



DLR Project Management Agency

Funding opportunities for SMEs under H2020

1. Euro-Mediterranean Brokerage Event on Research and Innovation

Cairo, Egypt

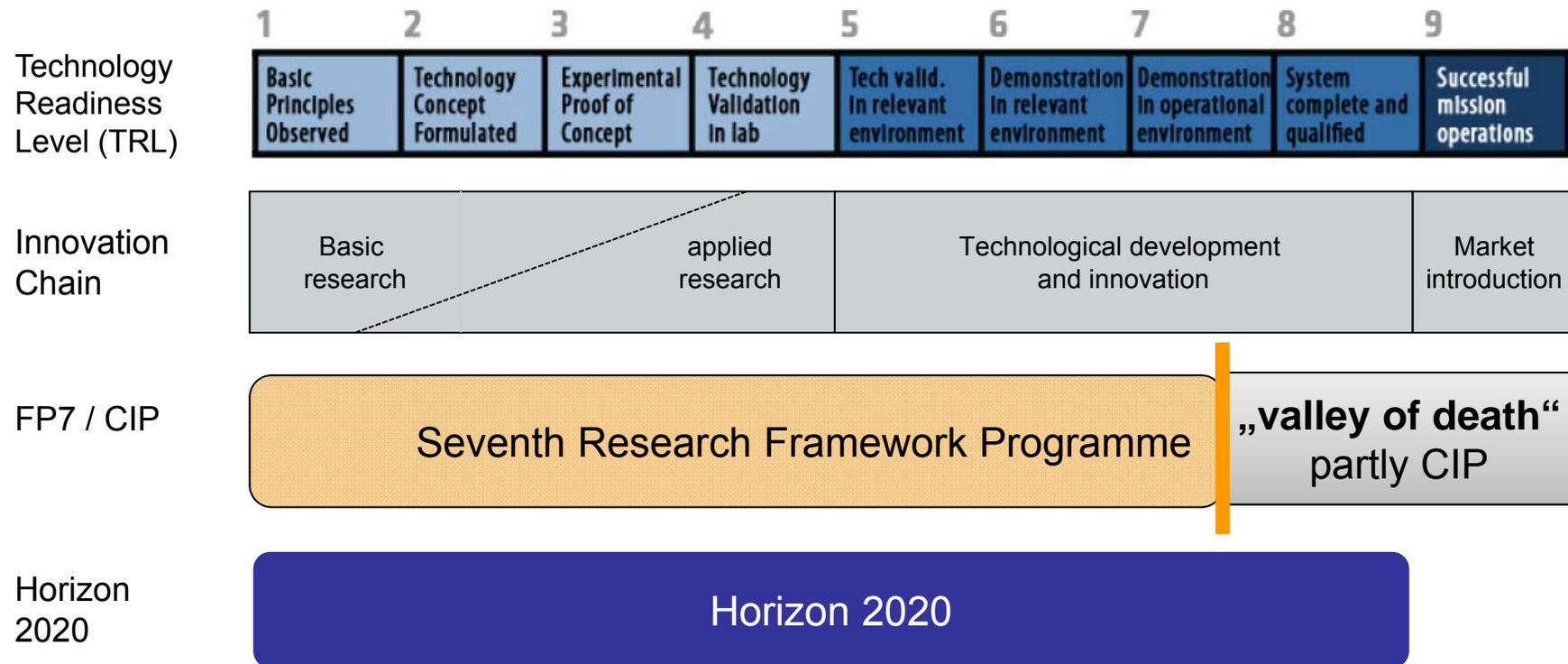
12-13 February 2014

Oliver Rohde

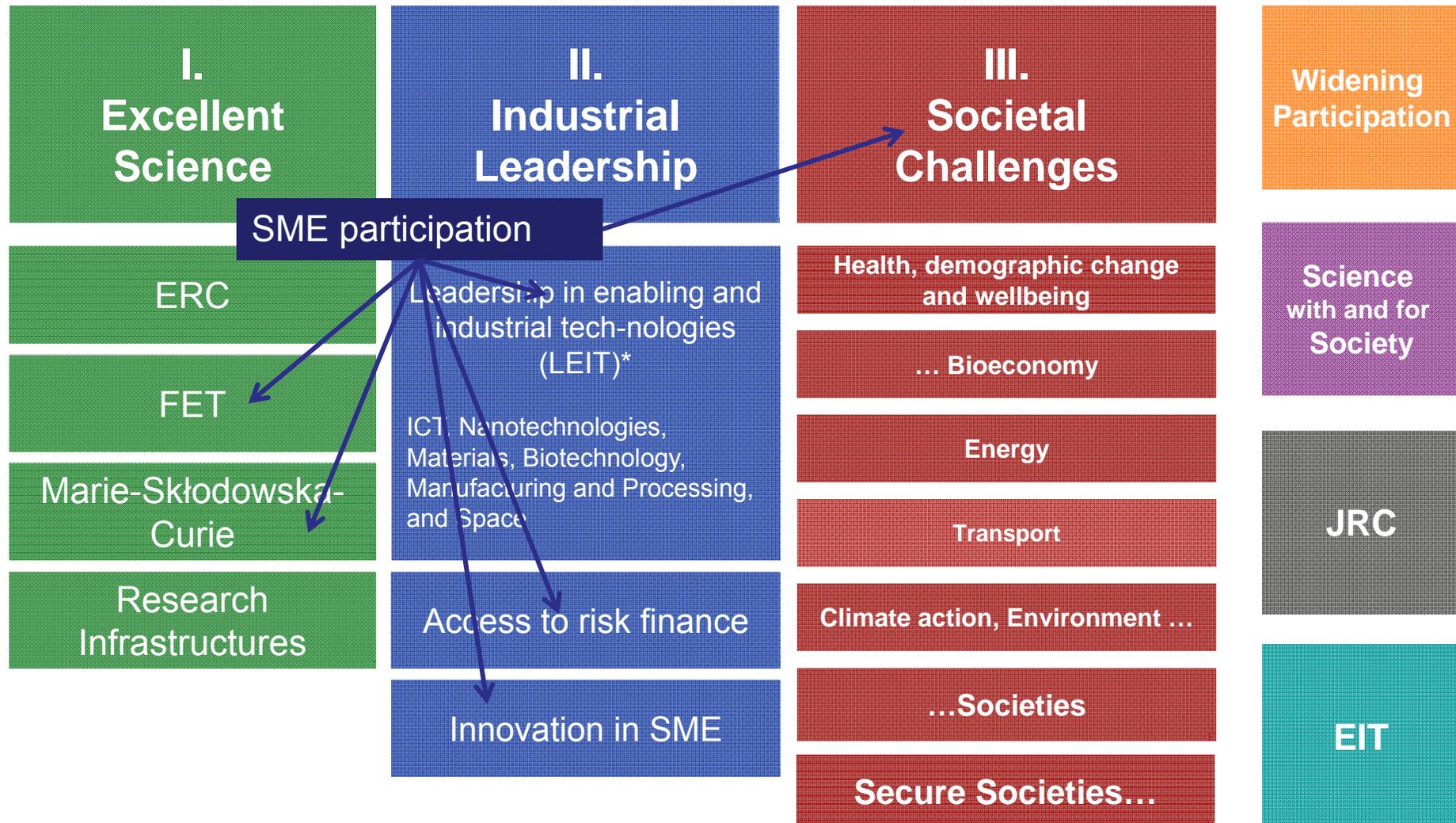
Horizon 2020 - The new Framework Programme for Research and Innovation

- **Combines the current funding programmes** for R&I:
 - 7th EU Framework Programme for Research
 - European Institute of Innovation and Technology (EIT)
 - Innovation parts of the Competitiveness and Innovation Framework Programme (CIP)
- Stronger **focus on innovation**: closing the gap between knowledge and market, stronger participation of SMEs
- Orientation on **Societal Challenges** and **socio-economic impact**
- **Simplification**
 - Single set of rules, simplified
 - Reduction of time-to-grant
 - Single IT Participant Portal and Front Office

