



HORIZON 2020 for SMEs

An Overview

Jean-David Malo
Head of Unit "SMEs, Financial Instruments and
State Aid"

DG Research and Innovation

@

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SMEs - *driving force of economic growth and job creation in Europe:*

- *20.35 Million SMEs in the non-financial business economy (~99.8 % EU enterprises)*
- *85 % of new jobs in the private sector created by SMEs that provide 66.5% of employment in the private, non-financial sectors (more than 87M jobs total)*
- *SMEs account for close to 58% of the total gross-value added*



Barriers to Innovation & Growth

- *Inadequate Access to Finance (additionality of public support)*
- *Inadequate Access to Skills / Knowledge / innovation management capacity)*
- *Weakness in Networking and Cooperation with External Partners (Open Innovation)*
- *Lack of Internationalisation*

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Three priorities

S
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• *Excellent science (ES)*

• *Industrial Leadership (IL)*

• *Societal Challenges (SC)*



Horizon 2020 for SMEs

Integrated & Complimentary Support throughout the Innovation Cycle

20 %
budgetary
target in
LEITs &
SC*

Collaborative
Projects
13%

SME Instrument
7% ≈ €3 bn

**G
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**'Innovation
in SMEs' ****

Eurostars II
Enhancing Innovation
Capacity
Market-driven Innovation

GRANTS

**INNOVATION CAPACITY
BUILDING & VALUE
CHAIN DEVELOPMENT
SUPPORT**

**Access to Risk
Finance**

**FINANCIAL
INSTRUMENTS
(DEBT, EQUITY) +
ACCOMPANYING
MEASURES**

* = EUR 8.65 billion (in constant prices) of direct SME support, incl. approximately EUR 3 billion to be allocated to the SME Instrument over the period 2014-2020
** = EUR 616 million (in constant prices) in direct SME support via Eurostars II, and in indirect support via innovation and market capacity building activities

