

NATIONAL AGENCY
FOR INNOVATION AND RESEARCH
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**MAKING
INNOVATION
HAPPEN**

Guide

**EUROPEAN FUNDING
FOR INNOVATIVE SMES**

MAY 2016



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Disclaimer

The purpose of this guide is to provide information to SMEs that wish to participate in a research and innovation project funded by Horizon 2020, the European Framework Programme for Research and Innovation. It makes no claim to be exhaustive and is not an official document of the European Commission. The publisher has tried to ensure that all information is accurate but cannot be held responsible for the use that might be made of the information, for omissions or for any mistakes that might appear. Documents of the European Commission prevail.

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WHY THIS GUIDE

SMEs are at the heart of the European Union's concerns. They create most jobs and are considered the bedrock of the European economy.

SMEs have specific interests and struggles in common. The European Framework Programme for Research and Innovation, also known as Horizon 2020, funds projects involving SMEs by addressing the specificities of smaller companies.

Opportunities are real: A substantial part of the programme goes to innovation projects, as opposed to purely research-focused programmes. Binding quotas for SMEs ensure that funding benefits companies as much as research organisations or universities¹. Certain schemes, such as the SME instrument, specifically address innovative smaller companies in the EU. As a general rule, grants do not have to be reimbursed. EU projects do not only provide monetary benefits, but boost international visibility and market outreach.

This guide's intention is to give business owners a map to navigate these different opportunities, and make them work for them. You will understand which programmes can fit your company's needs and ambitions – and which don't. Also keep in mind that organisations such as National Contact Points² or the Enterprise Europe Network (EEN) are available to support you individually.

We hope you enjoy reading this guide.

The Luxinnovation Horizon 2020 team

¹ A minimum of 20%, or about € 8.65 billion, of the total combined budgets of the "Leadership in enabling and industrial technologies" (LEIT) and the "Societal Challenges" shall benefit SMEs

² Luxinnovation is the National Contact Point for Horizon 2020 in Luxembourg

1 LEVERAGING EU PROGRAMMES FOR BUSINESS GROWTH

What's in it for an SME?

Participating in a European research or innovation project can be an excellent opportunity for an SME to develop new products or services. A successful project can help your company introduce new offers to the market make it more competitive, and improve financial returns.

Work with research labs. An EU-funded R&D project will give you the opportunity to work on research or development (tasks) together with other partners, for example public research organisations or other companies. Each project partner will contribute with their unique knowledge and experience. You might not have the knowledge and/or resources available in-house to conduct applied research. Collaboration with research organisations that have the knowledge as well as laboratory and testing equipment are made possible by EU-funded projects. They allow you to undertake tasks that an SME might never do on its own.

Share risk. While you have your own specific goals and expectations from a project, you also share the risks of carrying out R&D activities that you are not sure will be successful between several partners. This allows you to explore ideas or projects that you might not have been able to do on your own.

Access markets. Innovation projects are closer to the market and can, for instance, aim to test the possibilities to bring a certain technology to the market as part of a service or product. As project partnerships generally have to include partners from several different countries, they can also give useful understanding of what is needed and attractive on different national markets.

Did you know?

Some SME-specific projects can provide funding to individual companies to help them develop and explore their individual products and services. Project participants receive funding as well as individual coaching to increase their chances of success. See the SME instrument p 32.

Other project types offer SMEs the opportunity to host a visiting researcher who will join the company for a specific time period and work on a research project. The company can thus benefit from the work of a very highly skilled person whom it would not necessarily have the resources to employ and get new ideas, knowledge and research results. See the Marie Skłodowska-Curie Actions p 31.

Networks. As most projects are realised in European or even international teams, an important spillover effect lies in the networks and know-how of your project partners that you can tap into. This can be useful if you want to participate in further European projects, but you will also get contacts that can be helpful for accessing foreign markets and providing in-depth knowledge or even setting up commercial partnerships. In addition, European R&D and innovation funding is known to be competitive, and holds a certain “prestige”. Being part of an EU-funded project and partner in an international consortium may be seen as a proof of trustworthiness and a recognition of your expertise, which can be useful when you want to establish working relationships with other organisations that are involved in R&D activities.

Case in point



HITEC Luxembourg S.A. produces antenna systems and components, satellite terminals, mission critical information systems and rubber industry testing instruments. In 2014, the company joined a Horizon 2020 project named **EPISECC** that aims to set up a “pan-European information space” for disaster situations.

The 13 project partners and the coordinator, the Austrian Institute of Technology (AIT), analyse how crisis managers and first responders have reacted during critical events and disasters in the past, what data management tools they used, and how their organisations work. Based on their conclusions, they are developing a common language and standardised framework for a pan-European common information space to improve future crisis management in Europe. To do this,

they have an overall budget of €5.13 million, of which €3.77 million are funded by the EU. The work of HITEC Luxembourg is funded with over €400,000.

The EPISECC project started in June 2014 and will end mid-2017. The project was selected in response to a submission to the FP7 Security call FP7-SEC-2013-1.

For more information:

[EPISECC project website](#)

[EPISECC](#) on Cordis, the database for EU-funded research projects

[HITEC Luxembourg SA](#)

2 HORIZON 2020 – AN OVERVIEW

This guide focuses on the opportunities available to SMEs in Horizon 2020, the European Union framework programme for research and innovation which covers the period 2014-2020. Its overall budget, is about €3 billion, which corresponds to approximately 10% of the overall EU budget for this period.

Aim

The main aim of Horizon 2020 is to secure Europe's global competitiveness. Investing in research and innovation is seen as a means to drive economic growth and create jobs. By coupling research and innovation, Horizon 2020 is helping to achieve this with its emphasis on excellent science, industrial leadership and tackling societal challenges. The goal is to ensure that Europe produces world-class science, removes barriers to innovation and makes it easier for the public and private sectors to work together in “delivering innovation”.