Innovation in Horizon 2020



Programme Structure of Horizon 2020



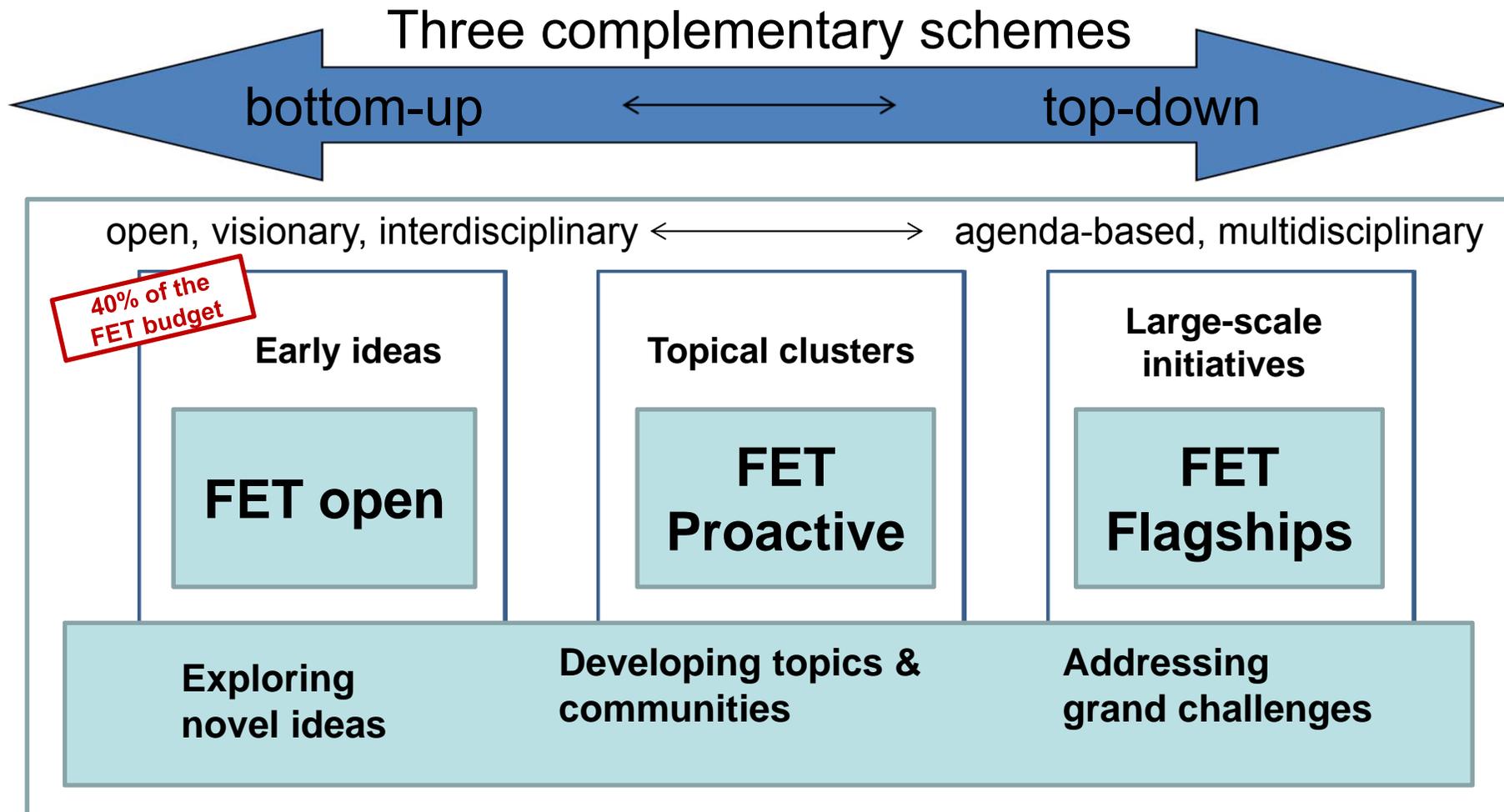
Overview: Support for SME

- R&D and innovation projects (commercialisation of R&D results)
- SME participation in collaborative projects: „Industrial Leadership“ and „Societal Challenges“
- Exchange and mobility of researchers with participation of SMEs (Marie Curie)
- Access to risk finance (equity / loans for R&D/ innovation)
- New SME instrument in Horizon 2020
- Eurostars for R&D-intensive SMEs (national administration)
- Strengthening innovation capacities of SMEs (Coaching + EEN)
- Link to procurement activities

Future and Emerging Technologies (FET)

- Foster scientific collaboration across disciplines on visionary, high-risk ideas – uncover radically **new technology areas**
- Science-driven and revolutionary research
- Interdisciplinary and **collaborative**
- Pathfinding Europe's technological future + bootstrapping new R&I eco-systems
- Complementary to activities in other parts of Horizon 2020 – exploiting **synergies**

FET – activities



Part II – Industrial Leadership

Leadership in enabling and industrial technologies (LEIT):

Research and innovation in areas of particular relevance for the competitiveness of the industry (ICT, Nanotechnology, Materials, Biotechnology, Manufacturing and Processing and Space)

Innovation in SME:

Dedicated support for SME in three different stages covering the whole innovation cycle (feasibility part, demonstration and testing, commercialisation phase)

Access to risk finance:

Debt facility and equity facility in order to leverage yet further private high-risk research and innovation (R&I) investments

SME Instrument

- SME instrument addresses the financing needs of internationally oriented SMEs, and particularly young entrepreneurs
- To implement high-risk and high-potential innovation ideas
- Aims at supporting projects with a **European dimension** that lead to **radical changes in how business (product, processes, services, marketing etc.) is done.**
- Aims to launch the company into new markets, promote growth, and create high return on investment.
- SME instrument addresses all types of innovative SME to promote growth champions in all sectors.

SME support

20% Objective
in Societal Challenges (SC) and LEITs

specific objective
„Innovation in SME“

- targeted at all types of innovative SMEs
- only SME able to apply for funding – single company support possible
- Support provided in three stages – no obligation to cover all three phases
- 7% budget from LEIT und SC to SMEs, 0,8% own budget contribution

Three phases modell

1. Feasibility part (proof of concept)

2. development, prototyping, testing,
piloting, market replication, research

3. Commercialisation phase

In addition: Eurostars 2

Access to risk finance

- Facilitate access to finance for innovative SMEs and projects carried out by a variety of participants
- Leverage effect: to attract additional finance and multiply H2020 resources
- Bridge from R&D to Innovation: effective and cost-efficient way to complement grant funding
- Around 2,7 billion euro in total
- Debt finance: loans & guarantees for investments in R&I
- Equity finance: early stage finance for innovative enterprises
 - pilot facility to bring R&D results to the market; technical and financial assistance (of EIB)

Part III – Societal Challenges

- 7 specific objectives which aim to contribute to solve important societal challenges of the Union
- **Policy driven**: reflect the political priorities and societal challenges of the Europe 2020 strategy
- **Critical mass** of knowledge and resources in order to deal with the societal challenges
- Largest budget share of 38,53% (about 26,5 billion EUR)
- **Interdisciplinary** approach and inclusion of cross-cutting issues (gender, sustainability, international cooperation...)
- Entire cycle from basic research to market uptake
- Stronger **output orientation**

Cross-cutting issues

Issues which

- are often mentioned in the work programme/topic
- should be taken into consideration in all parts of Horizon 2020

- Social sciences and humanities
- Science and society
- Gender
- **Small and medium-sized enterprises (SMEs)**
- Widening participation
- Sustainable development and climate change
- **Bridging from discovery to market application**
- International Cooperation

Requirements for participation

- three independent legal entities - each of these shall be established in a ***different*** Member State or associated country
- **Exceptions:**
 - European Research Council (ERC),
 - Marie-Skłodowska-Curie Actions
 - Coordination and support Actions
 - SME-Instrument, when the action has a clear European added value
 - Programme co-fund actions
 - In justified cases provided for in the work programme or work plan

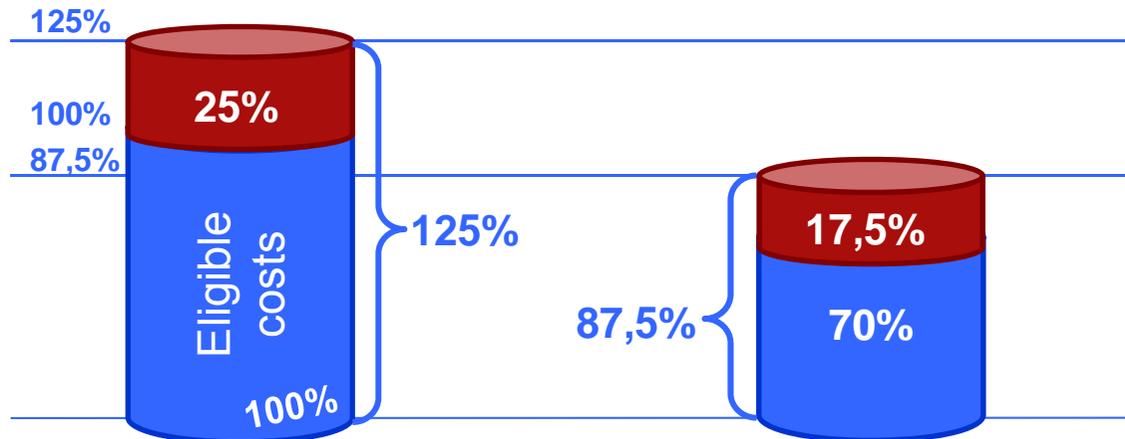
Rules for Participation

- Same **principles of the EU financial regulation** applicable as in FP7:
 - Transparency
 - Co-financing rule
 - No-profit principle
 - No double financing
- Reimbursement on the basis of **actual costs** as in FP7
- Only **one certificate on the financial statement (audit certificate)** at the end of the project if EU-contribution is equal to or higher than EUR 325.000
- **Verification of financial viability** only for coordinators if the requested funding from EU is equal or superior to EUR 500.000
- Exception: in cases of reasonable doubts the financial capacity of all other coordinators or participants
- Non-deductable VAT are eligible costs

Funding rates

- One funding rate per project
- RTD: **max. 100%** of the actual costs
- Close-to-market activities („innovation actions“):
 - max. 70% of the actual costs**
 - Exception:** non-profit legal entities **max. 100%**
- Indirect eligible costs: **flat rate of 25%** of the total direct eligible costs
- No reimbursement of actual indirect costs

Funding rates in Horizon 2020



research and innovation
actions, non-profit legal
entities

$$\begin{aligned}
 & (100\% \text{ direct eligible costs} \\
 & + 25\% \text{ overhead flat rate}) \\
 & \times 100\% \text{ funding rate} \\
 \hline
 & = \underline{125\%} \text{ EC-contribution}
 \end{aligned}$$

Close-to-market activities
(„innovation actions“):

$$\begin{aligned}
 & (100\% \text{ direct eligible costs} \\
 & + 25\% \text{ overhead flat rate}) \\
 & \times 70\% \text{ funding rate} \\
 \hline
 & = \underline{87,5\%} \text{ EC-contribution}
 \end{aligned}$$

Research and Innovation Actions

Funding
100% +25%

Target Group	Minimum Participation	Relevant Parts
All research actors	3 institutions from 3 countries (EU/AC)	LEIT, Societal Chall, FET

Top
down

Reimbursement: 100% of eligible costs with a 25% flat rate

- Generating new knowledge
- Basic and applied research
- Technology development
- Feasibility Studies
- Limited demonstration and pilot activities

Innovation actions

Funding
87,5-125%

Target group	Minimum Participation	Relevant Parts
All research actors	3 institutions from 3 countries (EU/AC)	LEIT, Societal Chall, FET

Top
down

Reimbursement: 70% of eligible costs with a 25% flat rate;

Exception for non-profit organisations with 100% of eligible costs with a 25% flat rate

- **Demonstration or pilot** – validate the technical/economic viability of a new/improved technology, product, process, service or solution
- **Market replication** – first application in the market of an innovation that has already been demonstrated but not yet deployed

ERANET Cofund

Funding
33%

Target Groups	Minimum Participation	Relevant Parts
Funding agencies, ministries	3 countries	LEIT, SC

bottom
up /
top
down

Cofunding of national funds; dedicated ERA-Net calls

Topics bottom-up, funding top-down

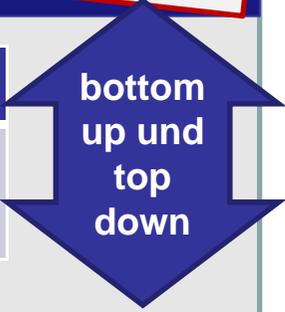
- 33% EC-cofunding of projects funded through joint calls (issued by national/regional research funding bodies)
- ERA-NET calls in work programmes targeted at „programme owners“
- Individual ERA-NETs calls accessible at

<http://netwatch.jrc.ec.europa.eu/web/ni/network-information/joint-calls>

Innovative Procurement

Funding
20-70%

Zielgruppe	Mindestteilnahme	Verortung
Public procurers	3 institutions from 2 countries (EU/AC)	LEIT, SC

