

# INTRASOFT INTERNATIONAL



Creating Value Together

# Innovation aspects of Horizon 2020 and COSME

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- Horizon 2020
  - What is it
  - What's new
  - Priorities

- Commission proposal for an 80 billion euro Research & Innovation funding programme (2014-20)
- Part of proposals for next EU budget, complementing Structural Funds, education, etc.
- A core part of Europe 2020, Innovation Union & European Research Area:
  - **Responding to the economic crisis** to invest in future jobs and growth
  - **Addressing peoples' concerns** about their livelihoods, safety and environment
  - **Strengthening the EU's global position** in research, innovation and technology

- **A single programme** *bringing together three separate programmes/initiatives\**
- **More innovation**, *from research to retail, all forms of innovation*
- **Focus on societal challenges** *facing EU society, e.g. health, clean energy and transport*
- **Simplified access**, *for all companies, universities, institutes in all EU countries and beyond.*

*\*The 7th research Framework Programme (FP7), innovation aspects of Competitiveness and Innovation Framework Programme (CIP), EU contribution to the European Institute of Innovation and Technology (EIT)*

- 1. Excellent science
- 2. Industrial leadership
- 3. Societal challenges

## *Why:*

- World class science is the foundation of tomorrow's technologies, jobs and wellbeing
- Europe needs to develop, attract and retain research talent
- Researchers need access to the best infrastructures

## *Why:*

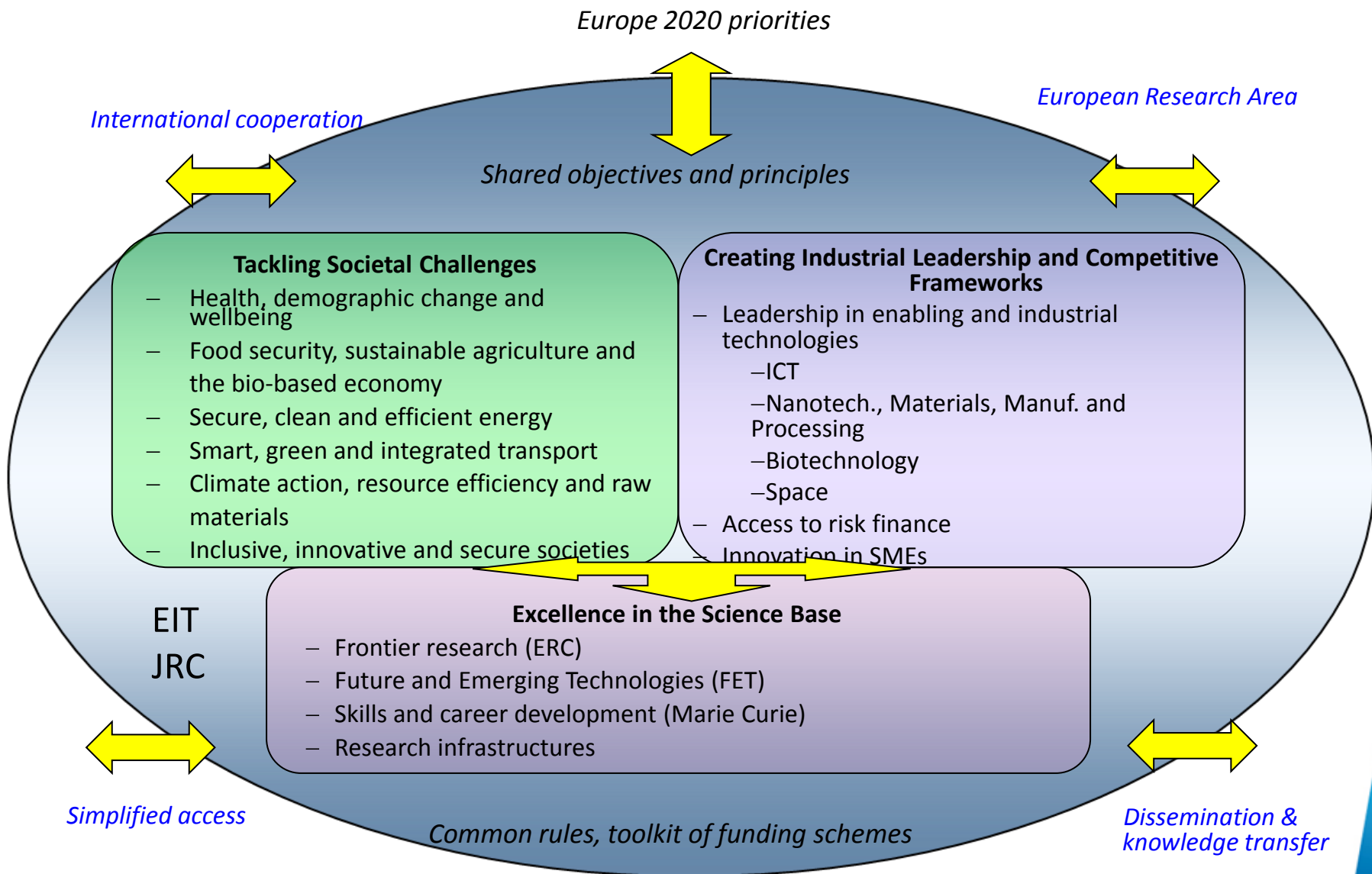
- Europe needs more innovative SMEs to create growth and jobs
- Strategic investments in key technologies (e.g. advanced manufacturing, micro-electronics) underpin innovation across existing and emerging sectors
- Europe needs to attract more private investment in research and innovation