For a thorough introduction to Horizon 2020, please refer to our guide “Get ready for Horizon 2020”, available at www.horizon2020.lu/Downloads.

Structure

Horizon 2020 encompasses many different funding schemes and covers a wide range of domains. The main part of the programme is composed of three priorities focused on:

- fundamental science;
- the modernisation of European industry; and
- “societal challenges”.

These three pillars and their focus on both science and innovation are complemented by other funding mechanisms. These include **public-private partnerships** between the EU, the Member States and industry, so-called **Joint Technological Initiatives (JTIs)** which issue calls mainly – but

not only – targeting members of these partnerships, and co-funding mechanisms for national programmes, such as the **Eurostars** programme for innovative SMEs. The European Institute of Technology (EIT) and its Knowledge and Innovation Communities (KIC) are also funded by Horizon 2020.

Funding

In most cases, Horizon 2020 provides **non-reimbursable grants to groupings of organisations** (consortia) from different countries. Other minor programmes also provide loans or innovation prizes. The European Commission oversees the development and implementation of Horizon 2020 projects and can audit them. The European Commission does not, however, wield any formal decision-making power over what is being done within a project.

100% or 70% of eligible costs in a project are covered. Higher rates apply to research-based projects; lower co-funding rates concern innovation-related projects. On average, a project partner obtains €465,000 euros from the European Commission (in EU Member States) (July 2015 figures).

	Average EU funding per project participant	Median EU funding per project participant
Research and innovation project	€465,000	€370,000
Innovation project	€497,000	€327,000

International partnerships

Horizon 2020 projects are typically carried out by international and at times inter-sectorial (i.e. including partners from both the private and public sectors) project teams (so-called consortia) during a period of around three years. These partnerships must include partners **from at least three different countries**. Each project is led by a **coordinator**, who orchestrates the setup of the project proposal and later on ensures the link between the European Commission and the project participants. It is thus possible either to be a project coordinator or to join a consortium as a project partner.

There are, however, some Horizon 2020 funding schemes that do not require the set-up of an international consortium. The SME instrument, for instance, allows a single company to submit a project proposal.

Work programmes and calls for proposals

Horizon 2020 is implemented through calls for project proposals. Each thematic Horizon 2020 area is managed through a specific Work Programme. Work Programmes are adopted for two-year periods and specify the calls for proposals that will be published during this time.

All Horizon 2020 work programmes:

http://ec.europa.eu/research/participants/portal/desktop/en/funding/reference_docs.html#h2020-work-programmes-2016-17

Each call gives more precise information on the questions that the Commission would like you to address in your proposals. All Horizon 2020 calls for proposals are published on the Horizon 2020 Participant Portal. The Participant Portal is a one-stop-shop that provides all information needed for responding to a call: its opening and closing dates, its overall budget, the relevant Work Programme and all other documents related to the call. Calls can be searched and filtered using various parameters, such as open, closed or forthcoming calls as well as keywords.

You will also create an account, submit your proposal, and manage all further project-related communication with the European Commission through the Participant Portal.

Horizon 2020 Participant Portal:

<http://ec.europa.eu/research/participants/portal/desktop/en/home.html>

Opportunities Overview

Horizon 2020 regroups a variety of funding programmes that cover the “innovation chain” from basic research to commercialisation. The table below summaries the funding programmes relevant to SMEs.

Horizon 2020 programme	Target	Supported	Conditions for participation	Typical project budget	Deadlines
Future and Emerging Technologies (FET)	Research, businesses	Ambitious, breakthrough research projects	Calls for proposals, min. 3 partners	€4 m	Several cut-off dates per year
Innovative Training Networks	Research, businesses	Networks to recruit junior staff on research assignments	Calls for proposals, min 3 partners	Max €3.9 m (540 researcher-months)	1 deadline per year
Research and Innovation Action	Research, businesses	Research-focused projects in various domains (ICT, health, security...)	Calls for proposals, min 3 partners	Varies (€1.5 – €8 m)	Various, depending on programme
Innovation Action	Research, businesses	Innovation-focused projects in various domains	Calls for proposals, min 3 partners	Varies (€1.5 – €8 m)	Various, depending on programme
Fast Track to Innovation Pilot	Research, businesses	Innovation-focused projects in various domains	Calls for proposals, 5 partners	€1 - €2 m	3 cut-off dates per year
SME instrument phase 1	SMEs	Feasibility assessment of innovative solutions	Calls for proposals, 1 SME but partners possible	€50,000	Several cut-off dates per year
SME instrument phase 2	SMEs	Demonstration and market replication	Calls for proposals, 1 SME but partners possible	€0.5 – 2.5 m	Several cut-off dates per year

Case in point



Complix is a biopharmaceutical company developing Alphabodies, new engineered proteins that can bind molecule inducing immune responses, for example in cancer and autoimmune diseases. Complix is based in Belgium with research capabilities in the House of Biohealth in Luxembourg.

Complix participates in the Horizon 2020 project **ANTIVIRALS** (642434), the European Training Network on Antiviral Drug Development. Viral infections cause many diseases, but antiviral therapies have been developed against few viruses such as HIV or influenza only. The training network, funded under the Marie Skłodowska-Curie programme “European Training Network”, will train early-stage researchers in multiple disciplines needed for antiviral drug development. The project brings together 12 partners from both academia and business.

Complix Luxembourg will obtain 250 560 euros from the Horizon 2020 budget. The project was submitted to the H2020-MSCA-ITN-2014 call and will run from March 2015 until March 2019.

For more information

[ANTIVIRALS project website](#)

[ANTIVIRALS](#) on Cordis, the database for EU-funded research projects

[Complix Luxembourg SA](#)

3 SMES IN HORIZON 2020

Horizon 2020 supports research and innovation projects for all types of organisations. The programme is extensively used by large research organisations such as universities, but also welcomes private companies, associations, non-governmental organisations, etc. Involving SMEs in Horizon 2020 projects is a priority.