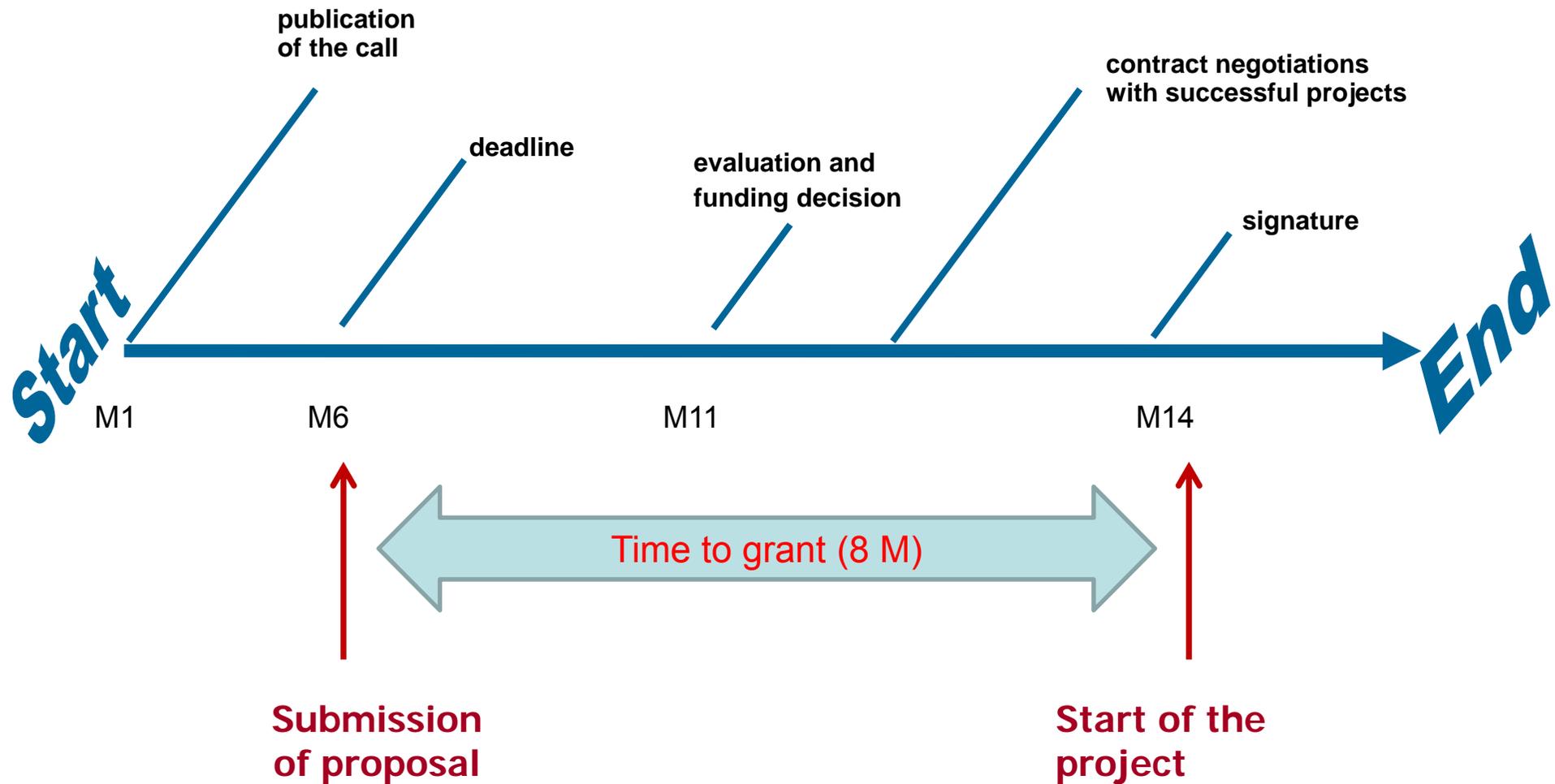


- Demand-driven innovation funding (bottom up and top down)
- also PCP/PPI Cofund via calls for tender
 - **Pre-commercial procurement** (PCP, 70% reimbursement)
 - Public sector as buyer of R&D services improving quality and efficiency of services of general interest
 - **Procurement of innovative solutions** (PPI, 20% reimbursement)
 - Incentive for public procurers to become first user of new and innovative solutions of general interest
- <https://www.innovation-procurement.org/>

