

Key Opportunities for SMEs under Horizon 2020



At an [information event](#) on the day of the opening of the SME Instrument call under [Horizon 2020](#), EU Commissioner for Research, Innovation and Science Máire Geoghegan-Quinn declared Horizon 2020 as 'open for business' – in more senses than one.

With nearly EUR 80 billion of funding available over the period 2014-2020¹, Horizon 2020 is the biggest EU research and innovation programme so far, and it promises to deliver many breakthroughs and success stories for SMEs. But what does this mean in practice? How exactly can SMEs best profit from H2020's opportunities and support?

Horizon 2020 is the only current EU funding programme in the field. 'Horizon 2020 brings all EU-level funding for research and innovation under one roof,' explains Ms Geoghegan-Quinn, speaking at the Brussels event.

Horizon 2020 offers a range of complimentary schemes, supporting SMEs at every stage of the innovation cycle. Through its integrated approach, Horizon 2020 enables the business impact of the investment provided to be maximised. For example, schemes that are SME-specific as opposed to those open to all enterprises (including SMEs), direct funding versus financial guarantees, schemes supporting particular types of products or services, or schemes for different stages of the production process (research, pilot schemes, commercialisation, etc.). The challenge for SMEs is therefore to assess their needs and requirements in order to call upon the right type of support.

Schemes providing Direct Funding

Several schemes provide direct funding for SMEs. Most of this funding is linked to the Horizon 2020 specific objectives [Leadership in Enabling and Industrial Technologies \(LEITs\)](#) and the priority [Societal Challenges](#). LEITs cover the domains of information and communication technology (ICT), nanotechnologies, materials, biotechnology, manufacturing and space, whereas Societal Challenges includes measures to address issues like health, food security, clean energy, transport or climate action.

One route to direct funding in the domains of LEITs or Societal Challenges is for collaborative research and innovation projects, which in terms of their management are very similar to the Framework Programme 7 (FP7) specific programme on [Cooperation](#). They aim to facilitate transnational consortiums that consist of a minimum of three different partners from three different EU Member States or countries associated to Horizon 2020. Although this funding is open to all sizes of enterprise, the EU Council and Parliament have agreed that a minimum of 20% of the total budget for these parts of Horizon 2020 should go to SMEs.

Another route to direct funding in the domains of LEITs or Societal Challenges is the [SME Instrument](#), which was [featured in the previous issue of SME Update](#). This scheme will provide roughly EUR 3 billion to be granted exclusively to SMEs, and aims to fill gaps in funding for high-risk – but also high-potential – innovation activities. It targets highly innovative SMEs showing a strong ambition to develop, grow and internationalise, regardless of whether they are high-tech and research-driven or non-research conducting, social or service companies.

The [Eurostars Joint Programme Initiative \(2014-2020\)](#) is another direct funding scheme which has also been [presented in a recent issue of SME Update](#). It supports research-performing SMEs that gain competitive advantage through the development of innovative products, processes and services. It achieves this by funding innovation projects, and then rapidly commercialising the products. Since it is a transnational programme, the projects have partners from two or more Eurostars countries, providing SMEs with better access to new markets. The Eurostars programme has a planned total budget of over EUR 1.1 billion, and is publicly financed and supported by 34 [EUREKA](#) countries and the European Union.

Other Support Schemes

Horizon 2020 will also make greater use of financial instruments to attract yet more investment, both public and private, into research, development and innovation. From a total budget of EUR 2.84 billion covering debt and equity financial instruments and accompanying measures, a considerable part will be absorbed by SMEs and small mid-caps.

Following the signature of an agreement delegating the implementation of the access to risk finance facilities to the [European Investment Bank \(EIB\)](#) group (see the [article](#) on the Greek presidency conference), the latter will start negotiating partnership agreements with financial institutions in Member States and Associated Countries to effectively channel loans supported by Horizon 2020 to innovative SMEs.

Apart from debt financing, the programme will support equity investments, including by business angels and venture capitalists, into innovative firms at the early stage of development, and will pilot a scheme to co-invest with technology transfer funds and offices, in cooperation with the [European Investment Fund \(EIF\)](#).

In addition, there is the EU programme for the [Competitiveness of Enterprises and SMEs \(COSME\)](#), which will run from 2014 to 2020. COSME provides SMEs with in the domains of access to finance (growth), access to markets, entrepreneur support and establishing more favourable conditions for business creation and expansion. It is supported by a budget of EUR 2.3 billion.

Finally, there are two other schemes worthy of mention. Fast Track to Innovation (FTI) is a full-scale pilot to test an instrument aiming to speed up the time from idea to market and to boost the participation of industry, SMEs and first-time applicants. From 2015, it is expected that 100 proposals be funded under the new pilot action, worth about EUR 200 million. There is also the revamped [Marie Skłodowska-Curie action](#), which supports the career development and training of scientific researchers through worldwide and cross-sector mobility.

With the availability of these options, Horizon 2020 aims to provide the best possible support to SMEs. As Commissioner Geoghegan-Quinn said at the Brussels event, 'SMEs are the

backbone and the lifeblood of our economy. They deserve no less than the very best tools to help make them bigger and more innovative.'

Other Useful Links

- [Horizon 2020: SMEs](#)
- [Horizon 2020: How to get Funding](#)
- [Research and Innovation: Participant Portal](#)

¹ The figure of EUR 80 billion is based on the premise that prices will be inflated by an average of 2% annually. For additional details, please consult [http://europa.eu/rapid/press-release MEMO-13-1085 en.htm](http://europa.eu/rapid/press-release_MEMO-13-1085_en.htm).