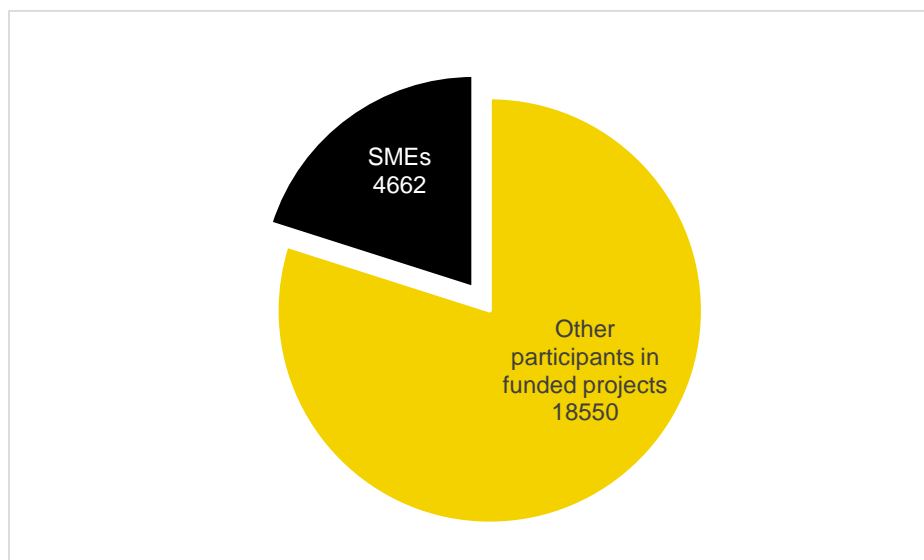
The European Commission encourages SMEs to join projects and monitors their participation closely.

- **Earmarked budget.** 20% of the total budget from the “Industrial Leadership” and “Societal Challenges” parts of Horizon 2020 are supposed to benefit SMEs.
- **New funding schemes.** Horizon 2020 has also introduced a novel programme, the **SME instrument**, where SMEs can submit proposals on their own behalf (they may include another SME as partner, or a research organisation as subcontractor, but this is not compulsory).
- **Explicit reference.** Many calls specify that the participation of SMEs is particularly welcome.

Numbers show that SMEs are taking up the invitation. In Europe, a fifth of all participants in Horizon 2020 projects are SMEs. In Luxembourg, this figure is even higher with 24.4%. In terms of funding, however, only 15.3% of the total project budgets go to SMEs; a figures which is so far below target (20%).

	Participants in funded projects	of which SMEs	% of SMEs	EU financial contribution to project participants	of which SMEs	% of EU financial contribution to SMEs
All countries	23,212	4,662	20%	€9.6 bn	€1.5 bn	15,5%
France	2,113	389	18%	€1.0 bn	€159.4 m	15,5%
Germany	3,124	587	19%	€1.8 bn	€196.7 m	10,8%
United Kingdom	3,064	577	19%	€1.4 bn	€215 m	15,1%
Luxembourg	85	20	24%	€23.8 m	€5.4 m	22,9%

Selected figures for Horizon 2020 projects (January 2014-October 2015). Source: eCorda database



1 January 2014-October 2015

SME definition

Any legal entity can participate in a Horizon 2020 project, but being labelled as SME can be useful since this makes companies eligible for dedicated funding. In order to count as an SME in European terms, your company must fall within certain criteria defined by the Commission Recommendation of 6 May 2003³.

An SME is defined by its number of employees and either the turnover or the balance sheet total. It also needs to be considered as an enterprise, which means that it is “engaged in economic activity”, irrespective of the legal form.

THRESHOLDS (Art. 2)

Enterprise category	Headcount: Annual Work Unit (AWU)	Annual turnover	OR	Annual balance sheet
Medium-sized	< 250	≤ EUR 50 million	OR	≤ EUR 43 million
Small	< 50	≤ EUR 10 million	OR	≤ EUR 10 million
Micro	< 10	≤ EUR 2 million	OR	≤ EUR 2 million

For the purpose of Horizon 2020 projects, you will have to fill in a self-declaration, testifying that you are an SME according to the criteria above. This so-called SME Self-Assessment is filled out when

³ EU Recommendation 2003/361, <http://eur-lex.europa.eu/legal-content/EN/TXT/?uri=CELEX:32003H0361>

you register your organisation in the Horizon 2020 participant portal, an important first step to apply for funding.

More details on the SME definition

Revised User Guide to the SME definition, 2015

<http://ec.europa.eu/DocsRoom/documents/10109/attachments/1/translations/en/renditions/native>

Register your organisation to be able to submit proposals

<http://ec.europa.eu/research/participants/portal/desktop/en/organisations/register.html>

Is Horizon 2020 really for all SMEs?

In principle, the answer to this question is yes. Horizon 2020 recognises the overriding importance of small companies to the European economy and is open for participation to any company fulfilling the formal requirements specified in calls for proposals.

Innovative SMEs. However, since Horizon 2020 focuses on research and innovation, it targets in particular innovative SMEs, i.e. those that develop and market new products or services. What is more, these innovations should, broadly speaking, be in the public interest.

Making the world a better place. Horizon 2020 projects should be useful to society at large. For example, a company having invented a new type of beer changing colours is quite innovative, but might be hard-pressed to secure EU money to develop their product, as the “added value” to societal challenges is not immediately apparent. A project making alcohol-free beer that helps reduce youth dependency on recreational drugs might stand better chances of finding a fitting call and securing EU funding.

A company that is, broadly speaking, offering solutions with an impact on society and industry should consider taking a closer look at Horizon 2020 opportunities.

Is the administrative burden worthwhile?