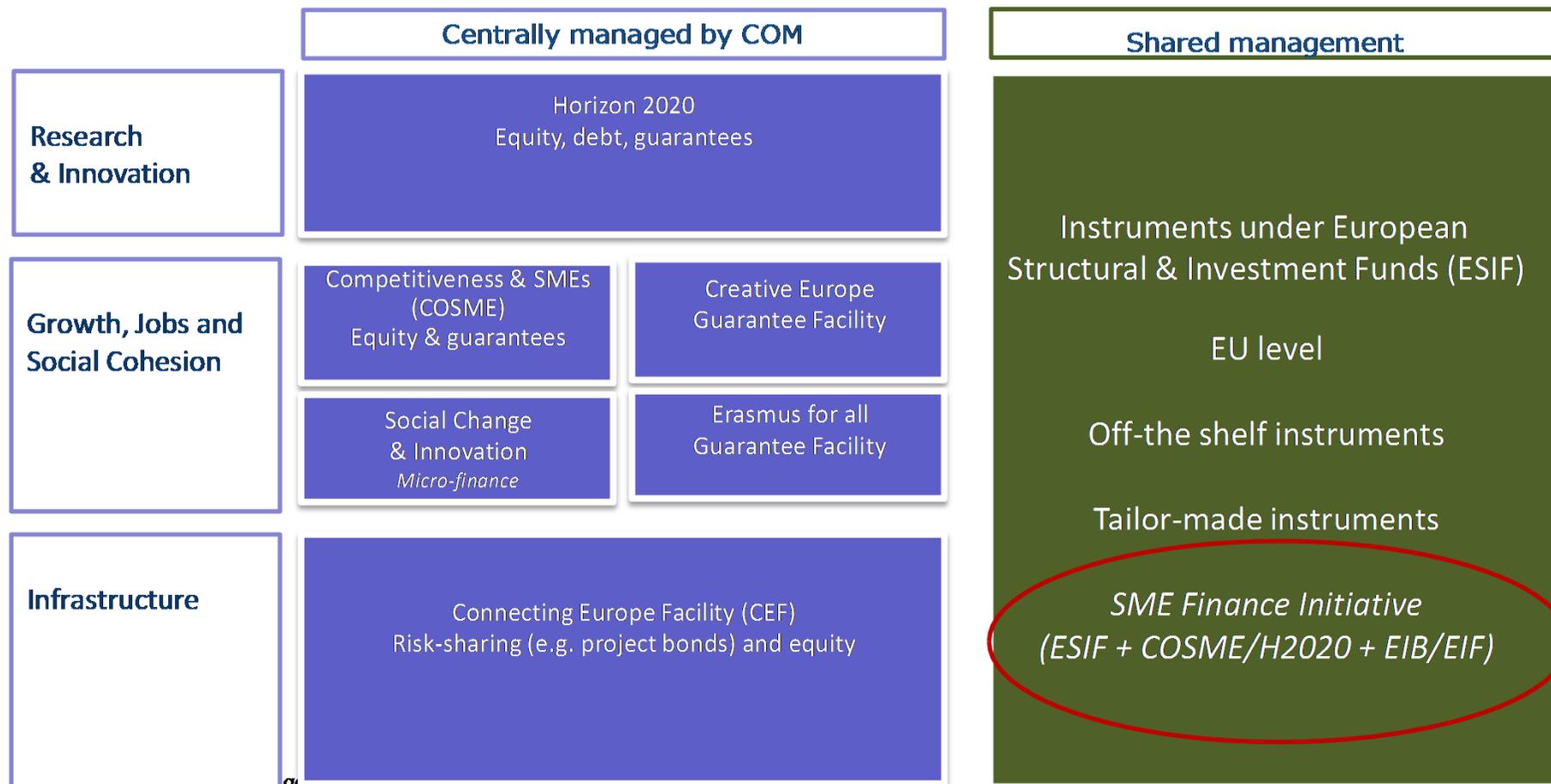
Fast Track to Innovation

- Support for a pilot action to bring promising developments to **market maturity**
- Based on similar national programmes (for example „SME innovative“ in Germany; similar programmes in SWE, FI)
- **Small:** innovation actions with 3-5 partners, max. 3 mln EUR
- **Fast:** Time-to-Grant not exceeding 6 months
- **Simple:** to be launched in 2015 – continuously open calls with three cut-off dates per year (similar to ERC and FET Open)
- **Open:** to any legal entity
- **Bottom-Up:** thematically open, broad focus (Priority II und III)
- **Impact** is given a higher weight in evaluations

Timeline: „Time to grant“



EU-Instruments



Thank you very much for your attention!

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