An Overview

HORIZON 2020 for SMEs
An Overview

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Head of Unit "SMEs, Financial Instruments and State Aid"
DG Research and Innovation
@ "Horizon 2020 Kick-Off Event", March 11, Thessaloniki, Greece
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*
Towards Horizon 2020: political foundations

**Innovation Union, in particular Commitment n°7**

Ensure stronger involvement of SME in future EU R&I programmes

* European Council 4 February 2011

Commission is invited to explore the feasibility of a Small Business Innovation Research Scheme
Supporting SMEs throughout the innovation cycle...

... to stimulate growth by means of increasing the levels of innovation in SMEs, covering their different innovation needs in each phase of the cycle, for all types of innovation, thereby creating more fast-growing, internationally active SMEs.

All types of innovation

More impact!!
Integrated Approach to SME Support

20% budgetary target in LEITs & SC*

Collaborative projects 13%
SME instrument 7%

Eurostars II Enhancing Innovation Capacity
Market-driven Innovation

Access to Risk Finance

‘Innovation in SMEs’

*= EUR 8.65 billion (in current prices) of direct SME support, incl. approximately EUR 3 billion to be allocated to the SME Instrument over the period 2014-2020
<table>
<thead>
<tr>
<th>Leadership in enabling and industrial technologies (LEITs)</th>
<th>13 557</th>
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* In current prices
### Overall proposed funding in M €

<table>
<thead>
<tr>
<th>Societal Challenges</th>
<th>Funding in M €</th>
</tr>
</thead>
<tbody>
<tr>
<td>Health, demographic change and wellbeing</td>
<td>7 472</td>
</tr>
<tr>
<td>Food security, sustainable agriculture and forestry, marine and maritime and inland water research and the Bio-economy</td>
<td>3 851</td>
</tr>
<tr>
<td>Secure, clean and efficient energy **</td>
<td>5 931</td>
</tr>
<tr>
<td>Smart, green and integrated transport</td>
<td>6 339</td>
</tr>
<tr>
<td>Climate action, environment, resource efficiency and raw materials</td>
<td>3 081</td>
</tr>
<tr>
<td>Inclusive, innovative and reflective societies</td>
<td>1 310</td>
</tr>
<tr>
<td>Secure societies</td>
<td>1 695</td>
</tr>
<tr>
<td>Science with and for society</td>
<td>462</td>
</tr>
<tr>
<td>Spreading excellence and widening participation</td>
<td>816</td>
</tr>
</tbody>
</table>

* In current prices

** Additional funding for nuclear safety and security from the Euratom Treaty activities (2014-2018)
SME Support
what continues and improves

- SME participation in *collaborative* R&D or innovation projects
- **Eurostars (II)**
- Enhancing the *innovation capacity* of SMEs (Europe INNOVA former CIP-EIP)
- Exchange and *mobility* of researchers involving SMEs (Marie Sklodowska-Curie actions)
- Access to *finance, but wider scope!*

what stops

- Research for the benefit of SMEs scheme
SME support – what is new

- **Integrated approach** to SME support (Article 22 of Framework Regulation)

- "**Minimum of 20%" budgetary target** for the specific objectives 'Leadership in enabling and industrial technologies' and societal challenges (Article 18 of Framework Regulation) – around 8.65 billion €

- **SME instrument** accompanied by coaching with a minimum of **7% budget allocation** from LEITs and societal challenges – at least 3 billion €

- More monitoring and performance assessment
SMEs in Collaborative Projects
Collaborative projects for SMEs

- Continuation of the Cooperation Programme under FP7. Intended to facilitate collaborative research across Europe through transnational consortiums of industry, that consist of 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
Horizon 2020 is different

- A strong challenge-based approach, allowing applicants to have considerable freedom to come up with innovative solutions
- Emphasis on innovation, with continuing support for R&D
- Less prescriptive topics, strong emphasis on expected impact
- A strategic approach, with two-year work programmes
- Focus areas bring together different technologies, along entire innovation chain
- Cross-cutting issues mainstreamed (e.g. social sciences, gender, international cooperation)
Ambitious Targets

- **13% of the total combined budget** for all *societal challenges* and the enabling and industrial technologies (*LEITs*) – or at least EUR 5.5 billion* – should be directly invested into collaborative research and innovation activities conducted by SMEs.