Horizon 2020 is transferring public funds to deserving projects whose results are likely to benefit society at large. Funds will not have to be paid back⁴, as for a loan, but it is crucial that the programme keeps its good reputation and integrity. Projects are therefore required to keep records of how they manage their funds. Periodic financial reports and status updates allow the European Commission officers to monitor the success of the project.

Paperless management. Horizon 2020 has introduced significant improvements in paperless project management. All project beneficiaries will have access to a dedicated space on the participant portal to help them keep track of project documents, progress and contacts. That said, projects should keep proof, such as time sheets or invoices, to show to auditors up to two years after the project end.

Administration covered by indirect costs. Your project budget will include an amount destined to cover indirect costs. In fact, your budget (excluding subcontracting) will be increased by 25% to cover overhead costs.

Templates. There are templates for crucial documents such as the grant agreement (signed by the European Commission), or the consortium agreement (signed between partners). In many other cases, the default position is that “beneficiary’s usual practices” are accepted.

Simplification of European Union funding

http://ec.europa.eu/budget/mff/simplification/index_en.cfm

When is Horizon 2020 funding suitable for my company?

Securing adequate funding for development and growth is a crucial issue for companies, and European funding for research and innovation is just an option among many.

⁴ When claimed costs are unjustified, or the allocated budget has not been spent, the European Commission however reserves the right to reclaim funding from the beneficiary

While Horizon 2020 explicitly targets SMEs, it clearly focuses on research and innovation. Participating companies should ideally be well established and looking to further develop their activities. Horizon 2020 **should thus not be considered a source of start-up funding** or seed capital, and it is important that participating companies do not depend on a European subsidy for their viability.

Case in point



TheMarketsTrust offers financial, technological and regulatory advisory. The company has also established TheMarketsTrust Ratings, an independent European rating agency dedicated to complex financial products. The growing SME has obtained Horizon 2020 funding for the project **CoCoBondsValuation** (684749), submitted under the Horizon 2020 SME instrument phase 1 call in 2015. The project tested the feasibility and developed the business case for a “new system for credit rating of hybrid securities”.

In the aftermath of the recent financial crisis, hybrid securities have gained significant importance to prevent future bail-outs for banks. However, they may be perceived as non-transparent and it may be difficult to assess their risk. In this context, TheMarketsTrust aims to develop new credit ratings of hybrid securities.

The project ran from July 2015 to December 2015 and was supported with €50,000 from the European Commission.

For more information:

[TheMarketsTrust](#)

[CoCoBondsValuation](#) – on eCorda the database of EU-funded research projects

4 STEP-BY-STEP FROM IDEA TO PROJECT

Small businesses tend to share common questions concerning European funding. What types of projects can be submitted? How do I find partners? When can I expect the grant?

Detailed information about how to prepare a successful Horizon 2020 proposal can also be found in our guide "[Get ready for H2020](#)".

How to find funding opportunities

In order to apply for Horizon 2020 funding, you need to find a call for project proposals that fits your field of interest. You can search for those in the following ways:

Filter calls. The best way to start is to go to the Participant Portal and filter open or forthcoming calls. By applying a filter of the Horizon 2020 programme part that most fits your domain (such as "Health, demographic change and wellbeing", or "Secure, clean and efficient energy"), you should be able to gain a good overview of current opportunities that can fit with what you want to do.

Download Work Programmes. In order to get a broader overview of forthcoming calls, you might also download the Work Programmes of Horizon 2020 sub-programmes that you find interesting. Work Programmes present all calls to be issued during a two-year period. The current period will covers 2016 and 2017.

Consult NCPs. The Horizon 2020 **National Contact Points (NCPs)** can also provide useful advice as to what programme part, or topic, best suits your specific situation.

Filter open and forthcoming calls:

<http://ec.europa.eu/research/participants/portal/desktop/en/opportunities/index.html>

Download the Work Programmes:

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

Directory of Horizon 2020 National Contact Points:

http://ec.europa.eu/research/participants/portal/desktop/en/support/national_contact_points.html

How to prepare a project proposal

A standard proposal template is provided on the dedicated page available for each Horizon 2020 call on the participant portal. This PDF document includes an administrative section that will be filled in online, and the actual proposal template. The proposal template includes three chapters which mirror the three evaluation criteria “excellence”, “impact” and “implementation”.

Prove Excellence. In the first part of the proposal, you are asked to describe the objectives of the project, and to what extent it responds to the call specifications. You should also explain the technological readiness of the project, and present to what extent the proposal is ambitious and goes beyond the “state of the art”.

Demonstrate Impact. Your project should make a difference. Part of the “expected impact” is outlined in the call text. Horizon 2020 funding aims at making European companies more competitive through innovations that meet market needs. This part also covers issues related to data, such as data collection, exploitation, ownership or standards, which should all be thought through. Having a widespread impact also means telling the public about the project and its results. Research-based projects should describe how they plan to disseminate their results, while innovation-based projects should explain how innovations will be brought to the market.

Plan Implementation. This part helps you plan the project stages and flesh out the details of how each part relates to the other. A Horizon 2020 project is structured according to “Work Packages”, which are subdivided into “tasks”. Partners can take leadership of one or various Work Packages or tasks. Make sure to define how decisions will be taken in the projects, and how it will deal with unexpected circumstances. Like in a well-staged play, each project partner should fulfil a necessary and useful role according to their own competences. Feel free to use graphs (such as Gantt or PERT charts), and define “milestones” to chart your progress.

How much detail is required?

Successful proposals manage to quantify the project's future achievements meaningfully. Provide details such as: How many tests do you plan, when and why? How many workshops will you organise, and for whom? Or: What risks endanger the project outcome?

Respond to call specifications creatively. In order to be successful, a project proposal must first and foremost take into account the specifications of the call text. Make sure that you understand what the focus of the call is and that you respond to this in your proposal. The rather brief call texts strive to outline a given challenge and define the project scope, but leave applicants with creative ways to find solutions.

For example, the 2014 call on green vehicles included a topic on “Hybrid light and heavy duty vehicles” ([GV-4-2014](#)). Submitted projects should contribute to decreasing emissions, costs, and the weight of hybrid automotive components. However, applicants were free to specify how exactly they planned to achieve this goal in their proposal.

Where to find partners

Most Horizon 2020 projects have to be submitted by a consortium of at least three organisations from three Member States or Associated Countries⁵. This mandatory mix makes international cooperation truly come to life. Try these strategies to find complementary partners for your project:

⁵ Associated countries to Horizon 2020 enjoy the same rights and obligations as EU Member States. As of 17 April 2015, the following countries are associated to Horizon 2020: Iceland, Norway, Albania, Bosnia and Herzegovina, the former Yugoslav Republic of Macedonia, Montenegro, Serbia, Turkey, Israel, Moldova, Switzerland (partially associated), Faroe Islands. Updated source: http://ec.europa.eu/research/participants/docs/h2020-funding-guide/cross-cutting-issues/international-cooperation_en.htm

Tap into your network. An ideal way to look for project partners is to contact your trusted network. Knowing your partner's capabilities and strengths helps establish solid partnerships for EU projects as well.

Look through past project participants. The [Cordis database](#) lists all past EU-funded projects with details on participant countries, names, and sometimes even contact details. Exploring this information helps you learn about potentially leading players in a field, or at any rate those that have first-hand experience with EU projects and might be willing to submit a new proposal.

Consult partner search tools. Thematic partner search tools offer the possibility to look for project partners per call. They are often run by networks of National Contact Points.

A list of partner search websites

<http://horizon2020.lu/Toolbox/Partner-Search>

Cordis database of past EU funded RDI projects

http://cordis.europa.eu/projects/home_en.html

Costs covered

Preparing an estimate of your project budget is essential for ensuring that you will have adequate resources to implement it. The budget is an important aspect of your proposal as well, as a sound budget will have a positive impact on the evaluation of the "Implementation" criterion of the project proposal.

Budget categories. Horizon 2020 distinguishes between direct costs and indirect costs. Direct costs include personnel costs, costs of subcontracting, costs of providing financial support to third parties, and other direct costs.

The indirect costs are calculated as a 25% flat rate based on the project budget (minus subcontracting costs). The overall project budget, including indirect costs, must broadly stay within the budget recommendations set out in the call text.

Horizon 2020 Cost categories	Example
Direct personnel costs	Employee salary
Direct costs of subcontracting	Conducting a market survey
Other direct costs	Travel costs, equipment costs, costs of other goods and services
Indirect costs	Calculated as 25% of direct costs excluding subcontracting costs, to be used for general expenses not directly imputable on the project

Most important cost categories in a Horizon 2020 project

Reimbursement of actually incurred costs. Horizon 2020 will only reimburse costs that have actually been incurred, up to the maximum amount that has been budgeted.

How to submit your proposal

The proposal submission will be managed electronically, as will the actual project grant. To do so, applying organisations need to obtain a PIC, or Participant Identification Code, by filling in key information such as name, address and contact details. If your proposal is selected for funding, you will also have to validate crucial company information, such as the legal signatory's identity, the legal form or economic situation. Once this data is validated, proposal and grant management will be done online.

SMEs will also fill in a self-assessment to validate their status as SME according to the EU definition when registering their organisation.

How to register your organisation

http://ec.europa.eu/research/participants/docs/h2020-funding-guide/grants/applying-for-funding/register-an-organisation/registration-of-organisation_en.htm

Proposal evaluation and selection

Your proposal will be evaluated by independent experts selected from a European Commission database. At least three experts will individually read and score your proposal. The experts will then compare their individual assessments to come to an overall score. Candidates will benefit from an insightful Evaluation Summary Report, highlighting the project's strengths and weaknesses for each evaluation criteria (Excellence, Impact, and Implementation).

The Commission will put together a final ranking list. The budget available for the call will be distributed according to this list. A priority order for proposals with the same score may be established according to the procedure given in the Work Programme. Available funds will be distributed until exhausted, starting from the highest-ranking project.

Assessing your chances of being retained for funding

Competition is high: Horizon 2020 funding is attractive and calls for proposals yield a high amount of project proposals.

It is difficult to predict an individual project's chances of success. Success rates vary among calls as can be seen in the table below, but the average EU success rate hovers around 15%. Innovative and well thought-through projects will, however, always stand their fair chance of being selected.

Higher-end success rates		Lower-end success rates	
Programme	Success rate	Programme	Success rate
Research infrastructures	27.15%	Europe in a changing world	9.86%
LEIT-Advanced Materials	23.11%	Future and emerging technologies	10.29%
Space	22.78%	Secure Societies	10.40%
Climate Action	20.03%	Health	11.83%
Food Security	19.24%	Marie Skłodowska-Curie Actions	12.86%

Source: eCorda database, July 2015 update

Administrative procedures for selected projects

Grant agreement. Your project was selected. Congratulations! The project coordinator will now be invited to sign a grant agreement with the European Commission. The grant agreement is a contract that defines the rights and obligations of both parties. The project consortium agrees to comply with the methodology and results as described in the proposal. In some cases, the European Commission might suggest minor amendments to the proposal before signing the grant agreement.

Templates. Each grant agreement follows an identical template, known as the Model Grant Agreement. The European Commission has also produced an Annotated Model Grant Agreement, which provides useful examples for crucial terms in the contract.

