



Horizon 2020: Ensuring participation of SMEs

ESBA position on the Proposal for a Regulation of the European Parliament and of the Council on Horizon 2020 – the Framework Programme for Research and Innovation (2014-2020) ([COM 2011/809](#)) – and on the Proposal for a Regulation laying down the rules for the participation and dissemination in Horizon 2020 ([COM\(2011\) 810](#)).

Key ESBA recommendations on Horizon 2020:

In order to improve the access of SMEs to the funds delivered under the Horizon 2020 programme, ESBA urges the Institutions to take the following into account:

- Considering the key role that the programme will play for growth and innovation in the EU, **the Horizon 2020 budget should be strengthened**. Because of their importance for Europe's economic performance, **the *Industrial Leadership* pillar and the *Innovation in SMEs* and *Access to Risk Finance* instruments should specifically benefit from this budget increase**.
- The overhead and indirect costs of innovative activities prove to be more burdensome for micro and small businesses; these businesses do not have the same amount of human and financial resources as larger companies. Therefore the norms regulating **the reimbursement of indirect eligible costs** should take this situation into consideration by providing a **30% flat rate for SMEs**.
- **Horizon 2020 should serve as the bridge between the funding of innovation and the funding of the production stage**. In order to bring innovative products to the market and enable companies to commercialise their research, Horizon 2020 should make funds available throughout the whole product cycle. **There is a need to ensure that Horizon 2020 and COSME are compatible and mutually reinforcing**, so as to enable companies to benefit from support measures in all these stages.
- It should be a priority to establish **systematic coordination between** the instruments for SMEs provided by **the Horizon 2020 and COSME programmes**, in order to make the European supply of funds reach the maximum level of efficiency.
- To involve small businesses in the Horizon 2020 programme, it is necessary to find a **proper balance between larger and smaller projects**. Furthermore, it should be possible to provide funds through bottom-up logic; this implies that descriptions of projects to be funded (the 'calls') should not be too narrowly defined, thereby leaving room for innovative ideas.
- Small businesses are faced with severe difficulties in accessing credit, also for financing innovative ideas; for this reason, **a significant amount of the *Access to Risk Finance* instrument should be earmarked for SMEs**.
- In order to make them fully exploit their potential, **SMEs should be encouraged to be more involved in the *Marie Skłodowska-Curie Actions* and the *Knowledge Innovation Communities***.
- The European Commission needs to monitor the effectiveness of all the measures directed to **SMEs**; this would ensure better exploitation of the funds throughout the programme. For the same purpose it is necessary that the *Enterprise Europe Network*, chambers of commerce,



other business support networks and the competent national and local authorities provide **timely information and training to SMEs.**

- In order to ensure that innovation reaches the market and citizens benefit from publicly financed projects, the EU should guarantee the availability of the results from research projects conducted by research institutes and universities through the principle of open access to scientific publications. **However, ESBA cannot support any obligation for businesses to publish commercially sensitive information** as this would deter businesses from applying for Horizon 2020 funds.

Background

The four proposals for the new European Framework for Research and Innovation - Horizon 2020 - will set the general intentions and conditions to enable the EU to reinforce its global position in science, to strengthen its industrial leadership in innovation and to address societal challenges.

Horizon 2020 is a financial instrument implementing the Innovation Union Programme established under the Europe 2020 strategy. This tool is aimed at creating growth and jobs in Europe through innovation. Because of their economic importance within the EU, SMEs play a key role in boosting the economy and creating the growth and jobs that Europe needs.

ESBA Position

ESBA recognises the need to protect the environment and provide sustainable growth through the *Societal Challenges* and the *Excellent Science* pillars under the Horizon 2020 programme. Nevertheless, the current economic crisis requires a more market-oriented innovation. For this reason **the 'Industrial Leadership' pillar should cover at least 28% of the total Horizon 2020 budget**, furthermore ESBA calls for an **increase of the whole Horizon 2020 budget.**

Through the dissemination and the exploitation of the results obtained, SMEs play a key role in bringing to the market innovation from research conducted by universities and other public research bodies. Therefore, it is essential to maximise their involvement in research and innovation projects. By **strengthening the *Innovation in SMEs* and the *Access to Risk Finance* instruments**, at least **20%** of the total combined budget of the *Societal Challenges* and the *Industrial Leadership* pillars should be reserved for SMEs.

Micro and small businesses do not have the same financial and human resources of larger companies; as a result of this the overhead and indirect costs of innovative activities would prove to be more burdensome for SMEs. The norms regulating reimbursements should take this into account by providing SMEs with a **30% flat rate for indirect eligible costs.**

Horizon 2020 should serve as the bridge between the funding of innovation and the funding of the production stage. In order to bring innovative products to the market and enable companies to commercialise their research, Horizon 2020 should make funds available throughout the whole

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product cycle. **There is a need to ensure that Horizon 2020 and COSME are compatible and mutually reinforcing**, so as to enable companies to benefit from support measures in all these stages.

In order to make all SME-related instruments and the whole Horizon 2020 programme more effective, a high level of **coordination between funds delivered under Horizon 2020 and the COSME programme is required**. To this end, it would be appropriate to have an independent and dedicated structure administering all the activities directed towards SMEs.

As a result of differences in size and characteristics of SMEs and in order to ensure a more effective exploitation of the funds, it is necessary to establish a **proper balance between bigger and smaller projects**. This objective also requires that **calls are open to all kinds of projects** – without predefined and strict guidelines for innovative projects – in order to provide the necessary flexibility to involve all types of businesses.

Small businesses are currently facing severe difficulties in accessing credit. For this reason a **significant amount of the Access to Risk Finance instrument should be reserved for SMEs**. This would provide essential support for SMEs and enable them to pursue their innovation strategies, which are often the untapped potential of SMEs.

SMEs should be encouraged to be more involved in the Knowledge and Innovation Communities – highly integrated ventures which bring together partners from different sectors and their respective know-how. Furthermore, **Marie Skłodowska-Curie Actions** should stimulate cross-sector mobility for researchers from universities and research organisations, and also for researchers from enterprises, especially from SMEs.

The European Commission should monitor and report regularly on the effectiveness of all the measures aimed at sustaining the activity of SMEs and on their involvement in the Horizon 2020 programme. This activity would ensure a better exploitation of the funds throughout the programme.

For the same purpose the **Enterprise Europe Network, chambers of commerce, other business support networks and the competent national and local authorities should provide information and coaching activities for SMEs** in order to help them to access Horizon 2020 funds. To this end, these entities should receive financial and logistic support from the Commission.

It is necessary to affirm the principle of providing **open access to scientific publications** resulting from research financed by the Horizon 2020 programme. The availability of scientific results from research institutes, universities and other research entities is essential to ensure their exploitation by European companies and their dissemination among citizens, so as to let the economy as a whole benefit from public funding. **However, ESBA is against any obligation for businesses to publish commercially sensitive information. This would deter businesses from applying for Horizon 2020 funds.**

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