Access to Risk Finance and Innovation in SMEs

What is the ‘Access to Risk Finance’ part of Horizon 2020?
The main purpose of the Access to Risk Finance scheme, within the second pillar of Horizon 2020, is to "help companies and other types of organisations engaged in research and innovation to gain easier access, via financial instruments, to loans, guarantees, counter-guarantees and hybrid, mezzanine and equity finance". The scheme will build on the current Risk-Sharing Instrument in FP7.

What will be funded?
**Loans:** This will be administered by the EIB and by banks. These funds are likely to be available from the first quarter of 2014, and a website is expected to list banks or funds providing this funding.

**Funding, eligibility and project details**
**Loans:** for medium and large mid-capital firms; universities and research institutes; and other types of organisations. For medium and large midcaps, this facility will offer loans of between EUR 7.5 million and 25 million. For large firms and other types of organisations, loans of between EUR 25 million and 300 million will be available.

**Loans for research-driven SMEs:** for loans of between EUR 25,000 and EUR 7.5 million for research and innovation activities. This will be delivered by banks, and there will no prior funding allocations by country, region or sector.

**Equity facility for research and innovation:** designed to improve access to risk finance by early-stage research-driven SMEs via supporting early-stage risk capital funds that invest, on a predominantly cross-border basis, in individual enterprises.

**Technology transfer financing facility pilot:** will co-finance investments made by existing technology transfer funds. It will focus on TT undertaken via the creation of new companies and the licensing of intellectual property; and on the proof-of-concept, development and early commercialisation stages of the TT process.

Call timings

The Access to Risk Finance Work programme for 2014/15 does not yet state precise deadline dates. However, the loans, guarantees and equity funding is "likely to be available from the first quarter of 2014". Updates on this timetable will be posted at: http://access2eufinance.ec.europa.eu. The Technology Transfer pilot is not expected to become available until 2015.
What is the ‘Innovation in SMEs’ part of Horizon 2020?

The SME instrument addresses the financing needs of internationally oriented SMEs in implementing high-risk and high-potential innovation ideas. It does this through direct investment and innovation support, aided by the work programme ‘Building a performing ecosystem for SME innovation support’. This Work Programme aims to overcome market failures specific to SMEs. In general, the scheme aims to provide opportunities for member states and regions to enhance the services they provide to SMEs through collaboration, peer-learning and uptake of new approaches. The Enterprise Europe Network is expected to play a central role in the development of these processes.

What will be funded?

The SME Instrument will operate in 3 phases (see below), aimed at addressing ”the financing needs of internationally oriented SMEs, and particularly young entrepreneurs, in implementing high-risk and high-potential innovation ideas”. There is no obligation for applicants to sequentially cover all three phases, and there will be several deadlines during the course of 2014.

Phase 1
• SMEs will receive funding to undertake innovation activities
• Funding will be provided in the form of a lump sum of 50K EUR
• 6-9 months

Phase 2
• Projects support aims at bringing a breakthrough innovation to market
• SMEs can subcontract or buy in work and knowledge that is essential for their innovation project.

Phase 3
• Support to commercialisation promotes the wider implementation of innovative solutions
• Facilitating access to public and private risk capital
• This stage will not provide for direct funding

Coaching and mentoring services aimed at enhancing the innovation management capacity of participants will be offered to all SMEs benefiting from phase 1 and phase 2 of the SME instrument. The coaching service will be delivered in cooperation with the Enterprise Europe Network, which will act as a broker between SME participants and coaches selected from a Europe-wide coaching pool. In 2014 and 2015 SMEs are expected to be invited to submit proposals under the SME instrument at any time within specified topics of the societal challenges and Leading and Enabling Industrial Technologies.
Additional Funding

**Building a performing ecosystem for SME innovation support**

**Cluster animated projects for new industrial value chains:** a collaborative project to set up a “favourable ‘open space’ for cross-sectoral fertilisation and value chain innovation”, with view to supporting industrial leadership by shaping globally competitive value chains in strategic areas.

**European IPR helpdesk:** a CSA to run the European IPR helpdesk, which will coordinate with other IPR helpdesks and IPR support measures.

**IPorta 2 – Increasing the quality of IP advisory services to SMEs:** a CP to provide a “mechanism to link and assist National Intellectual property Offices to provide and better services SMEs”.

**A European label for innovation voucher programmes to support spin-in of technology:** a two-stage CSA to assist the development of a European label for innovation voucher schemes to enhance and maintain the quality and delivery of voucher schemes across Europe.