Model Grant Agreement

http://ec.europa.eu/research/participants/portal/desktop/en/funding/reference_docs.html#h2020-mga-gga

Annotated Model Grant Agreement

http://ec.europa.eu/research/participants/portal/desktop/en/funding/reference_docs.html#h2020-grants-manual-amga

Consortium agreement. Project partners are encouraged to sign a consortium agreement among themselves. While this is not a formal requirement, it is a de facto best practice. Clearly defining the rights and duties of each project member, with special consideration for access to project results, intellectual property or conflict resolution, can significantly improve project management. A tested model consortium agreement is DESCA. It can be freely adapted to each project's needs.

DESCA model consortium agreement

<http://www.desca-2020.eu/>

Intellectual property aspects

Provisions to manage Intellectual property (IP) aspects are routinely foreseen at each step of a Horizon 2020 project - starting at the proposal phase. For example, costs related to IP rights and the protection of results and royalties on access rights are eligible costs ("other goods and services").

IP Strategy. The annex of the proposal should include an IP strategy outlining how partners will exploit project results. When the proposal is retained for funding, IPR rights and obligations will be established in the contracts signed with the Commission (grant agreement) and among project partners (consortium agreement). **Model provisions are already foreseen in the contract templates** (for example, Chapter 4 Section 3 of the Grant Agreement).

Background. Intellectual property that is needed for the development of the project is considered as background. Project partners should define how to manage access to this background early on, for example by specifying the payment of royalties for the use of background belonging to a participant.

The **IPR Helpdesk** manages a useful and updated website including fact sheets, FAQs and guides on IP-related issues in Horizon 2020.

IPR Helpdesk: Your Guide to IP in Horizon 2020

https://www.iprhelppdesk.eu/sites/default/files/documents/EU_IPR_IP-Guide.pdf

When you will receive funding

Time-to-grant. The time elapsed between the call deadline, the notification of evaluation outcomes and the project kick-off is known as time-to-grant. Horizon 2020 uses the formula 5+3 – it takes a maximum of five months to learn about the evaluation results, and a maximum of three more months to sign the grant agreement with successful projects.

The European Commission is aware that this might still be quite a long timeframe for SMEs. On the other hand, it is at least three months faster than during former programmes. Also, bear in mind that sufficient time is needed to ensure a high-quality, fair and transparent evaluation process, which is the hallmark of EU projects.

Pre-financing. Projects receive funding in various batches, known as pre-financing. The European Commission transfers the funds to the project coordinator, who distributes them to the project partners. First amounts are transferred one month after the signature of the grant agreement.

Bear in mind that the principle is “reimbursement of costs”. In other words, funding that cannot be attributed to eligible costs at the end of the project might have to be paid back.

A quick note on pre-financing in Horizon 2020

<http://horizon2020.lu/Toolbox/FAQ/Pre-financing-H2020-projects>

Talk about your project

European projects are warmly encouraged to communicate widely about project outcomes. Projects tend to set up own websites and include “public outreach” activities, such as articles in the press or speaking slots at conferences, in their project plan. Participating in a Horizon 2020 project is a worthy achievement that should be highlighted on your company’s websites or on social media.

Communicating on your Horizon 2020 project

<http://horizon2020.lu/Toolbox/FAQ/Communication-in-Horizon-2020>

Case in point



INCITES Consulting specialises in technoeconomics and regulatory economics of the ICT sector. The company provides regulatory or investment advice and creates educational resources integrating economic and technological modelling of telecom networks. Headquartered in Strassen near Luxembourg city, the company participates in three Horizon 2020 projects, CHARISMA, SESAME and SHIELD.

CHARISMA (671704) aims at developing a new Internet architecture for 5G networking that will increase Internet speed and security, while also consuming less energy and keeping up with the rising needs for mobile data volume. The main role of INCITES Consulting SARL in CHARISMA project is to investigate new business models as well as the business perspectives of the proposed solution. INCITES is also in charge of project's dissemination.

The CHARISMA project receives EU support of €5.9 million and runs from July 2015 until December 2017, bringing together 14 partners from 10 countries, including Ericsson Spain and Fraunhofer in Germany.

As an SME, INCITES Consulting will be funded with €276,000 from the Horizon 2020 budget. The project was selected in response to a submission to the Horizon 2020 call ICT-2014-2.

For more information:

[CHARISMA project website](#)

[CHARISMA](#) on Cordis, the database for EU-funded research projects

[INCITES Consulting SARL](#)

5 SUMMARY: THE HORIZON 2020 PROJECT LIFECYCLE

Each project is unique, but Horizon 2020 projects do have certain things in common. This is a summary of how a project comes into being, from the proposal idea, to the final deliverable. National Contact Points in your country, or consultants specialising in the set-up and the management of EU-funded projects, can provide further support for each step.

Before the project proposal submission (1 year to 3 months before deadline)

- Browse Horizon 2020 calls to identify one that suits your plans and ambitions.
- Check deadline, budget, and eligibility criteria.
- Set up a consortium by contacting potential partners (tap into your network, browse former participants in EU projects).
- Register online on the Horizon 2020 participant portal by creating a personal identification code (PIC) and define a legal signatory of your organisation.
- Draft a first project plan that response to the call text and includes the competencies of each partner.
- Distribute the work load by structuring it in “work packages” and tasks. Each work package and tasks is led by one consortium partner.
- Further structure your proposal by including milestones and deliverables of the project. Draft a timeline and estimate how much budget each project partner will get.
- Harmonise contributions from all partners and submit the proposal (online), by using the proposal template.

After the project is granted (three years)

- Congratulations! If you are the coordinator, inform all partners. Celebrate.

