53](#)).

**85** Outside the EU, the EEN mainly operates through business cooperation centres. The work of some BCCs was highly appreciated, but others were criticised for their poor service and responsiveness. EEN members also complained of what they saw as inadequate BCC presence in key trading partners, such as Australia, China, South Africa and the UAE (paragraphs [54-57](#)).

**86** EEN members consider that the support given by the Commission – and by EISMEA in particular – is useful. In the specific areas of access to finance and FTAs, there is a need for additional training and closer cooperation with the Commission and the EIB/EIF to boost capacity-building and technical expertise. IT tools are another area in which EEN members would like to see improvements (paragraphs [58-63](#)).

**87** Startup Europe has focussed on the relevant needs of start-ups, but its contribution to SME internationalisation as a whole is unclear and it is affected by issues of sustainability and governance (paragraphs [64-70](#)).

**88** The Commission has no overall structure for coordinating the initiative and its relations with other programmes. Consequently, there is limited cooperation between Startup Europe projects and between Startup Europe and other EU and national instruments (paragraphs [72-73](#)).

**89** Despite the existence of information on the progress and achievements of individual projects, the limited number of overall targets, milestones and indicators makes it difficult to assess Startup Europe's effectiveness at the level of the initiative (paragraph [71](#)).

**90** In some cases, Startup Europe consortium partners and projects have engaged in scouting and screening for high-potential innovative companies on behalf of corporates, leading to non-EU acquisitions of EU start-ups (paragraphs [74-77](#)).

# Recommendations

## Recommendation 1 – Increase awareness, coherence, and sustainability of the support to SME internationalisation

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The Commission should:

- (a) make information available about existing instruments and projects receiving EU co-funding in the field of internationalisation, including from the European Structural and Investment Funds;
- (b) building on (a), analyse the range of co-funded instruments and projects to identify any gaps and overlaps and to foster synergies;
- (c) systematically include financial sustainability, demonstrable market demand, and coordination with existing EU and Member State actions and services in ex-ante evaluations or impact assessments of new SME internationalisation instruments;
- (d) carry out an external evaluation to assess the effectiveness of the SME internationalisation strategy.

**Timeframe: end of 2023 for (a) and (c); end of 2024 for recommendation (b); end of 2025 for recommendation (d)**

## Recommendation 2 – Increase the visibility of the Enterprise Europe Network, its cooperation with other similar programmes, its training activities and geographical coverage

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The Commission should:

- (a) improve the visibility of the EEN by verifying that its members provide clear and prominent signposting to all relevant services on their websites, and by ensuring

that the European Investment Advisory Hub and the Commission's access to finance portal also carry clear and prominent links to the EEN;

- (b) wherever possible, conclude cooperation agreements or other cooperation arrangements between the EEN and other EU, national and regional programmes supporting the internationalisation of European SMEs;
- (c) increase EEN training outreach in the area of access to finance and free trade agreements;
- (d) encourage trusted eligible parties to apply to become International Network Partners in third countries where this is in line with the EU's trade priorities.

**Timeframe: end of Q2 2022 for recommendations (a), (b) and (c); end of Q2 2025 for recommendation (d)**

### **Recommendation 3 – Improve the monitoring and long-term effectiveness of the Startup Europe initiative**

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The Commission should improve the management of the Startup Europe initiative by:

- (a) developing specific indicators and targets to measure the initiative's overall effectiveness, including sustainability of project activities;
- (b) ensuring coordination and cooperation with other EU and national instruments that support the growth and internationalisation of start-ups;
- (c) setting selection criteria to prioritise projects that help start-ups fully develop their potential and competitiveness and thus contribute to growth and jobs in the EU.

**Timeframe: end of Q4 2022 for recommendations (a) and (c); end of Q1 2023 for recommendation (b)**

This report was adopted by Chamber IV, headed by Mr Mihails Kozlovs, Member of the European Court of Auditors, in Luxembourg on 5 April 2022.

*For the Court of Auditors*

Klaus-Heiner Lehne  
*President*



# Annexes

## Annex I – Policy documents with impact on SME internationalisation

Commission document	Subject
“Think Small First”. A “Small Business Act” – 2008, reviewed 2011	Overall EU policy on SMEs
Strategy for SME internationalisation: “Small Business, Big World”, COM(2011) 702 final	SME internationalisation strategy
“Trade for All – Towards a more responsible trade and investment policy”, COM(2015) 497 final	EU principles for trade with non-EU countries
“Europe's next leaders: the Startup and Scale-up Initiative”, (COM(2016) 733 final	Improving the ecosystem for start-ups to grow and internationalise
“An SME Strategy for a sustainable and digital Europe”, COM(2020) 103 final	Increasing SMEs’ use of sustainable business practices and digital technologies
“Identifying and addressing barriers to the Single Market”, COM(2020) 93 final	Tackling barriers to the single market
“Trade Policy Review – An Open, Sustainable and Assertive Trade Policy”, COM(2021) 66 final	Review of trade policy to take account of recent developments, free trade agreements and the impact of COVID-19

Source: ECA.

## Annex II – Main EU instruments supporting SME internationalisation

Category	EU instrument	Description	Indicative EU contribution 2014-2020 (in million euros)	Responsible DG / EU body
Overall support for SME internationalisation	Enterprise Europe Network (EEN)	The EEN is the main EU action providing direct and overall support for SME internationalisation. It plays a pivotal role in centralising information about all other support actions.	450	DG GROW EISMEA
	Startup Europe	Startup Europe is a key EU action that helps start-up SMEs to grow in European and international markets. It is a key part of the Start-up and Scale-up Initiative.	30	DG CONNECT
Funding programmes	SME Instrument / European Innovation Council (EIC)	The SMEI focuses on highly innovative SMEs with strong growth potential and a European or global growth-oriented strategy. It was the subject of ECA special report 2/2020. The business acceleration services of this programme should be aligned with other actions in support of SME internationalisation.	3 000	DG RTD EISMEA
	European Structural and Investment Funds (ESIF-ERDF)	ERDF is supports a wide range of actions in relation to SME competitiveness. The EU budget for the ERDF for 2014-2020 was of € 223 billion euro, of which the €40 billion euro for thematic objective 3 “Coordination of ERDF co-funded actions with other support actions” are the most relevant for SME internationalisation.	Thematic objective 3: 40 000	DG REGIO
	Eurostars (EUREKA)	Eurostars is a programme run jointly with members of the EUREKA network to support innovative R&D SMEs seeking to exploit the benefits of international collaboration. Coherence and coordination with other support actions, and the correcting targeting of SMEs, are relevant in the wider context of EU support for SME internationalisation.	287	DG RTD
Financial instruments	European Fund for Strategic Investments (EFSI), COSME, InnovFin	Access to finance is a key challenge facing SMEs seeking to internationalise. Through EFSI and COSME, the EU and the EIB Group have put in place an extensive range of financial instruments to provide financial support for SME activities, including internationalisation. Links with other EU instruments in support of SME internationalisation are key to the whole area. The EEN in particular should provide advisory support to SMEs on access to EU finance.	EFSI SME Window 5 500 COSME SMEs 1 400 Innovfin 2 600	EIB/EIF DG GROW DG RTD DG ECFIN

