



SME Support in Horizon 2020- Call for simplification and visibility

EUROCHAMBRES' RECOMMENDATIONS:

- **Define the proposed SME instrument instead as a distinct SME sub-programme of Horizon 2020, with an ear-marked budget, specific management structure and streamlined procedures.**
- Increase the percentage of the total programme budget expected to be devoted to SMEs **from 15% to 20%** as part of a broader strategy to ensure that more Horizon 2020 funds reach SMEs than under FP7.
- Tailor the delivery of the instrument/sub-programme to SMEs' needs, circumstances and typically restricted resources, in particular through embracing a public-private-partnership approach involving intermediary organizations that are in close contact with smaller businesses.
- Reduce the time-to-grant to 100 days (e.g. through organisation of open calls; simplified verification of SME status; coaching system for participants), reflecting the short innovation cycles of smaller companies.
- Develop rules and procedures allowing for an effective and efficient management and control of smaller projects (notably in phase 1) and corresponding to the lower levels of risks/funding involved (e.g. organisation of submission, evaluation, selection and award of projects; role of support network, IT tools; monitoring performance indicator)
- Ensure that the Rules for Participation (RfP) and the development of subsequent acts to be adopted by the Commission (such as Model Grant Agreement, Rules for submission of proposals, and the related evaluation, selection and award procedures) take into account the specific features of the SME instrument/sub-programme so as to facilitate its implementation.
- Use the 'Participant Guarantee Fund' (RfP Article 32) to cover the higher risk of SME projects if the SME coordinator cannot meet all financial criteria, in particular given that the €500.000 threshold for the financial capacity check (RfP Article 14) will render it impossible for many potentially excellent SMEs to become project coordinator and thus to participate in the SME instrument/sub-programme.



A MAJOR INNOVATION CHALLENGE FOR EUROPE

In line with the Europe 2020 strategy¹ and notably its Innovation Union flagship, one key objective is to promote research and innovation in SMEs, thereby strengthening their competitiveness on global markets and creating more fast-growing companies. EUROCHAMBRES welcomes the efforts of the Commission to strengthen the involvement of the main source of EU economic growth and job creation² – SMEs – in Horizon 2020 compared to FP7. However, these efforts to attract more business participation – especially SMEs – in the Horizon 2020 should be reflected in a clear budget allocation and specific structures for SME support.

Currently, the scope and structure of SME support in Horizon 2020 is opaque and needs further explanation. In fact the the SME dedicated measures under the FP7 Programme were more visible. This concerns above all the budget; whereas the SME instrument as such has met with much interest and support, the financial allocation remains ambiguous from a Chamber perspective.

The (SBIR-like) SME instrument is the core of the SME support under Horizon 2020. The success of this SME instrument/sub-programme will, to a large extent, depend on a coherent, SME friendly implementation. It should be kept in mind that the commitment to SME support entails managing smaller projects, which, in turn, requires adequate resources. For these reasons, EUROCHAMBRES is in favour of transforming of the SME instrument into the SME sub-programme within the Horizon 2020 package, thus ensuring better management structure, clearly ear-marked budget, and better visibility. Delivery should be developed on the basis of a public-private-partnership to maximize penetration, uptake, absorption and impact. Similarly, the evaluation process and composition of evaluation structures should involve private sector experts and the financial community and accurately reflect the commendable focus of the programme on innovation and economic impact.

We invite policy-makers to take these recommendations into account in their ongoing discussions on the Horizon 2020 package, in monitoring and delivering Europe 2020 and in finalising the inter-institutional negotiations on the 2014-20 Multi-Annual Financial Framework

European Chambers of Commerce and Industry play an important role in supporting innovation in businesses and ensuring effective alliances between academia and the private sector. Over a quarter of a million businesses benefit from Chamber innovation services each year. Beyond such direct support, Chambers are firm advocates of the need for joined up innovation policies at EU, national and regional level that recognise the bottom-up, demand-driven nature of the process

¹ COM (2010) 2020 final.

² 85 % of net new jobs in the EU between 2002 and 2010 were created by SMEs, which is considerably higher than the 67%-share of SMEs in total employment. See: EIM: Do SMEs create more and better jobs?; November 2011. Report commissioned by DG ENTR.