- The major initiatives that favor the involvement of SMEs include selection of SME-relevant topics, SME dedicated Calls, a budget earmarked for SMEs within specific Calls, and coordination and support actions. SME participation is expected not to be uniform across the different priorities of *Horizon 2020*, but **the ambition is clearly to enhance SME participation across the board**.

  - **An example**: *Future and Emerging Technologies (FET) Open (Excellent Science-pillar)*: fosters collaboration across disciplines on **radically new, high-risk ideas and accelerates development of the most promising emerging areas of science and technology**; recognises and stimulates the driving role of new high-potential actors in research and innovation, such as women, young researchers and **high-tech SMEs**, is also important for nurturing the scientific and industrial leaders of the future. No thematic restrictions. Call budget for 2014-2015: EUR 154 million.

* In current prices
Innovation in SMEs

Eurostars

Building Innovation Capacity & Value Chains

The SME Instrument
# Industrial Leadership

**Overall proposed funding in M €**

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Innovation in SME 2014/15 - type of activity - total €140.0

- 48% Eurostars
- 66% Direct project support for SME (EUREKA / Cluster)
- 21% Service directly for SME (EEN, IPR helpdesk)
- 18% Cluster facilitated projects
- 9% Better service designs (concrete projects for tools)
- 4% Analytical + learning activities
- 0% Other

Work Programme 2014/2015
The Basics

**WHAT IS IT?**
A joint programme initiative between EUREKA Member States (at present 33 countries involved) and the European Union (= a Public-Public Partnership)

**GOAL AND 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."

**IMPLEMENTATION:**
"The action will be implemented by an Article 185 TFEU initiative building on the Eurostars Joint programme (2008-2014) and reorienting it along the lines stated in its interim evaluation"
Looking Forward...

**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

**Foreseen Funding (in COM proposal) considerably higher than E*1:**
- E*2 participating states (33 countries) = 856 M€*
- EU contribution = max. 287M€

  Possible public budget increase from 400M€ in E*1 to almost 1.2 billion € in E*2

**Status of decision-making process**
- Expected adoption by Council and EP: April 2014
- First call in 2014

* Earmarked budget, status of 21/1/2014

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*Not legally binding*
Positioning in the Innovation Cycle...

- **Horizon 2020 Collaborative Research**
  - Target: R&D topics
  - (min. 3 participants)

- **Eurostars**
  - Target: R&D intensive SME
  - (min. 2 participants)

- **Horizon 2020 SME Instrument**
  - Target: Innovation in SME
  - (min. 1 participant)

**R&D driven projects** ↔ **Market opportunity driven projects**
Objectives

- Enhancing the innovation capacity of SMEs (policy learning)
- Supporting market driven innovation (cluster /value chain creation and development)

Principles

- Support the implementation of the SME-instrument (for instance via Enterprise Europe Network)
- Recognize better 'non-technological drivers' of innovation
- Continue to develop and test better innovation support services and related tools
- Capitalizing "Innovation Ecosystems" such as clusters and other business networks for innovation of value chains
- Typically the actions do not address SMEs directly – but 'support providers'
SME support in Horizon 2020
The SME Instrument
Funding Gap (range: 1-3 M€)
SME instrument