Type of action	EU action	Justification for the coherence and coordination analysis	Indicative budget (2014-2020)	Responsible DG / EU body
Geographical instruments	<b>EU-Japan Centre for Industrial Cooperation</b>	The EU-Japan Centre is a unique venture to facilitate access to the Japanese market for European enterprises and SMEs in particular. In coordination with other support initiatives, it is key for this important market.	19.6	DG GROW
	<b>EU SME Centre (China)</b>	Consortium of China-based multilateral and bilateral European business support structures (led by the British Chinese Business Association). The Centre provides a wide range of services to European SMEs seeking to do business in China. Coherence and sustainability, and coordination with other EU actions, are relevant in the wider context of EU support for SME internationalisation.	7	DG INTPA
	<b>ELAN network and ELAN BIZ (Latin America)</b>	The European and Latin American Business Services and Innovation Network (ELAN) initiative had two EU co-funded projects, ELAN components – Business Services (ELANbiz) and the Technology-based Business Network (ELAN network) Both projects provided information to European SMEs on doing business in specific Latin American markets (Argentina, Brazil, Chile, Colombia, Costa Rica, Mexico and Peru). The platform was connected to other European and Latin American business support facilities, whether located in Latin America or in the EU (e.g. EEN, business associations, TPOs). Coherence and sustainability, and coordination with other EU actions, are relevant in the wider context of EU support for SME internationalisation.	10	DG INTPA
	<b>ENRICH network (Brazil, China and USA)</b>	Promoted by the European Commission through Horizon 2020, the ENRICH network currently offers services to connect European research, technology and business organisations (including SMEs) with three global frontrunner innovation markets: Brazil, China and the US. The EU initiative aims to promote the business development of EU R&I projects in these three markets. Coherence and sustainability, and coordination with other EU actions, are relevant in the wider context of EU support for SME internationalisation.	9	DG RTD
	<b>ICI+ South East Asia</b>	ICI+ SEAs was promoted by the European Commission to promote external cooperation with industrialised countries focused on stimulating initiatives from, and interaction	15	DG INTPA

Type of action	EU action	Justification for the coherence and coordination analysis	Indicative budget (2014-2020)	Responsible DG / EU body
		between economic, social actors, private and public bodies in Cambodia, Indonesia, Laos, Malaysia, Myanmar, the Philippines and Vietnam.		
	<b>EU Gateway / Business Mission Avenues</b>	Set up under the Partnership Instrument to promote trade and business cooperation with southeast Asian countries by creating business links between EU SMEs and emerging markets in the region. The initiative promotes business missions and match-making events in Japan, Korea, Singapore, Malaysia, Vietnam, Thailand, Indonesia, the Philippines and China, aiming to strengthen the activity of EU SMEs in these countries. Coherence and coordination with other EU actions in the region are relevant in the wider context of EU support for SME internationalisation.	60	Service for Foreign Policy Instruments
<b>IT tools, databases, helpdesks</b>	<b>Access2Markets (formerly Market Access Database)</b>	The Access2Markets portal is the main tool developed by the Commission to provide key information about import procedures to companies exporting from the EU to non-EU countries. Usefulness, take-up by SMEs, and coordination with other programmes are all relevant in the wider context of support for SME internationalisation.	n/a	DG TRADE
	<b>European Cluster Collaboration Platform (ECCP)</b>	The ECCP is an online platform launched by the Commission to promote international cooperation within clusters of EU SMEs. Coherence and coordination with other programmes, in particular the EEN and Startup Europe, are relevant in the wider context of support for SME internationalisation.	n/a	DG GROW
	<b>Intellectual Property SME helpdesks</b>	The IPR helpdesks provide information and advice on intellectual property rights, including matters of internationalisation and technology transfer, to EU SMEs. The Commission has promoted specific IPR helpdesks for Europe, China, South East Asia, Latin America, India, and from 2021 also for Africa. Coordination with other support actions, in particular those for innovative internationally oriented SMEs, is key in the wider context of support for SME internationalisation.	7	DG GROW DG TRADE DG INTPA

Source: ECA, based on the Commission's "Overview of EU instruments for the internationalisation of European Businesses" (November 2020) and other Commission sources.

## Annex III – Survey methodology

The audit included two surveys: one of EEN members and one of trade promotion organisations (TPOs).

### Survey of EEN members

The survey OF EEN members focussed on the EEN's contribution to SME internationalisation and its coordination/cooperation with the main EU instruments in this field. It was addressed to 94 EEN coordinators and 436 EEN partners and the respective response rates were 83 % and 31 %.

Main survey questions
(1) How satisfied are you with:
(a) the support provided to you by EASME?
(b) the network's profile and visibility towards SMEs?
(c) the exchange of information concerning SME internationalisation in the EEN's sector & thematic groups?
(2) Which countries, if any, do you consider to be lacking sufficient Business Cooperation Centre (BCC) coverage?
(3) How satisfied are you with the services provided by the Business Cooperation Centres (BCCs)?
(4) How satisfied are you with the performance indicators used by Commission to measure EEN success?
(5) How satisfied are you that there is sufficient cooperation between the following EU programmes and instruments (a detailed list was included in the questionnaire) and the EEN?
(6) How satisfied are you with the national and regional cooperation with the EEN?
(7) Which activities, if any, do you think should be removed from the remit of your EEN consortium, or added to it, and why?