- If you are the coordinator: Sign the Grant Agreement with the European Commission (online). If you are a participant: sign the project accession form (online).
- Sign a consortium agreement between all members of the project (Templates are available).
- Receive the project's pre-financing (around 30 days after the grant signature). If you are the coordinator, distribute the pre-financing among all partners.
- Organise a kick-off meeting where all project partners meet.
- Get to work! Contribute to the project according to the project's description of work (DoW).
- Keep an eye on your commitment: do not overspend time and resources, but do not underspend either.
- If you are responsible for a work package or tasks: motivate the project partners in your tasks and monitor their work. If you are a contributor to a work package: put your best foot forward!
- Deliverables: try to respect deadlines. Hand in deliverables on time (online, on the Horizon 2020 participant portal).
- Keep proof of any resources spent for possible audits, keep timesheets.
- Communicate: set up a project website, use social media, or any other ways of communicating your project to a specialised audience and the general public.
- Middle of project: Hand in an intermediate report documenting resources spent and project achievements so far.
- End of the project: hand in a final report describing what the project has achieved.

Horizon 2020 National Contact Points:

http://ec.europa.eu/research/participants/portal/desktop/en/support/national_contact_points.html

6 HORIZON 2020 OPPORTUNITIES

Besides collaborative research and innovation projects, Horizon 2020 includes further programmes. We highlight those that are most relevant to smaller businesses.

Joint Technological Initiatives (JTIs)

JTIs were created in 2007 to help bring research results to the market. Under Horizon 2020, JTIs cover five areas based on their impact on the European economy and society.

JTIs are large, ambitious, and managed separately from Horizon 2020 thanks to a special legal provision. The legal entity governing each Joint Technological Initiative is free to determine funding rates or the calls for proposals.

The participation of SMEs in these calls alongside research organisations and industry is explicitly encouraged. As JTIs seek to develop technological innovation which can then be exploited and manufactured, it is advantageous to include a vast array of players of the R&D process.

Joint Technology Initiatives under Horizon 2020

- **Innovative Medicines (IMI2):** to improve European citizens' health and wellbeing by providing new and more effective diagnostics and treatments such as new antimicrobial treatments.
- **Fuel Cells and Hydrogen (FCH2):** to develop commercially viable and clean solutions that use hydrogen as an energy carrier and of fuel cells as energy converters.
- **Clean Sky (CS2):** to considerably reduce the environmental impact of the next generation of aircraft (this initiative will work together with SESAR).
- **Bio-Based Industries (BBI):** to develop new and competitive bio-based value chains that replace the need for fossil fuels benefit rural development.
- **Electronic Components and Systems (ECSEL):** to keep Europe at the forefront of electronic components and systems and bridge the gap to exploitation.

Marie Skłodowska-Curie Actions (MSCA)

MSCA is the researcher mobility programme of Horizon 2020. One part of the programme is made up of Innovative Training Networks (ITN). Consortia of at least three organisations from three different Member States or Associated Countries submit projects together, which will allow them to recruit junior researchers (with less than four years of research experience) to work on the projects. The recruited researchers must imperatively move from one country to another to accept the post.

SMEs are welcome partners in these consortia. Including secondment opportunities in these projects is highly encouraged. Smaller companies in particular can offer these secondment opportunities, by loosely joining in as “Partner Organisation”. No contract signature is required, as the actual contractual partners manage the project vis-à-vis the European Commission. The researchers’ salary will be paid by the project during the secondment period, which can last from 3 to 6 months.

Marie Skłodowska-Curie Actions

<http://ec.europa.eu/programmes/horizon2020/en/h2020-section/marie-sklodowska-curie-actions>

Industrial leadership – innovation in SMEs part

The “Innovation in SMEs” Work Programme includes a variety of measures to support the RDI environment for SMEs. **Most actions will benefit SMEs indirectly**, by funding projects to provide Intellectual Property Rights advisory, a social innovation platform or cooperation with clusters. This part also includes the SME Instrument, a dedicated funding programme for SMEs (see below).

Innovation in SMEs Work Programme

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

Fast Track to Innovation (FTI) Pilot

As the name suggests, this pilot programme funds close-to-market innovation projects from any technological field. A project proposal can be submitted by three to five partners (from at least three different EU Member States or Horizon 2020 Associated Countries). This instrument is particularly attractive to medium-sized or larger companies, which plan the market take-up of their product or service within three years after the start of the project.

The FTI Pilot will be implemented in 2015 and 2016 with a total budget of €200 million (€100 million per year). Calls can be found in various “Societal Challenges” “Leadership in Enabling and Industrial Technologies (LEITs)”, without further topical restrictions. As there are no formal deadlines, proposals can be submitted at any time. Proposals will be evaluated and funding decisions taken after three cut-off dates each year.

Fast Track to Innovation pilot

<http://ec.europa.eu/programmes/horizon2020/en/h2020-section/fast-track-innovation-pilot-2015-2016>

The SME instrument

The SME instrument addresses the financing needs of SMEs with global ambitions. This funding programme supports project ideas that have potential but are high in risk. The ambitious SME instrument provides funding in **two phases** to projects with a European dimension that may lead to radical shifts in business practice. SMEs from all sectors are targeted.

Initially thought of as a “bottom-up” programme, the SME instrument is now implemented through theme-specific calls for proposals that remain large, but do define a certain framework (see example).

The SME instrument has so far attracted a large number of submissions, with relatively low success rates. However, serious and well thought-through proposals do get all their chances.

SME instrument phases

Phase 1: The first phase provides a €50,000 lump sum and coaching to individual SMEs to help them draft business proposals.

Phase 2: In the second phase, for which a separate application is required, the European Commission contributes €0.5 to 2.5 million to propel the idea to market maturity.

A **third phase**, which prepares for market launch, includes extensive coaching and support but no funding.

SME instrument flyer

<http://ec.europa.eu/easme/sites/easme-site/files/H2020-SME-Instrument-infographic.pdf>

SME instrument: filtered calls

http://ec.europa.eu/research/participants/portal/desktop/en/opportunities/h2020/ftags/sme_instrument.html#c.topics=flags/s/SME/1/1&+callStatus/asc

SME instrument: an example

Topic: Resource-efficient eco-innovative food production and processing

Call identifier: [SFS-08-2015-1](#)

Total call budget: €26.56 million

7 OTHER EUROPEAN PROGRAMMES FOR RESEARCH AND INNOVATION

Beside Horizon 2020, a number of other EU programmes support research and innovation in different ways and can be of interest to SMEs.