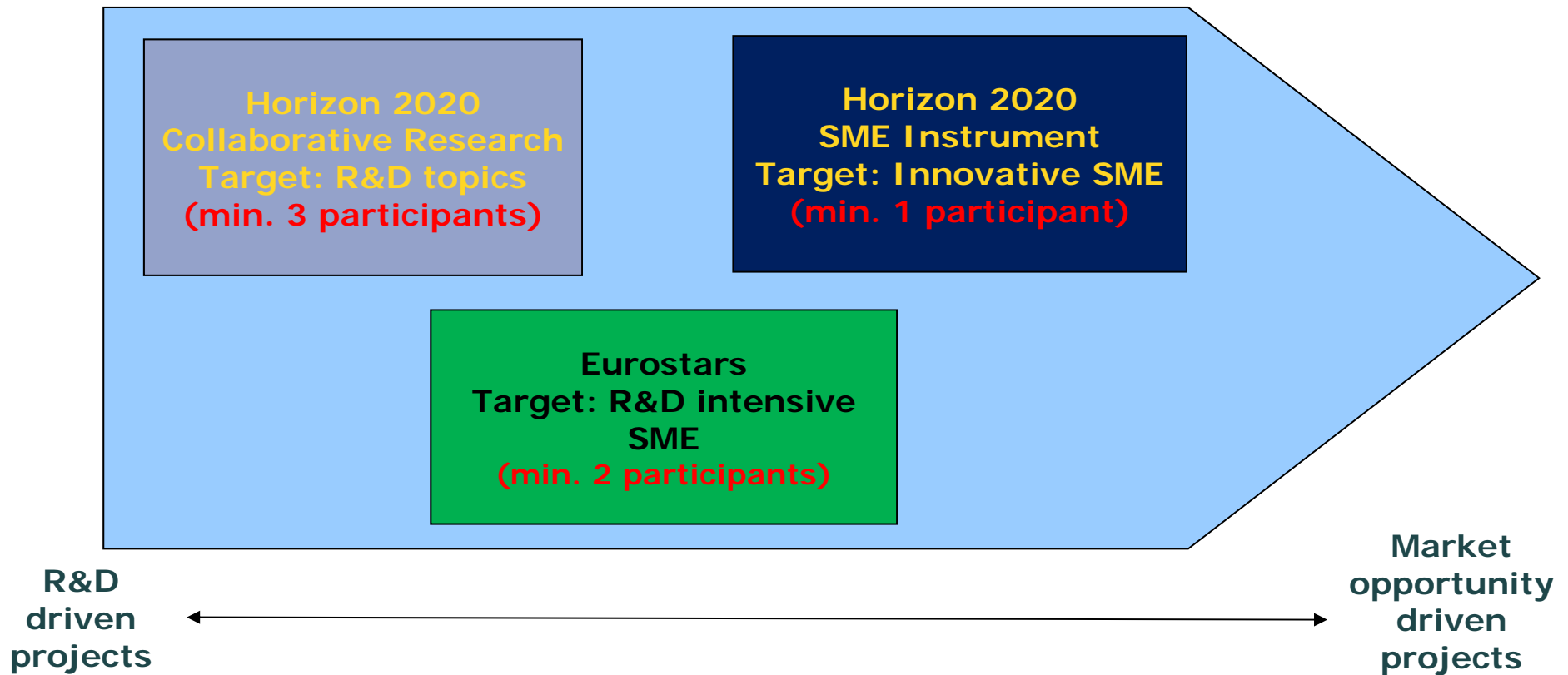


SME Project Grant Support

- *Collaborative projects*
- *SME instrument*
- *Eurostars II*



Positioning in the Innovation Cycle





Horizon 2020 Collaborative projects



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Collaborative projects for SMEs

- Implementation similar to Cooperation Programme under FP7. Intended to **facilitate collaborative research & innovation across Europe through transnational consortiums** that consist of a minimum of three different partners (legal entities) from three different EU member-states or countries associated to Horizon 2020.
- **Same reimbursement rate for all***: Up to 100% of eligible cost (limited to maximum of 70% for innovation actions), 25% flat-rate for indirect costs
- **Simplifying participation for SMEs:**
 - A unit cost system in the rules for SME owners and physical persons without a salary
 - Simplification regarding personnel costs like simplified provisions on productive hours and clear minimum rules on time-recording

* Exception for non-profit organisations



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SME Instrument



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SME Instrument – main features

- Continuously open call starting on 3 March 2014 with several cut-off dates per year
- Targeted at **all types of innovative SMEs** showing a **strong potential to develop, grow and internationalise**
- **Only SMEs** will be allowed to apply for funding and support
- **Single company support** possible
- Scheme divided into two grant phases + business coaching + accompanying 'go-to-market' measures*
- **70%** funding (exceptions possible)
- Roughly **EUR 3 billion** in grant support + business coaching + access to exclusive innovation support

* To be implemented in WP 2016-2017



SME Instrument – main features

- Applied in **all LEITs** and **all societal challenges**
- **13 broad topics** (2014) presented uniformly through the use of a dedicated template
- Two new topics in 2015:
 - *INSO 9 – Innovative mobile e-government applications by SMEs*
 - *INSO 10 – SME Business model innovation*
- Around **€516 M** allocated (€251 M in 2014; €265 M in 2015) corresponding to more than 5% of the LEIT/SC funding
- Voluntary coaching offered in Phase 1 and Phase 2



SME participation – *initial figures**

SME Instrument:

2014

- ✓ 5 cut-offs (3 in phase 1, and 2 in phase 2)
- ✓ **8181** proposals received **
 - ✓ 476 French SMEs (only coordinators)
- ✓ **822 companies funded**
 - ✓ **50 French SMEs** (only coordinators)
- ✓ **258.5M €** budget allocated
- ✓ Phase 1 success rate = 8.5% (**67.8%** of all proposals **above threshold funded**)
- ✓ Phase 2 success rate = 11% (**42.6%** of all proposals **above threshold funded**)

2015 (259.87M € to be allocated)

March cut-off date were as follows:

- ✓ **2175** proposals received
 - ✓ 118 French SMEs (only coordinators)
- ✓ **186 companies funded**
- ✓ **75.25M €** budget allocated
- ✓ Phase 1 success rate = 9.6% (**59%** of all proposals **above threshold to be funded**)
- ✓ Phase 2 success rate = 8.55% (**16%** of all proposals **above threshold to be funded**)

* Details extracted E-Corda; signed grant agreements, last update of 25/02/2015

** Over 90% in phase 1 and over 80% in phase 2 were single applicants



SME participation – *initial figures**

- **General SME participation under LEITs:**
 - 28.36% of SME participation
 - 22.80% of budget allocated to SME beneficiaries
- **General SME participation under Societal Challenges:**
 - 22.16% of SME participation
 - 15.82% of budget allocated to SME beneficiaries

* Details extracted E-Corda; signed grant agreements, last update of 25/02/2015



Eurostars II

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Eurostars II

A joint programme between EUREKA Member States (33 countries involved) and the European Union (art. 185)

THE GOAL AND THE TARGET GROUP:

*"The goal is to promote transnational **market-oriented** innovation of R&D performing SMEs.*

A specific action shall target research intensive SMEs in any sectors that show the capability to commercially exploit the project results."

