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Factsheet on Industrial participation

Horizon 2020 is designed to bring business into the research and innovation chain throughout its various components. Some of the key opportunities for participation and support are highlighted here.

Priority Objective: Industrial leadership

One of the three objectives under Horizon 2020, 'Industrial leadership and competitive frameworks' has a budget of € 17.9 billion. It aims to make Europe a more attractive location for businesses, large and small, to invest and set the research and innovation agenda. Three key elements will support this goal:

Leadership in enabling and industrial technologies: will support the development of technologies underpinning innovation across a range of sectors, including ICT and space. Horizon 2020 will have a strong focus on developing European **industrial capabilities** in *Key Enabling Technologies* (KETs) with a budget of €5.89 billion. These include:

- Micro- and nano-electronics; photonics
- Nanotechnologies
- Advanced materials
- Biotechnology
- Advanced manufacturing and processing

Development of these technologies requires a multi-disciplinary, knowledge and capital-intensive approach.

Access to Risk Finance. Under Horizon 2020, a total amount of € 3.5 billion is budgeted for financial instrument facilities, and accompanying measures, for research and innovation. At least one-third of this amount will be dedicated to SMEs and small mid-caps. A leverage of up to 5 is envisaged, meaning that for every Euro provided through the financial instruments, additional finance of up to 5 Euro will be generated.

Two financing facilities will be available:

- **A debt facility** providing loans, guarantees and other forms of debt finance to entities of all forms and sizes, including research and innovation-driven SMEs

- **An equity facility** providing finance for early- and growth-stage investments, with a particular focus on early-stage SMEs with the potential to carry out innovation and grow rapidly.

Their aim will be to support the achievement of the R&I objectives of all sectors and policy areas crucial for tackling societal challenges, enhancing innovation and fostering sustainable growth. They will be implemented via a mandate to, or a partnership with, the European Investment Bank Group and/or other international financial institutions and national intermediaries. These Horizon 2020 facilities will be operated in conjunction with the financial instrument facilities of COSME, the Programme for the Competitiveness of Enterprises and SMEs, where €1.4 billion has been allocated to debt and equity financing in support of SMEs.

Innovation in SMEs, will help SMEs with high growth potential to grow into the multinationals of tomorrow. SME participation across Horizon 2020 will be stimulated using a new dedicated SME instrument (similar to the SBIR model) It will provide easy access with simple rules and procedures. Through this integrated approach it is expected that around 15% € 6.8 billion of the combined budgets of the societal challenges and leadership in enabling and industrial technologies will go to SMEs. For further information, see the SME measures in Horizon 2020 factsheet.

Future and Emerging Technologies (FET)

Under the objective “**Excellent Science**”, € 3.1 billion will be allocated to Future and Emerging Technologies (FET) which supports collaborative research across scientific and engineering disciplines with a clear final goal or purpose. Researchers may be investigating the foundations for radically new technologies, or working towards a breakthrough, which could transfer new ideas from science into technology. Under Horizon 2020, the Commission proposes to make FET an integral part of this objective and open it up to collaborative projects in any technological area (for example material science or health)

Knowledge Innovation Communities (KICs)¹. The European Institute of Innovation and Technology (EIT) focuses on creating Knowledge Innovation Communities (KICs) across Europe by bringing together top-level academic and business partners around major innovation challenges. It complements other European initiatives in the areas of education, research and innovation and will be an integral part of the new Horizon 2020 Framework Programme for Research and Innovation.

- KICs are highly integrated partnerships, bringing together excellent universities, research centres, small and large companies and other

¹ Note: EIT funding will be provided in two tranches

€1 360 is the first contribution of H2020 to the EIT, for the consolidation of the existing KICs and the launch of the second wave of KICs.

€1 440 is the second contribution, which is subject to an interim evaluation by independent experts according to criteria laid down in the Horizon 2020 Regulation. This contribution will come pro rata from Leadership in Enabling and Industrial Technologies (LEIT) and the Societal challenges, and it is included in the budgets of these. Therefore, this second amount should not be added to the total amount of H2020.

innovation actors on a long-term basis around specific societal challenges

- Each KIC is organized around a small number of interconnected co-location centres where partners work closely together on a daily basis and with an unprecedented degree of common strategic objectives. Co-location centres build on existing centres of excellence, developing them further into local innovation ecosystems and linking them together into a broader network of innovation nodes across Europe
- Within the EIT framework, the individual KICs have been given a large degree of autonomy in defining their internal organisation, composition, agenda and working methods, allowing them to choose the approach that is best suited to meet their objectives
- At strategic level, the EIT organizes the selection process of KICs, coordinates them with a flexible framework and disseminates their best governance and funding model.
- Through the KICs, the EIT helps to create environments where innovation is more likely to thrive and to generate breakthroughs in the way higher education, research and business collaborate
- This approach helps addressing the increasingly complex societal challenges set out in Horizon 2020 in a holistic way, bringing together excellent people from different sectors, backgrounds and disciplines – who otherwise would not necessarily meet – to jointly find solutions to the challenge

Tackling societal challenges

Companies are also expected to play a major role in the third key objective of Horizon 2020, 'Societal challenges', which has a dedicated budget of € 31.7 billion. For each of the six challenges a "whole innovation cycle" approach will be developed, with a greater emphasis on 'close to the market' activities such as demonstration and piloting.

Public-Private Partnerships (PPPs)

Horizon 2020 includes provisions to continue supporting public-private partnerships. These can take the form of a contractual arrangement between public and private actors and can, in limited cases, also be institutionalised public-private partnerships, such as Joint Technology Initiatives (JTIs) and other Joint Undertakings. These allow businesses and other stakeholders to join together to set and organise their own research and innovation agenda. Existing public-private partnerships may receive support from Horizon 2020 provided they address the objectives of Horizon 2020 and have shown to make significant progress under FP7.

Cutting red tape for businesses

A key feature of Horizon 2020 is that it has been constructed from the outset around a radical simplification of current rules and procedures to attract more top researchers and a broader range of innovative enterprises. This includes:

- a more user-friendly approach around a more transparent programme architecture
- a single set of rules for participation, including on eligibility for funding, evaluation and IPR
- two funding rates but only one predetermined rate applicable to all participants and activities in the same project: one project – one rate;
- streamlined funding rules, for instance allowing the use of researchers' own accounting methods
- fewer controls and audits, but without compromising the sound financial management of EU funds as simplified procedures for participation mean less error
- Uniform evaluation and earlier project starts, with a reduction of 100 days to contract signature.
- Easier access to application via a single Participant Portal