IDEA  business coaching and complimentary services  MARKET

- Concept & Feasibility Assessment
- Demonstration Market Replication Research Development
- Commercialisation
  - Procurement
  - SME window EU financial facilities
<table>
<thead>
<tr>
<th>Phase 1: Concept and feasibility assessment</th>
<th>Phase 2: R&amp;D, demonstration, market replication</th>
<th>Phase 3: Commercialisation</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Input:</strong> Idea/Concept: &quot;Business Plan 1&quot; (10 pages)</td>
<td><strong>Input:</strong> &quot;Business plan 2&quot; plus description of activities under Phase 2 (30 pages)</td>
<td><strong>Promote instrument as quality label for successful projects</strong></td>
</tr>
<tr>
<td>10% budget</td>
<td>88% budget</td>
<td><strong>Facilitate access to private finance</strong></td>
</tr>
<tr>
<td><strong>Activities:</strong> Feasibility of concept</td>
<td><strong>Activities:</strong> Development, prototyping, testing, piloting, miniaturisation, scaling-up, market replication, research</td>
<td><strong>Support via networking, training, information, addressing i.a. IP management, knowledge sharing, dissemination</strong></td>
</tr>
<tr>
<td>Risk assessment</td>
<td></td>
<td><strong>SME window in the EU financial facilities (debt facility and equity facility)</strong></td>
</tr>
<tr>
<td>IP regime</td>
<td></td>
<td><strong>Possible connection to Procurement</strong></td>
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<tr>
<td>Partner search</td>
<td></td>
<td><strong>No direct funding</strong></td>
</tr>
<tr>
<td>Design study</td>
<td></td>
<td><strong>Phase 3+coaching → 2% budget</strong></td>
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<tr>
<td>Pilot application etc.</td>
<td></td>
<td></td>
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<tr>
<td><strong>Output:</strong> elaborated &quot;Business plan 2&quot;</td>
<td><strong>Output:</strong> &quot;investor-ready Business plan 3&quot;</td>
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</tr>
<tr>
<td>Lump sum: 50.000 €</td>
<td>0.5-2.5 M€ EC funding</td>
<td></td>
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<tr>
<td>~ 6 months</td>
<td>~ 12 to 24 months</td>
<td></td>
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</table>
• Targeted at all types of innovative SMEs showing a strong ambition to develop, grow and internationalise

• Only SMEs will be allowed to apply for funding and support

• Single company support possible

• No obligation for applicants to sequentially cover all three phases; each phase open to all SMEs

• 70% funding (exceptions possible)
• Implemented centrally by one agency (EASME)
• Bottom-up approach within the frame of the societal challenges and enabling technologies → each SC & LEIT defines a broad topic
• Continuously open call with 4 cut-off dates per year:

<table>
<thead>
<tr>
<th>Phase 1</th>
<th>Phase 2</th>
<th>Phase 1</th>
<th>Phase 2</th>
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</thead>
<tbody>
<tr>
<td>18/06/2014</td>
<td>09/10/2014</td>
<td>[18/03/2015</td>
<td>[18/03/2015</td>
</tr>
<tr>
<td>24/09/2014</td>
<td>17/12/2014</td>
<td>17/06/2015</td>
<td>17/06/2015</td>
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<tr>
<td>17/12/2014</td>
<td></td>
<td>17/09/2015</td>
<td>17/09/2015</td>
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<tr>
<td></td>
<td></td>
<td>16/12/2015]</td>
<td>16/12/2015]</td>
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## Implementation

### Topics the WP 2014/2015

<table>
<thead>
<tr>
<th>LEIT ICT</th>
<th>Open Disruptive Innovation (2014: 45 M€ / 2015: 45 M€)</th>
</tr>
</thead>
<tbody>
<tr>
<td>LEIT NMP</td>
<td>Accelerating the uptake of nanotechnologies, advanced materials or advanced manufacturing and processing technologies by SMEs (21.8 M€ /23.8 M€)</td>
</tr>
<tr>
<td>LEIT Biotech</td>
<td>SME boosting biotechnology-based industrial processes driving competitiveness and sustainability (3.8 M€ /2.4 M€)</td>
</tr>
<tr>
<td>LEIT Space</td>
<td>SME Instrument (8.5 M€ /8.75 M€)</td>
</tr>
<tr>
<td>SC1 Health</td>
<td>Clinical research for the validation of biomarkers and/or diagnostic medical devices (66.1 M€ / 45M€)</td>
</tr>
<tr>
<td>SC2 Bio-economy</td>
<td>Resource-efficient eco-innovative food production and processing (9 M€ /17 M€) &amp; Supporting SMEs efforts for the development - deployment and market replication of innovative solutions for blue growth (3/5 M€)</td>
</tr>
<tr>
<td>SC3 Energy</td>
<td>Stimulating the innovation potential of SMEs for a low carbon and efficient energy system (33.95 M€ /37.26 M€)</td>
</tr>
<tr>
<td>SC4 Transport</td>
<td>Small business innovation research for Transport (35.87 M€ /38.96 M€)</td>
</tr>
<tr>
<td>SC5 Climate</td>
<td>Boosting the potential of small businesses for eco-innovation and a sustainable supply of raw materials (17 M€ /19 M€)</td>
</tr>
<tr>
<td>SC7 Security</td>
<td>Protection of urban soft targets and urban critical infrastructures (7 M€ /7.4 M€)</td>
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</table>
Eligibility conditions:
- One for-profit SME or a consortium of for-profit SMEs
- Established in EU Member States or associated countries
- No concurrent submission or implementation with another Phase 1 or Phase 2 project