## *Why:*

- EU policy objectives (climate, environment, energy, transport etc) cannot be achieved without innovation
- Breakthrough solutions come from multi-disciplinary collaborations, including social sciences & humanities
- Promising solutions need to be tested, demonstrated and scaled up

# Horizon 2020 – Objectives and structure



- *Public private partnerships:*
  - Trough Joint Technology Initiatives or other formal structures
  - Trough contractual agreements, which provide inputs for work programmes
  - Only when criteria met, e.g. clear commitments from private partners
- *Public public partnerships:*
  - Trough « ERA-Nets » for topping up individual calls/actions (replacing current ERA-Net, ERA-Net Plus, Inco-Net, Inno-net)
  - Trough participation in joint programmes between Member States
  - Supporting agendas of Joint Programming Initiatives when in line with Horizon 2020
  - Only when criteria met, e.g. financial commitments of participating countries
- *European Innovation Partnerships:*
  - Not funding instruments, but for coordination with broader policies and programmes

### 1. ***A single set of rules***

- Adapted for the whole research and innovation cycle
- Covering all research programmes and funding bodies
- Aligned to the Financial Regulation, coherent with other new EU Programmes

### 2. ***One project – one funding rate***

- Maximum of 100% of the total eligible costs (except for actions close to market, where a 70% maximum will apply)
- Indirect eligible costs: a flat rate of 20% of direct eligible costs

### 3. ***Simple evaluation criteria***

- Excellence – Impact – Implementation (Excellence only, for the ERC)

### 4. ***New forms of funding aimed at innovation:*** pre-commercial procurement, inducement prizes, dedicated loan and equity instruments

### 5. ***International participation:*** facilitated but better protecting EU interests

- 6. *Simpler rules for grants: broader acceptance of participants***  
*accounting practices for direct costs, flat rate for indirect costs, no time-sheets for personnel working full time on a project, possibility of output-based grants*
- 7. *Fewer, better targeted controls and audits***
  - Lowest possible level of requirements for submission of audit certificates without undermining sound financial management
  - Audit strategy focused on risk and fraud prevention
- 8. *Improved rules on intellectual property***
  - Balance between legal security and flexibility
  - Tailor-made IPR provisions for new forms of funding
  - A new emphasis on open access to research publications

*Beyond the Rules*: further simplified provisions in the Grant Agreement and implementing procedures to facilitate access to Horizon 2020 (e.g. common IT platform).

- More parts open, light & fast
- Reaching out to non-traditional actors
- More risk taking
- Strengthened support for high-tech SMEs
- Seamless support from basic research to venture capital
- Innovation training for everyone
  - Also for early upstream identification of projects with innovation potential

***Horizon 2020 and COSME (Competitiveness of enterprises and SMEs) 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, for instance:**

- Integrated financial instruments (debt and equity), with facilities in both programmes serving complementary objectives
- Enterprise Europe Network set up under COSME, but support to SMEs for EU funding

## ■ Objectives

- facilitating access to finance for Small and Medium-sized Enterprises (SMEs)
- creating an environment favourable to business creation and growth
- encouraging an entrepreneurial culture in Europe
- increasing the sustainable competitiveness of EU companies
- helping small businesses operate outside their home countries and improving their access to markets

## COSME will:

- ensure continuity with initiatives and actions already undertaken under the EIP, such as the EEN, building on results and lessons learnt.
- continue the many successful features of the EIP, while simplifying management of the programme to make it easier for entrepreneurs and small businesses to benefit.
- support, complement and help coordinate actions by EU member countries. Specifically tackle transnational issues that can be more effectively addressed at European level.



## ■ Main Beneficiaries

- **Existing entrepreneurs** (small businesses in particular) – easier access to funding for development, consolidation and growth of their business.
- **Future entrepreneurs** (including young people) – assistance in setting up their own business.
- **National, regional and local authorities** – tools for effectively reforming policy: reliable, EU wide data and statistics, best practice and financial support to test and scale up sustainable solutions for improving global competitiveness.