EU-backed financial instruments

In addition to grants for research and innovation projects, the European Union also supports innovative SMEs through financial instruments such as loans, equity funding or guarantees. A network of over 1000 banks and venture capital funds all over Europe make these funds available to applicants.

Every year more than 200,000 businesses benefit from these programmes. Some benefits include reduced interest rates or fewer requirements concerning collateral, for example.

The programme is funded through various EU programmes, such as COSME and Creative Europe, with each “pot” supporting companies in a specific domain. Horizon 2020 contributes to loans and guarantees to innovative businesses, to financing of R&D projects and to equity for start-ups.

A dedicated web portal serves as a unique entry point to locate participating financial institutions.

Contrary to many Horizon 2020 projects, where mostly stable and mature companies are targeted, funding in this programme is available for start-ups, entrepreneurs and companies of any size or sector.

Access to Finance EU portal

<http://europa.eu/youreurope/business/funding-grants/access-to-finance/>

EUREKA

The EUREKA intergovernmental initiative was established in 1985 to raise the productivity and competitiveness of businesses through technology. It supports SMEs, companies and technology-related organisations through various clusters, networks and individual projects. EUREKA individual projects are market-oriented R&I projects that are given a EUREKA label upon approval.

Unlike Horizon 2020, EUREKA projects are co-financed by the company's respective national authorities. In Luxembourg, the Ministry of the Economy has set up a dedicated budget for projects selected by EUREKA.

Consulting the country page on the EUREKA website gives a quick overview on the different modalities member countries have established to support SMEs via EUREKA projects. Calls for projects are also published on this website. As for Horizon 2020, National Contact Points have been appointed to help setting up projects.

EUREKA calls for proposals

<http://www.eurekanetwork.org/>

Country pages on the EUREKA website

<http://www.eurekanetwork.org/eureka-countries>

EUROSTARS

The Eurostars programme is specifically dedicated to research-performing SMEs. It has been created by the 33 EUREKA member countries and the European Commission. The programme specifically targets the development of new products, processes and services and the access to transnational and international markets.

Led by a research-performing SME from a “Eurostars” country, projects must include at least another participant from a different country. As the objective is to bring an innovation to the market, a Eurostars project should not last longer than three years.

Eurostars projects are collaborative, meaning they must involve at least two participants (legal entities) from two different Eurostars participating countries. In addition, the main participant must be a research-performing SME from one of these countries. Within two years of project completion, the product of the research should be ready for launch onto the market.

Eurostars website

<https://www.eurostars-eureka.eu/>

Eurostars brochure

<https://www.eurostars-eureka.eu/sites/default/files/publications/eurostars-sme.pdf>

8 SUPPORT

Preparing a competitive Horizon 2020 proposal is not necessarily a simple task, in particular if you are doing it for the first time. Several resources exist, however, that can support you with your proposal writing.

Contact your National Contact Point

Horizon 2020 National Contact Points (NCPs) are hosted in organisations at country level, and are established and financed by governments of the 28 EU member states and the states associated to the framework programme.

Luxinnovation, the National Agency for Innovation and Research is NCP for Luxembourg. We advise applicants on the most suitable funding programme, support proposal writing and organise information or training events.

Horizon 2020 National Contact Point in Luxembourg:

ncp.horizon2020@luxinnovation.lu

<http://horizon2020.lu/>

2020 National Contact Point search per country and thematic domain:

http://ec.europa.eu/research/participants/portal/desktop/en/support/national_contact_points.html

Contract an expert

You are the ultimate authority on your project idea and your field of expertise. However, some consultants have specialised in drafting proposals effectively and setting up project consortia. Consider if such an investment may pay off for you.

Benefit from Fit4Horizon2020

Luxembourg has set up a national support scheme for SMEs that would like to submit a Horizon 2020 proposal. The Fit4Horizon2020 programme provides a maximum of €5,000 for project participants or €15,000 for project coordinators. These amounts can be used to team up with a consultant, travel to consortium meetings or employ staff dedicated to the preparation of the proposal. Similar schemes exist in other countries.

Luxembourg's Fit4Horizon2020 scheme for SMEs

<http://horizon2020.lu/Toolbox/Fit4H2020>

Enterprise Europe Network

The Enterprise Europe Network helps SMEs benefit from business opportunities in Europe and beyond. EEN has a close-knit network of contact points in many European countries. Get in touch with your nearest contact person:

Enterprise Europe Network website

<http://een.ec.europa.eu/>

Enterprise Europe Network Luxembourg

<http://een.lu/>

FURTHER REFERENCES

Horizon 2020 Participant Portal

<http://ec.europa.eu/research/participants/portal/desktop/en/home.html>

SME participation: dedicated section on the Participant Portal

http://ec.europa.eu/research/participants/portal/desktop/en/funding/sme_participation.html

Horizon 2020 Online Manual

http://ec.europa.eu/research/participants/docs/h2020-funding-guide/grants/applying-for-funding/find-a-call_en.htm

SOCIAL MEDIA

Many funding bodies or programmes communicate on social media. Following some of them might be a simple way to remain up-to-date. Below a selection of some accounts.

European Commission Directorate General for Research and Innovation	@innovationunion, @EU_H2020 https://www.facebook.com/innovation.union
EASME SME instrument	@H2020SME
Enterprise Europe Network	@EEN_EU https://www.facebook.com/EnterpriseEuropeNetworkEU
EUREKA	@eureka_network
Marie Skłodowska-Curie Actions	https://www.facebook.com/Marie.Curie.Actions
Luxembourg Horizon 2020 National Contact Point	@NCPHorizon2020

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