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CENTRUL PROIECTE  
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# ***SME support under Horizon 2020***

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# SME: Key Statistics

- 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)
- 58% of the total gross value added
  - on the account of SMEs

# 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**

**All types of innovation**

**More impact!!**

# Integrated Approach to SME Support

**20 %  
budgetary  
target in  
LEITs & SC**

**Collaborative  
projects  
13%**

**SME instrument  
7%**

**'Innovation  
in SMEs'**

**Eurostars II  
Enhancing Innovation  
Capacity  
Market-driven Innovation**

**Access to Risk Finance**

# H2020 vs FP7

## 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 Skłodowska-Curie actions)
- Access to finance, but wider scope!

### what stops:

- Research for the benefit of SMEs scheme

# SMEs in Collaborative Projects

- ❑ Implementation similar to Cooperation Programme under FP7. Intended to **facilitate collaborative research & innovation** across Europe through **transnational consortiums** that consist of a 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

# SMEs in Collaborative Projects

- ❑ 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)



# 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, 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.

# Innovation in SMEs

## 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'

# Access to Risk Finance for SMEs

## 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

*Commitments in Europe 2020 Strategy, Single Market Act, Innovation Union Flagship Initiative, Action Plan on SME Access to Finance, SBA*

# Financial Instruments

## 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

# 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)

# Fast Track to Innovation



## **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

# 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

# SMEs in Moldova



Total no. of enterprises - 52,2 ths.

Share of SMEs - 97,4% (50,9 ths.)

Types of activity: trade, real estate, manufacturing



# Policy framework on the development of SMEs in the Republic of Moldova

## **SMEs Sector Development Strategy for 2012-2020 & Action Plan of this Strategy for 2015-2017**

- shift from the consumption-based economic development model to a new paradigm oriented toward exports, investments and innovations, political commitment of European integration and the global economic tendencies.

## **Innovation Strategy of the Republic of Moldova for 2013-2020 „Innovations for competitiveness”**

- specific objectives: technological development of enterprises, including SMEs; development of support infrastructure for innovation activities; creating conditions for building a knowledge-based economy.

## **Research and Development Strategy 2020**

- specific objective: strengthening research – development activities, technology transfer and innovation oriented towards efficiency and competitiveness

# Promoting participation of SMEs in H2020: support measures and initiatives

## Non-financial support

- Info-days
- Trainings
- Specific meetings
- Consultancies

## Financial support

- “European Bonus”
- Mobility Grants
- Innovation vouchers
- Partnering events
- Summer school

# Useful Information

## ➤ **Horizon 2020**

<http://ec.europa.eu/programmes/horizon2020/en/area/smes>

<http://ec.europa.eu/programmes/horizon2020/en/h2020-section/access-risk-finance>

<http://ec.europa.eu/programmes/horizon2020/en/h2020-section/innovation-smes>

➤ **SME Techweb** – [http://ec.europa.eu/research/sme-techweb/index\\_en.cfm](http://ec.europa.eu/research/sme-techweb/index_en.cfm)

## ➤ **Financial Instruments**

**RSFF** <http://www.eib.org/products/rsff/>

**RSI** [www.eif.org/what we do/guarantees/RSI/index.htm](http://www.eif.org/what_we_do/guarantees/RSI/index.htm)

➤ **EU Access to Finance** - [www.europa.eu/youreurope/business/index\\_en.htm](http://www.europa.eu/youreurope/business/index_en.htm)

## ➤ **Participant Portal:**

[http://ec.europa.eu/research/participants/portal/desktop/en/funding/sme\\_participation.htm](http://ec.europa.eu/research/participants/portal/desktop/en/funding/sme_participation.htm)

# Useful Information

- **COSME Programme:**  
[http://ec.europa.eu/enterprise/initiatives/cosme/index\\_en.htm](http://ec.europa.eu/enterprise/initiatives/cosme/index_en.htm)
  
- **Enterprise Europe Network (EEN):** <http://een.ec.europa.eu/>
  
- **EEN partners in Moldova:**
  - Chamber of Commerce and Industry
  - Organisation for the Development of SMEs Sector in Moldova
  - Agency for Innovation and Technology Transfer

# NCP for SMEs in Moldova

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**Thank you for your attention!**