THE IMPLEMENTATION:

"The action will be implemented by an Article 185 TFEU initiative building on the Eurostars Joint programme and reorienting it along the lines stated in its interim evaluation"

Key features

- **Expected Improvements of Eurostars 2:**

- ✓ *Quicker progress towards more scientific, management and financial integration, including a better synchronisation of funding.*
- ✓ *Shorter time to contract*
- ✓ *Respect of the Eurostars rules by all participating countries*
- ✓ *Increased Focus on SMEs with no previous international research experience*

(Eurostars I final evaluation by external group of experts – Ms Makarow group – released end 2014; communication from EC to Council/EP expected in 2nd half 2015)

- **Foreseen Funding (in COM proposal) 3 times higher than E*1:**

- ✓ *E*2 participating states (33 countries) = **861M€***
- ✓ *EU contribution = **up to 287M€** (1/3 to 1/2 of Eurostars countries' contribution)*
- ✓ *Total public budget increase from 400M€ in E*1 to almost **1.2 billion €***

- **Decision 553/2014 of 15 May 2014**



Access to Risk Finance for SMEs

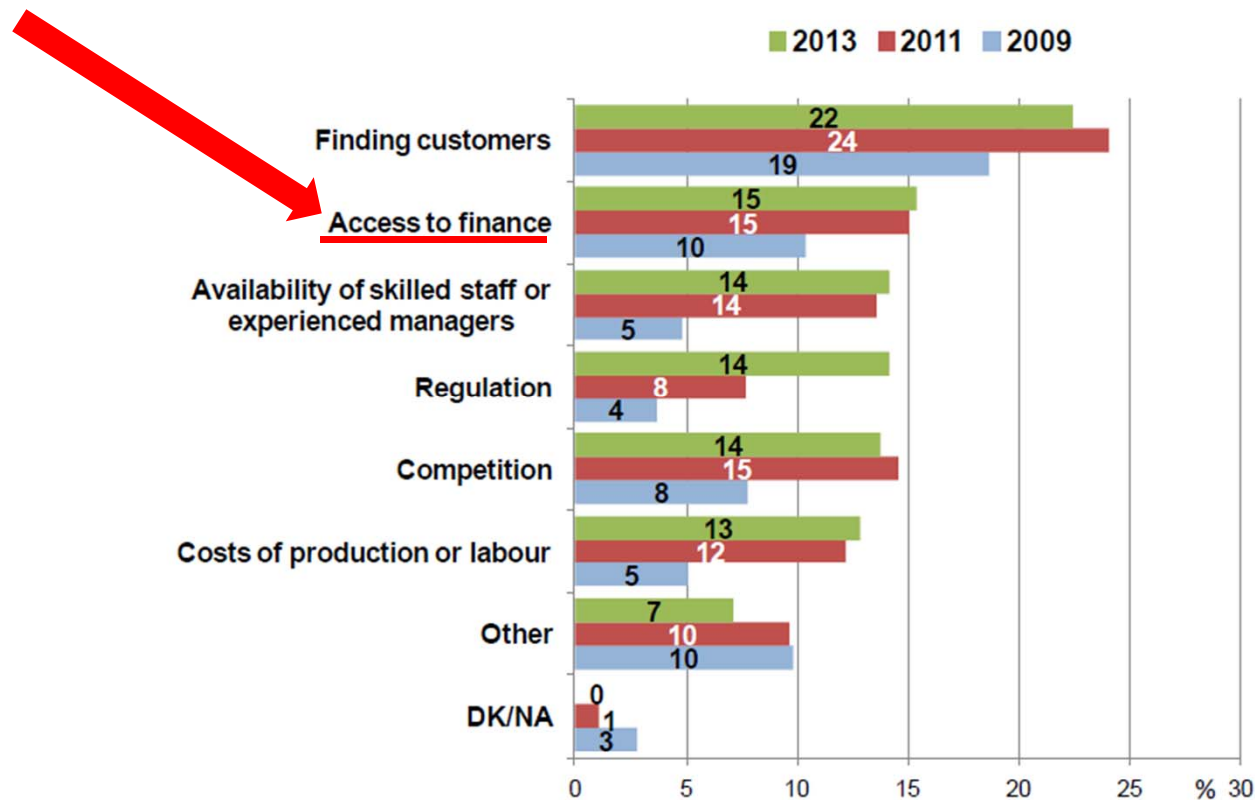


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Why Access to Risk Finance?



Barriers to Innovation & Growth for SMEs



Source: EC and ECB, SMEs' Access to Finance Survey 2013 Analytical Report (14 November 2013).