Possible answers for each questions were "Very satisfied", "Satisfied", "Unsatisfied", "Very unsatisfied", "No opinion / not applicable". In addition to the standard replies, the respondents could also include suggestions or make general remarks.

## Survey of trade promotion organisations

The TPO survey was sent to 32 European TPOs of which 13 (41 %) responded. The survey focussed on the main EU instruments for SME internationalisation and their complementarity with national instruments in this field.

Main survey questions
(1) How satisfied are you with:
(a) the Access2Markets portal (formerly Market Access Database)?
(b) the “ROSA” tool developed by the European Commission to help SMEs determine the rules of origin for their products in accordance with EU trade agreements?
(c) the following other actions undertaken by the European Commission to promote the benefits of trade agreements to SMEs: <ul style="list-style-type: none"> <li>• Commission websites, guidebooks and other material</li> <li>• Training provided to relevant stakeholders</li> <li>• Events, conferences and seminars, including those online</li> <li>• Direct support to national Trade Promotion Organisations, including technical support to national programmes</li> </ul>
(2) Which additional support, if any, should be provided by the Commission to increase SMEs' exploitation of Free Trade Agreements and Preferential Trade Agreements?
(3) How satisfied are you with the added value of the following EU instruments (detailed list included in questionnaire) over and above your national support structures for internationalisation?
(4) Which of the following EEN services in support of SME Internationalisation provide additional value over and above that offered by national structures? <ul style="list-style-type: none"> <li>• Information, advice and support activities on matters related to EU policies, legislation and programmes</li> <li>• Cross-border partnering activities for business cooperation, technology transfer and R&amp;I partnerships</li> <li>• Specific support to help SMEs benefit from the Single Market</li> <li>• Specific support to help SMEs in third markets through the EEN/EEN member organisations in third countries</li> <li>• Specific information on implementation of trade agreements for the benefit of SMEs</li> <li>• Information on EU grants available for SMEs, including internationalisation</li> <li>• Information on EU financial instruments in support of SMEs, including internationalisation</li> </ul>

Main survey questions	
(5)	How satisfied are with the integration of the EEN into the relevant national and regional support structures of your country?
(6)	How satisfied are you with the existing EU instruments for SME internationalisation being: <ul style="list-style-type: none"><li>• sufficiently known by national and regional TPOs?</li><li>• sufficiently known by European SMEs engaging in internationalisation?</li><li>• adequately promoted in the Member States?</li></ul>
(7)	Overall, how satisfied are you with the coordination carried out between the European Commission and Member States authorities to increase complementarity and avoid overlaps between EU and national instruments for SME internationalisation?