Planned time-to-grant: 
3 months (Phase1) – 6 months (Phase2)

Funding over 7 years:
- ca. 5,200 Phase 1 projects (fixed lump sum of 50K€)
- ca. 1,700 Phase 2 projects with an average size of 1.5 M€
  (or 2550 of an average size of 1 M€; 1250 of an average size of 2 M€)
Profile and competences of evaluators are highly important.

Commercialisation potential and economic impact

There has to be a market

Excellence in innovation

Company's potential to achieve the envisaged results

Technical solution possible and better than existing ones

Company's growth potential

Plus: EU added value
Coaching and EEN support

**EEN Initial Assessment**

- Regional
- HR
- ...

**SME Instrument**

**Facilitation and Moderation**

**Coaching (not part of EEN)**

- Support for Application
- Support for EU project Management
- Support for Access to Finance
Coaching in practice

• Voluntary coaching offered in Phase 1 and Phase 2:
  ✔ Phase 1 – 3 coaching days
  ✔ Phase 2 – 12 coaching days
• Coaches will drive the performance of the organization by working with the senior management team
• Coach suggestion provided by the EEN, but final selection by the SME
• Coach and SME to decide a coaching plan in Phase 1. A summary of coaching foreseen for Phase 2 will form part of application to Phase 2
• Coaching paid in addition to Phase 1 and Phase 2 contribution
Access to Risk Finance for SMEs
Why EU intervention is needed

- Continued market failures and deficiencies in debt and equity markets supporting R&I and growth
- Need to encourage more private investment in growth and R&I and to complement national and regional “access to finance” schemes for SMEs
- Answering to banks/investors increasingly risk-averse behaviour in a context of reinforced prudential rules (Basel III, Solvency II) and difficult economic/financial times
- Significant gap in the market between the demand and the supply of loans and guarantees for enterprises’ growth and R&I
- Enduring difficulties for SMEs in accessing start-up / growth finance
- Equity finance scarce for early / growth-stage investments; VC fund sizes sub-critical; need to build an integrated European VC market

What do they entail?

- Part of the EU means for over a decade to support real economy
- Efficient way of implementing the EU budget as they have leverage / multiplier affects
- Cover a broad range of interventions, such as:
  - Guarantees to mutual guarantee societies and banks lending to companies (including SMEs)
  - Equity participations for early and growth-stage investments
- Common features:
  - Aim to improve access to finance, especially for SMEs
  - Typically delivered via financial intermediaries (mutual guarantee societies, banks, funds, etc) on behalf of (or in partnership with) the European Commission, but also directly
  - Typically operated by the EIB Group (EIB, EIF), but may also be operated by other financial institutions
Financial Instruments proposed

**Research & Innovation**

- **Horizon 2020**
  - Equity, debt, guarantees

**Growth, Jobs and Social Cohesion**

- **Competitiveness & SMEs (COSME)**
  - Equity & guarantees
- **Creative Europe**
  - Guarantee Facility
- **Social Change & Innovation**
  - Micro-finance
- **Erasmus for all**
  - Guarantee Facility

**Infrastructure**

- **Connecting Europe Facility (CEF)**
  - Risk-sharing (e.g. project bonds) and equity

**Instruments under European Structural & Investment Funds (ESIF)**

- EU level
- Off-the shelf instruments
- Tailor-made instruments

**SME Finance Initiative**

(ESIF + COSME/H2020 + EIB/EIF)
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Key Features

- **Part of the Horizon 2020 budget (3.69%)**: will usually not be provided through grant funding but in the form of risk-sharing (for 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**.

- **Top-up budget**, from other parts of Horizon 2020 or the Multiannual Financial Framework, possible for policy-driven financing facilities addressing specific policy needs (i.e. the SET Plan implementation).
Principles of Implementation

- Continue and refine proven facilities that have supported R&I in 2007-2013: RSFF, RSI, GIF-1
- Continue to run facilities in a demand-driven way (no earmarking; "first come, first served"), coupled with targeted awareness-raising
- Encourage top-up funding to target sectors/policies ("policy-driven")
- Keep focused on attracting private investments
- As now, Implementation via entrusted entities (EIB/EIF/other IFIs) (NB: exploratory talks with other financial institutions)
- As before, selected financial intermediaries after open calls for expressions of interest launched by entrusted entities
- Complementarity with other FIs in particular COSME
Debt Finance

- Loans Service for R&I ("RSFF II"): Loans and guarantees for investments in Research & Innovation; targeted at midcaps, larger companies, research institutes, stand-alone projects, PPPs, other entities; particular approach for innovative midcaps; loan amounts above EUR 7.5 million; direct and indirect implementation. [budget 2014-2015: around €200 million (*)]

- SME & small midcaps R&I Loans Service ("RSI II"): Loan guarantee facility for loans to research-intensive and innovative SMEs & small midcaps; loan amounts between EUR 25,000 to 7.5 million; indirect implementation (banks; guarantee societies; ... ) [budget 2014-2015: around €160 million (*)]

(*) subject to budget availability/final allocation decision
More than € 1.2 billion in guarantees...

As of 31-December-13

<table>
<thead>
<tr>
<th>#</th>
<th>RSI - Financial Intermediary Names</th>
<th>Country</th>
<th>Guarantee Amount (EUR m)</th>
<th>Signature date</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Unicredit Bank Austria</td>
<td>Austria</td>
<td>60.0</td>
<td>03-Oct-12</td>
</tr>
<tr>
<td>2</td>
<td>Ceska Sporitelna (Erste)</td>
<td>Czech Republic</td>
<td>45.0</td>
<td>08-Nov-12</td>
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<tr>
<td>3</td>
<td>ABN Amro</td>
<td>Netherlands</td>
<td>60.0</td>
<td>26-Nov-12</td>
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<tr>
<td>4</td>
<td>Bankinter</td>
<td>Spain</td>
<td>60.0</td>
<td>27-Nov-12</td>
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<tr>
<td>5</td>
<td>AB</td>
<td>Ireland</td>
<td>40.0</td>
<td>28-Nov-12</td>
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<tr>
<td>6</td>
<td>Banco Popolare (joint application - 2 Fls)</td>
<td>Italy</td>
<td>60.0</td>
<td>07-Dec-12</td>
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<tr>
<td>7</td>
<td>Cassa Di Risparmio di Cento</td>
<td>Italy</td>
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<tr>
<td>8</td>
<td>Deutsche Bank</td>
<td>Germany</td>
<td>60.0</td>
<td>23-Jan-13</td>
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<td>9</td>
<td>Komerční banka</td>
<td>Czech Republic</td>
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<td>15-Mar-13</td>
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<tr>
<td>10</td>
<td>BPI</td>
<td>Portugal</td>
<td>30.0</td>
<td>17-Apr-13</td>
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<td>11</td>
<td>Bank Pekao</td>
<td>Poland</td>
<td>40.0</td>
<td>27-May-13</td>
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<tr>
<td>12</td>
<td>BPCE (joint application - 17 Fls)</td>
<td>France</td>
<td>125.0</td>
<td>24-Jun-13</td>
</tr>
<tr>
<td>13</td>
<td>Credito Valtellinese Group (joint application - 4 Fls)</td>
<td>Italy</td>
<td>50.0</td>
<td>24-Jul-13</td>
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<tr>
<td>14</td>
<td>Raiffeisen Leasing Polska</td>
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<td>31-Jul-13</td>
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<td>15</td>
<td>Halbank</td>
<td>Turkey</td>
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<td>Bpifinance Financement</td>
<td>France</td>
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<td>25-Sep-13</td>
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<tr>
<td>17</td>
<td>Sparbanken Oresund AB</td>
<td>Sweden</td>
<td>17.6</td>
<td>09-Oct-13</td>
</tr>
<tr>
<td>18</td>
<td>Bankinter (increase)</td>
<td>Spain</td>
<td>20.0</td>
<td>15-Oct-13</td>
</tr>
<tr>
<td>19</td>
<td>Alba Leasing</td>
<td>Italy</td>
<td>60.0</td>
<td>17-Oct-13</td>
</tr>
<tr>
<td>20</td>
<td>BES</td>
<td>Portugal</td>
<td>80.0</td>
<td>24-Oct-13</td>
</tr>
<tr>
<td>21</td>
<td>Deutsche Bank PBC</td>
<td>Poland</td>
<td>25.0</td>
<td>29-Oct-13</td>
</tr>
<tr>
<td>22</td>
<td>FiBank</td>
<td>Bulgaria</td>
<td>7.5</td>
<td>08-Nov-13</td>
</tr>
<tr>
<td>23</td>
<td>BPI increase</td>
<td>Portugal</td>
<td>50.0</td>
<td>18-Nov-13</td>
</tr>
<tr>
<td>24</td>
<td>KKB Leasing</td>
<td>Hungary</td>
<td>25.0</td>
<td>26-Nov-13</td>
</tr>
<tr>
<td>25</td>
<td>Unicredit Bank Austria (increase)</td>
<td>Austria</td>
<td>20.0</td>
<td>06-Dec-13</td>
</tr>
<tr>
<td>26</td>
<td>Komerční banka increase</td>
<td>Czech Republic</td>
<td>30.0</td>
<td>06-Dec-13</td>
</tr>
<tr>
<td>27</td>
<td>AWS (counter-guaranteed)</td>
<td>Austria</td>
<td>11.5</td>
<td>13-Dec-13</td>
</tr>
</tbody>
</table>

Total Signed: 1206.5

Regular update on EIF's Website:
http://www.eif.org/what_we_do/guarantees/RSI/Rsi_intermediaries.htm

* including applications in process

Not legally binding
RSI EXAMPLE: ZETA BIOPHARMA (AUSTRIA)

- **Zeta Biopharma**: a plant construction company in Austria with **237 employees** providing process technology for biopharmaceutical applications by supplying global pharmaceutical companies with individually designed plants.

- The company is one of only two in Europe to use freeze and thaw containers for storage and transport of substances for the pharmaceutical industry. These liquids can be frozen in a controller storage facility for years and are often sent to markets worldwide.

- The working capital loan covers Zeta’s high working capital requirements during the long lead times in plant engineering and manufacturing. It helps the company to implement additional R&D projects and to achieve faster growth.

- **RSI Intermediary**: **UniCredit Bank (Austria)**

- **Loan Amount**: **EUR 2.5 million**
Equity Finance

- **Early stage finance** for innovative enterprises (notably seed and start-up companies); limited growth-stage finance also possible together with COSME; indirect implementation (i.e. via VC funds mainly) / ("GIF 1.2") [budget 2014-2015: around €75 million(*)]

- **Pilot facility for technology transfer** *(under development)* to bring R&D results from public research organisations and universities to the market (licensing; creation of spin-off companies) ("TTFF") [budget 2015; around €60 million(*)]

(*) subject to budget availability / final allocation decision

**Principle:** additional budget coming from another part of Horizon 2020, another EU MFF programmes, ...

- **Under Debt facilities**
  - Joint Guarantee Instruments for R&I-intensive SMEs and Small Midcaps ("SME Initiative") (ESIF-COSME-H2020) (2014-2016) (up to €60 million / year) [TBC]
  - First-of-a-kind, commercial-scale industrial demonstration projects in the field of competitive low-carbon energy (2015 – tbc) (p.m.) [TBC]

- **Under Equity facilities**

**Nota Bene:** subject to agreement of relevant governing bodies (like related H2020 programme committees; individual MS decision regarding SME initiative)
Whom should companies contact? (starting phase)

**DEBT**
- **RSFF II**
  - Mainly Midcaps and large corporates*
  - SMEs/Midcaps: Loan < €25 m
  - EIB
  - Financial intermediary*
  - EIB

**EQUITY**
- **RSI II**
  - SMEs and small midcaps
  - EIB
  - Financial intermediary*
  - EIF
  - Financial intermediary*
  - EIF

- **GIF 1.2**
  - SMEs and small midcaps
  - EIF
  - Financial intermediary **

---

*Bank or a financial institution selected on the basis of the call for expression of interest that signed an agreement with the EIF*

**Fund selected on the basis of a call of expression of interest that signed an agreement with the EIF**

*All entities will be eligible also PPPs, universities, research infrastructures, etc, provided they can borrow money*
Accompanying measures (2014/15)

- **Expertise**


  Improving 'bankability' and investment-readiness of large, complex projects suffering from sub-optimal investment conditions and needing substantial, long-term investments in order to come to fruition

  - **Assessing the Investment Potential of SMEs Emerging from Phase I of the SME Instrument** (starting in 2014/2015)

  Establishing a group of investment specialists, operating in a personal capacity, to assess the investment potential of SMEs emerging from Phase I of the SME Instrument and ease/speed up for promising SMEs access to risk finance.

  (*) subject to budget availability / final allocation decision
Accompanying measures (2014)

- Studies
  - Understanding the Nature and Impact of Angel and Crowd-Funding in R&I [2014 – €0.75 million (*)]
    This study should produce a comprehensive picture of what is happening in these rapidly developing areas and pave the way for possible EU-level action in 2015/2016.
  - Assessing the Potential for EU Investment in Venture Capital Funds-of-Funds [2014 – €0.27 million (*)]
    The study should deliver concrete recommendations for a potential pan-European Fund-of-Funds ("ideal house") in view of EU-level action, if relevant, starting in 2016 following preparations in 2015.

- Greek Presidency Conference on financial instruments
  [June 2014 – €0.1 million (*)]

(*) subject to budget availability / final allocation decision
Calls for Proposals / Grants (2014)

- **Capacity-Building in Technology Transfer (CBTT 1)** [CSA – 15/4/2014 – €2.5 million (*)]
  - Increasing the skills-base
  - Spreading best practices and tacit knowledge
  - Strong emphasis on mentoring, coaching, twinning, secondments
  - Complements Technology Transfer Financing Pilot

- **Boosting Investment-Readiness of SMEs and Small Midcaps (BIR 1)** [CSA – 15/4/2014 – €2.5 million (*)]
  - Addresses 'investment readiness' of SMEs and small midcaps
  - Builds on FP7 experience
  - Strong emphasis on both training entrepreneurs and sensitising potential investors
  - Complements Investment Potential of SMEs expertise measure

(*) subject to budget availability / final allocation decision
Links to other EU programmes: COSME

*Horizon 2020 and COSME are complementary programmes to generate growth and jobs*

**Different focus:**
- Horizon 2020 = innovation-driven growth
- COSME = support to create favourable business environment and competitiveness

**Closely coordinated with for instance:**
- Complementary financial instruments (debt and equity), with facilities in both programmes serving complementary objectives
- Enterprise Europe Network set up under COSME, but support to SMEs in terms of advice on EU funding
Fast Track to Innovation
Basic Features

Objectives:

- Increase the participation of industry, SMEs and first time applicants in Horizon 2020
- Stimulate private sector investment in research and innovation
- Promote research and innovation with a focus on value creation and accelerate the development of technologies into innovative products, processes and services

Roll-out:

- Full-scale pilot starting in 2015
- In-depth assessment as part of interim evaluation
More Information, and Action!
Information
Useful Web Links

- **Horizon 2020**


- **Financial Instruments**
  - **RSFF**
  - **RSI**
    - [www.eif.org/what_we_do/guarantees/RSI/index.htm](www.eif.org/what_we_do/guarantees/RSI/index.htm)


- Calls for proposals
- Horizon 2020 documents
- Support services
- Evaluation experts
Thank you for your attention!