## ■ Key Actions under the programme

- **Access to finance for SMEs through dedicated financial instruments**
- **Enterprise Europe Network: a network of business service centres**
- **Entrepreneurship**
- **Improving framework conditions for the competitiveness of enterprises and policy development**
- **Internationalisation of SMEs**

- COSME is expected to contribute to an annual increase of €1.1bn in the EU's GDP
- The Enterprise Europe Network is expected to assist 40,000 companies with partnership agreements, resulting in:
  - 1,200 new business products, services or processes annually
  - €400mn annually in additional turnover for assisted companies.
- Access to finance will be easier for entrepreneurs, in particular those willing to launch cross-border activities, resulting in an expected annual increase of €3.5bn in additional lending and/or investment for EU companies.

# BACKUP SLIDES

1. Single set of simpler and more coherent participation rules
2. New balance between trust and control
3. Moving from several funding rates for different beneficiaries and activities to just two
4. Replacing the four methods to calculate overhead or «indirect costs» with a single flat rate
5. Major simplification under the forthcoming financial regulation
6. Successful applicants to get working more quickly: reduction of average time to grant by 100 days (current average of around 350 days under FP7)

- Integrated approach: SSH included as an integral part of the activities, working beyond 'silos' (e.g. understanding the determinants of health and optimising the effectiveness of healthcare systems).
- The 'Inclusive, Innovative and Secure Societies' challenge: issues such as smart and sustainable growth, social transformations, social innovation and creativity, the position of Europe as a global actor as well as the social dimension of a secure society (SSH have the tools to contribute to addressing security challenges, enhancing the societal dimension of security policy and research).

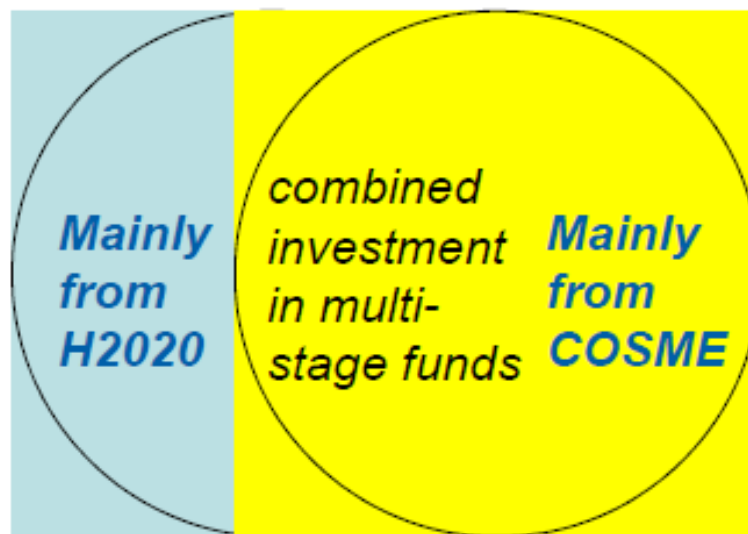
## ***COSME in conjunction with Horizon 2020 will support two EU financial instruments for SMEs***

- **Equity instrument for SME's growth and RDI**
  - Equity Facility for R&I (H2020)
    - focus: early stage
    - final beneficiaries: innovative SMEs and small midcaps
    - also covering growth-stage investments up to 20%\* of total EU investment
  - Equity Facility for Growth (COSME)
    - focus: growth stage
    - final beneficiaries: growth-oriented SMEs
    - also covering early stage investments up to 20%\* of total EU investment
- **Debt instrument for SME's growth and RDI**
  - Loan Guarantee Facility (COSME)
    - guarantees for loans to SMEs up to € 150 000\*
    - securitisation of SME debt finance portfolios
  - SMEs & Small Midcaps Guarantee Facility for R&I (H2020)
    - guarantees for loans over € 150 000\* for R&I activities

*\*modifiable in the light of changing economic conditions*

Two complementary facilities working together to support access to risk capital and stimulate the development of the European VC industry

**Equity Facility for R&I**



**Equity Facility for Growth**

from start-up/early stage  $\longleftrightarrow$  to expansion/growth stage  
*may make growth investments*  $\longleftrightarrow$  *may make early-stage investments*  
*up to 20% of total EU investment*

## ■ Key Actions under the programme

### 1. Access to finance for SMEs through dedicated financial instruments

- target companies in different phases of their lifecycle: creation, expansion and business transfer
- An Equity Facility for Growth will provide venture capital to enterprises, in particular in their growth phase.
- A Loan Guarantee Facility will cover loans up to EUR 150 000 and will be available for all types of SMEs.

### 2. Enterprise Europe Network: a network of business service centres

- Free of charge information, guidance and customised assistance on EU funding opportunities, including in the Research and Innovation area.
- Support for SME partnering, especially for cross-border activities.

### 3. Entrepreneurship

- encourage trans-national networks, to exchange good practices and identify scope for expanding business activities

### 4. Improving framework conditions for the competitiveness of enterprises and policy development

- evidence-based policy-making by national and regional policy-makers

### 5. Internationalisation of SMEs

- provide SMEs with support to facilitate business expansion in the EU Single Market and in markets outside the EU