## Annex IV – Objectives of Startup Europe projects

Project name	Short description of objectives
MediaMotorEurope	Drive innovative technology solutions, including AI and machine learning, for media and creative industries to the market and potential clients.
Scale-up Champions	Scale up innovative businesses across the EU and help start-ups achieve market success by increasing connectedness among ecosystems and their companies, by increasing access to customers and employees and by stimulating European investments in deep tech digital sectors.
B-HUB FOR EUROPE	Discover high potential innovation start-ups in the blockchain deep tech vertical and scale them up by unlocking new market channels
STARTUP3	Support innovators all the way from product-market-fit to a healthy, sustainable business, offering them tailored business and technical support as well as access to capital and markets through a novel business and growth programme. As such, the project will directly support high potential deep tech innovators to achieve market success on a pan-European and international level.
Scaleup4Europe	Set up a structure to achieve cross-border growth through collaboration with corporate customers, investors and public institutions.
XEUROPE	Promote the growth and strengthening of relationships between developing start-up ecosystems in the Baltic and Visegrad regions, through the enhancement of deep-tech stakeholders and the delivery of skills, opportunities, promotion and capital.
MY-GATEWAY	MY-GATEWAY will tackle the following key issues: access to networks, access to finance, access to talents and capacity building.
Scale-EU2p	Scale-EUp2 is a market driven action which ambitions to identify a portfolio of a minimum 200 high potential start-ups through the 4 connected hubs and to help them scale-up and to become leaders in the emerging Internet of Things (IoT).
Access2Europe	Cut through the maze of information available online and bring the right people together to multiply the chances of the European start-ups to scale and grow turnover and retain qualified employees
Start-up Lighthouse	Reinforce ICT ecosystems for high growth tech start-ups by interconnecting and create new synergies between 4 Start-up hubs across Europe as well as the facilitation of financing and improving the liquidity for European investments in fast growing ICT start-ups and scale-ups, increasing their chances for a successful and transformational exit.
NordicAIP	Stimulate European investments in digital sectors and increase the mutual understanding between investors and ICT start-ups and scale-ups
SEP 2.0	Foster IPOs, facilitate business and strategic partnerships and increase international visibility for European scale-ups
Soft-Landing	This Project will connect smaller start-up ecosystems to the larger ones through building awareness and capacity for scaling via the organisation of discovery missions to start-up eco-systems.
EDFx	Promote long-term growth and job creation in Europe by significantly improving the conditions for innovation-driven, web-based entrepreneurship.
ePlus Ecosystem	Putting in motion a true pan-European web-entrepreneurship ecosystem by untapping on Europe's unique mass of + 50,000 researchers; Guide web-entrepreneurs into global business concepts through a European mentoring scheme Ensure access to capital either in early stage or crowdfunding form.
LIFE	The LIFE project is about collaborative learning from failure in entrepreneurship and collaborative actions to bring entrepreneurship forward.



Project name	Short description of objectives
STARTUP-SCALEUP	Build a European ecosystem around four consolidated entrepreneurial ecosystems, to provide services to entrepreneurs who want to launch and grow companies focused on the Internet of Things and Services (IoTS).
SEP	Aims at growing the web-entrepreneurship community by helping more digital start-ups to scale and grow by connecting them with investment, acquisition and procurement opportunities coming from large corporates in Europe.
MY-WAY	The active engagement of student networks, their alumni, student entrepreneurship centres and connecting them with business networks within the web entrepreneurship ecosystem and its activities, such as the development of the support services (training, mentoring, access to funding, regulation, policy, etc.).
DIGISTART	Bringing business accelerators closer to university students; Develop an optimal resource sharing model by business accelerators to share their resources especially in the area of Accelerator Programs, Mentors, Investors, Support Infrastructure, and Services
TWIST DIGITAL	TWIST project aims at connecting four existing local web entrepreneurship start-up ecosystems and hubs, providing new services for web entrepreneurs aiming at scaling up and competing in the global market.
WELCOME	To bring the best players of each local ecosystem into a Pan-European Ecosystem by providing them with the best support and services to efficiently launch and scale up their operations across EU, exposing them to new financing opportunities and linking web-entrepreneurs with key actors.

## Acronyms and abbreviations

BCC	Business cooperation centre
COSME	EU Programme for the Competitiveness of Enterprises and SMEs
DG CONNECT	Commission Directorate-General for Communications Networks
DG GROW	Commission Directorate-General for Internal Market, Industry, Entrepreneurship and SMEs
DG INTPA	Commission Directorate-General for International Partnerships
DG REGIO	Commission Directorate-General for Regional and Urban Policy
DG RTD	Commission Directorate-General for Research and Innovation
DG TRADE	Commission Directorate-General for Trade of the European Commission
EISMEA	European Innovation Council and SME Executive Agency
EEN	Enterprise Europe Network
EFSI	European Fund for Strategic Investments
EIAH	European Investment Advisory Hub
EIB	European Investment Bank
EIC	European Innovation Council
EIF	European Investment Fund
ELAN	European and Latin American Technology-based Business Network
ENRICH	European Network of Research and Innovation Centres and Hubs
ESIFs	European Structural and Investment Funds
ERDF	European Regional Development Fund
FTA	Free trade agreement
IPR	Intellectual Property Rights

KPI	Key performance indicator
ROSA	“Rules of origin” self-assessment tool
SBA	Small Business Act
SME	Small or medium-sized enterprise
TPO	Trade promotion organisation

# Glossary

**Access2Markets portal:** EU database for exporting companies, giving information about duties, taxes, product rules and other regulatory requirements for all EU countries over 135 other markets around the world.