Find out more: www.ec.europa/research/horizon2020
Background slides:
Midcaps
parenthesis How do we define ‘midcaps’?

- **small midcaps** working definition
  - 250 to 499 employees in full-time equivalents

- **medium & large midcaps** working definition
  - 500 to 3000 employees in full-time equivalents

**facts on ‘innovative midcaps’** *PWC report*

- NACE-based definition used – autumn 2012 data
- ca. 28 000, of which half bringing innovations to market
- these 'active innovators' employ over 9 mn people
- Germany, UK, France ... Austria, Belgium, Spain, Sweden
- most are small midcaps, but the most demand for finance comes from medium & large midcaps
Background slides:

State of play of RSI (Risk-Sharing Instrument) pilot under FP7
SMEs and Small Midcaps

Who or what is eligible for a loan?

- Loan is for investments in R&I with significant technology or application risk
  or
- Loan is to a "fast-growing" R&I-driven enterprise (meaning >20% p.a. in growth or employees over last 3 years)
  or
- Loan is to an "enterprise with significant R&I potential" — which means what, practically?
  ❖ Catalogue of criteria — just one must be met (below)...

* Actual criteria, subject to fine-tune
"Enterprise with significant R&I potential"

- Expenditure in **innovation in last balance-sheet** is at least 20% of loan volume
- At least **90% of loan** is earmarked in **business plan** over next 2 years for R&I expenses or investment
- Firm awarded **grants, loans or guarantees from EU or national R&I support schemes** within last 2 years
- Firm awarded an **innovation prize** within last 2 years
- Firm registered a **patent** within last 2 years
- Firm has been invested in by **high-tech VC fund**
- Firm is based in **science, technology or innovation park**
- Firm received **tax benefits linked to R&I** investment within last 2 years
Status of RSI implementation (as of 31/12/2013)

- 47 applications (including 4 increase)
  - 44 for the direct guarantee
  - 3 applications for the counter-guarantee
- 27 guarantee contracts signed
  - covering 14 countries
  - for a total guarantee amount of EUR 1,206 million
- Enabling > EUR 2,5 bn of loans/leases to innovative SMEs and small mid-caps
- 14 guarantee contracts under process (including 5 new countries not yet covered by RSI)
Supporting “Innovative SMEs and Small Mid-Caps”

As of 30/09/2013

<table>
<thead>
<tr>
<th>Eligibility criteria</th>
<th>Nbr Transaction</th>
<th>Committed Amount in EUR</th>
</tr>
</thead>
<tbody>
<tr>
<td>1 - Innovation products/processes</td>
<td>129</td>
<td>70,571,360.50</td>
</tr>
<tr>
<td>5 - Innovation support</td>
<td>76</td>
<td>59,436,005.14</td>
</tr>
<tr>
<td>3 - Innovation expenses</td>
<td>52</td>
<td>27,799,005.39</td>
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<tr>
<td>10 - Innovation tax credit</td>
<td>29</td>
<td>17,372,223.34</td>
</tr>
<tr>
<td>2 - Fast-growing enterprise</td>
<td>28</td>
<td>14,137,203.29</td>
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<tr>
<td>4 - 90% R&amp;D and/or innovation</td>
<td>20</td>
<td>13,863,056.36</td>
</tr>
<tr>
<td>7 - Patent</td>
<td>13</td>
<td>12,697,391.97</td>
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<tr>
<td>6 - Innovation prize</td>
<td>12</td>
<td>11,320,160.00</td>
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<tr>
<td>9 - Techno park</td>
<td>22</td>
<td>10,486,918.14</td>
</tr>
<tr>
<td>8 - Investment from a venture capital fund</td>
<td>1</td>
<td>650,000.00</td>
</tr>
<tr>
<td>Grand Total</td>
<td>382</td>
<td>238,333,324.14</td>
</tr>
</tbody>
</table>

![Committed Amount to SMEs per RSI criteria](chart.png)