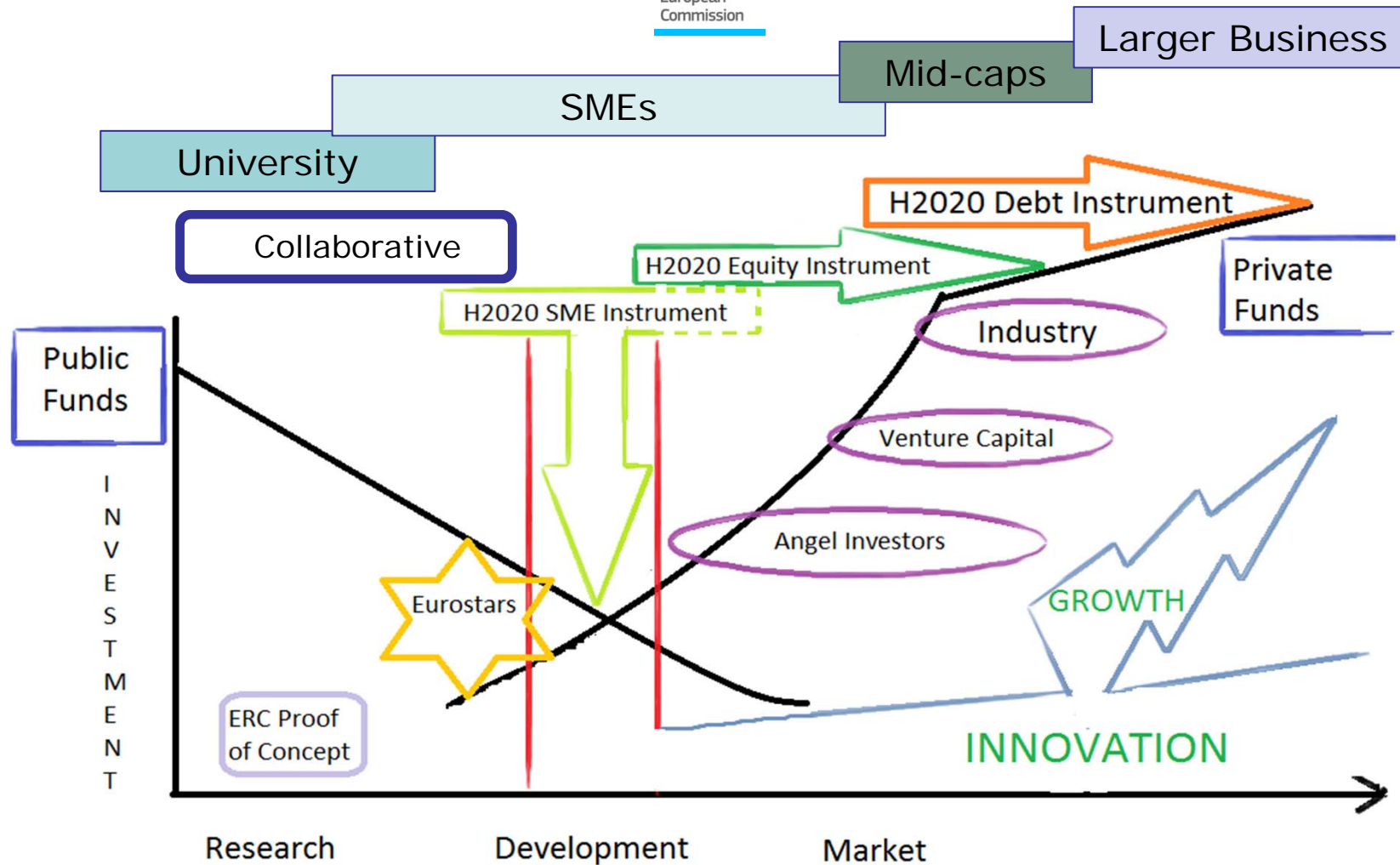


InnovFin product – main features

- **3.69%** of the Horizon 2020 budget; usually in the form of risk-sharing (loans and guarantees) and by providing risk finance (equity)
- Objectives: Facilitate access to finance for (1) RDI-driven/innovative SMEs & small midcaps and (2) ambitious RDI projects carried out by a variety of recipients (companies, stand-alone projects etc.) / Addressing financing gaps: Intervention only if there are financing gaps in the R&I delivery chain (e.g. due to high risk)
- **Around EUR 2.7 billion** in total (net of administrative costs) for market-driven financial instruments
- One Debt instrument; one Equity instrument; Accompanying measures
- **At least 1/3** of the budget to support **RDI-driven SMEs** and **small midcaps**

Horizon 2020 for SMEs

Overview



Horizon 2020 Intervention Logic



More details

- Horizon 2020
 - <http://ec.europa.eu/programmes/horizon2020/en/area/smes>
 - <http://ec.europa.eu/programmes/horizon2020/en/h2020-section/access-risk-finance>
 - <http://ec.europa.eu/programmes/horizon2020/en/h2020-section/innovation-smes>
- SME Techweb – http://ec.europa.eu/research/sme-techweb/index_en.cfm
- Financial Instruments
 - New InnovFin – *EU finance for innovators*
 - <http://ec.europa.eu/programmes/horizon2020/en/news/innovfin-%E2%80%93-eu-finance-innovators-new-financial-instruments-help-innovative-firms-access-finance>
- EU Access to Finance - www.europa.eu/youreurope/business/index_en.htm



Thank you!

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