**European Commission Better Regulation Guidelines:** Set of internal instructions for the Commission staff in order to deliver the objectives of ‘better regulation’ including comprehensive evaluations and impact assessments to ensure that legislation and spending programmes are efficient, effective, relevant and coherent, and that EU-level intervention is actually adding value.

**European Trade Promotion Organisations’ Association:** Is the European association of national and regional trade promotion organisations.

**Free Trade Agreements:** EU trade agreements with third countries that enable reciprocal market opening with developed countries and emerging economies by granting preferential access to markets.

**Horizon 2020 (H2020):** The EU’s research and innovation programme for the 2014-2020 period.

**Rules of origin:** Rules of origin are the criteria used to determine which country a product comes from. The application of preferential tariffs under a free trade agreement with a non-EU country depends on the certificate of origin of the goods concerned.

**Scale-up:** Small company which has made the transition from a start-up to the growth stage, defined as average annual growth over a three-year period of more than 20 %.

**SME:** A size definition applied to companies and other organisations, based on the number of staff employed and certain financial criteria. Small enterprises have fewer than 50 staff, and turnover or a balance sheet total not exceeding €10 million. medium-sized enterprises employ fewer than 250 staff, and have turnover up to €50 million or a balance sheet total up to €43 million.

**SME Instrument:** Financial instrument, managed by EASME under Horizon 2020, which provides SMEs with easy access to funds for research and innovation projects.

**Start-up:** New business venture, especially an SME or micro-enterprise requiring capital investment.

**Start-up ecosystem:** Shared pool of resources, generally located within a 100-kilometer radius around a central point, which is beneficial to local start-ups and includes policymakers, accelerators, incubators, co-working spaces, educational institutions and funding groups.

## Replies of the Commission

<https://www.eca.europa.eu/en/Pages/DocItem.aspx?did=61072>

## Timeline

<https://www.eca.europa.eu/en/Pages/DocItem.aspx?did=61072>

## Audit team

The ECA's special reports set out the results of its audits of EU policies and programmes, or of management-related topics from specific budgetary areas. The ECA selects and designs these audit tasks to be of maximum impact by considering the risks to performance or compliance, the level of income or spending involved, forthcoming developments and political and public interest.

This performance audit was carried out by Audit Chamber IV Regulation of markets and competitive economy, headed by ECA Member Mihails Kozlovs. The audit was led by ECA Member Ivana Maletić, supported by Sandra Diering, Head of Private Office, Tea Japunčić, Private Office Attaché and John Sweeney, Principal Manager.

Alvaro Garrido-Lestache Angulo was the Head of Task, and the audit team was composed of Wayne Codd, Christian Detry, Satu Levelä-Ylinen, Juan Antonio Vazquez and Wolfgang Schwender, Auditors. Thomas Everett provided linguistic support.



*From left to right:* Tea Japunčić, Satu Levelä-Ylinen, Christian Detry, Sandra Diering, Alvaro Garrido-Lestache Angulo, Wayne Codd, Ivana Maletić, Thomas Everett, Wolfgang Schwender, Juan Antonio Vazquez, John Sweeney.

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We assessed whether the EU policy for SME internationalisation is supported by a coherent and coordinated strategy and whether the Enterprise Europe Network and the Startup Europe initiative successfully contributed to the internationalisation of SMEs.

While the Commission has put in place many actions to support SME internationalisation, they lack sufficient coherence and coordination. The Enterprise Europe Network has met its targets, but needs more visibility and better coverage in third countries. Startup Europe only addresses the needs of the start-ups in the short term and lacks sufficient monitoring and coordination.

We recommend that the Commission increases awareness, coherence and sustainability of the actions, increases the visibility of the Enterprise Europe Network, its cooperation with similar programmes, its geographical coverage, and improves the monitoring and long-term effectiveness of Startup Europe.

ECA special report pursuant to Article 287(4), second subparagraph, TFEU.



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