**Peer learning of innovation agencies:** a CSA for enhancing existing and the establishment of new innovation support programmes for SMEs. Providing small lump sums grants (15,000-50,000 Euros) to national and regional innovation agencies to engage in peer learning.

**Capitalising the full potential of online-collaboration for SME innovation support – development of a qualification profile and training courses for an ‘online collaboration assistant’:** Produce and disseminate training modules and qualification profiles under creative common license for the use in training online collaboration assistants.

**Broadening the perception of 'Innovation in SMEs' – Case studies, awareness and training material for support service providers produced under a 'Creative Commons License':** a CP which will contribute to understanding SME innovation in public support agencies and in SMEs' management, including development of case studies and awareness and training materials for the providers of SME support services.

**Other actions, not topics of a call for proposal...**

**Establishing services “Enhancing the innovation management capacity of SMEs” in the Enterprise Europe Network and providing ‘key account management’ for the beneficiaries of the SME instrument** (Grant to named beneficiaries – the coordinators of the 2008-14 Enterprise Europe network projects – based on scale of unit costs)

**Adapting and maintaining the IMP³rove Assessment tools to support service provision by the Network** (Grant to named beneficiary IMP³rove – European Innovation Management Academy)

**Capturing innovation impulses from emerging economies – Developing SME service packages for innovation agencies** (public procurement (competitive dialogue) max. 2 million Euros)

**Capabilities for Design-Driven Innovation in European SMEs** (public procurement)
Assisting SMEs to connect to research and innovation partners

Professionalization of open innovation management in SMEs: a CSA to “professionalize open innovation management in SMEs by creating an online platform to disseminate best practice examples in the business community and complementing the cases with training modules highlighting specific open innovation aspects.”

Measuring open innovation inputs and outcomes in SMEs: a CSA to “develop methodologies to gather, measure and analyse data on open innovation. Subsequently the project will carry out practical testing of the tools to describe the importance and characteristics of open innovation across countries/industrial sectors/firm size and then develop recommendations for their further use.”

Community-building and competence development for SME instrument coaching: a CASE for a “dedicated coaching service delivered during the company’s participation in the SME instrument. The purpose of coaching will be to empower senior management teams of SME instrument participants to develop and successfully implement high growth strategies based on successful participation in the dedicated H2020 instrument.”

Internationalization of innovation in SMEs: a Public Procurement for “an international conference in 2014 will launch a debate and collect evidence on how European SMEs are involved in international R&I. It shall bring together all relevant stakeholders to discuss how SMEs can benefit from the dynamics and opportunities of international R&I activities and networks and how they can be supported to engage in globalised innovation processes.”

Call timings
The Innovation in SMEs Work Programme for 2014/15 was published on 11 December 2013, and the first calls for Phase 1 and Phase 2 projects will be launched on 1 March 2014. The first deadline for Phase 1 is 18 June 2014, with two further deadlines in 2014. The first deadline for Phase 2 is on 9 October 2014, with one further deadline in 2014.

Funding, eligibility and project details
Apart from the core SME Instrument which is a project type in its own right, available only to eligible SMEs, topics are addressed by calls for proposals and tenders for a number of Collaborative Projects (CP) and Coordination and Support Activities (CSA). Additionally, there are also grants to named beneficiaries and public procurements.

Relevant EU policy areas and developments
Horizon 2020 will feature a target of 20% of the overall funding to go to participating SMEs, this will include a 7% target for each of the societal challenges. The Access to Risk Finance part of Horizon 2020 also reflects the EU’s wider policy for SMEs, in particular the aim to strengthen the growth potential of SMEs by improving access to finance and increasing their capacities for research and innovation.
Useful links

European Commission Research and Innovation Participant Portal for:

Calls for proposals http://ec.europa.eu/research/participants/portal/desktop/en/opportunities

Work programmes
http://ec.europa.eu/research/participants/portal/desktop/en/funding/reference_docs.html#h2020-work-programmes

Horizon 2020 website: http://ec.europa.eu/programmes/horizon2020

Summary of EU policy for SMEs:

Website on SMEs in EU-funded research programmes: http://ec.europa.eu/research/sme-techweb

Information on the Risk-Sharing Facility under FP7: www.eib.org/products/rsff

Sign up to the UKRO Portal News to stay up to date on Horizon 2020 general developments, calls, events and results: www.ukro.ac.uk/subscriber

Use the Portal search function, for example using ‘Horizon 2020’ and ‘SME’, to find previously published articles: http://www.ukro.ac.uk/Search/advanced.aspx

For specific questions, contact your UKRO European Advisor: www.ukro.ac.uk/subscriber/services/eas

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Full Call Details and Supporting Documentation can be found at: