

HORIZON 2020

WORK PROGRAMME 2014–2015

6. Access to Risk Finance

Important Notice on the First Horizon 2020 Work Programme

This Work Programme covers 2014 and 2015. Due to the launching phase of Horizon 2020, parts of the Work Programme that relate to 2015 (topics, dates, budget) are provided at this stage on an indicative basis only. Such Work Programme parts will be decided during 2014.

(European Commission Decision C (2013)8631 of 10 December 2013)

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Introduction

Under 'Access to Risk Finance', Horizon 2020 will help companies and other types of organisation engaged in research and innovation (R&I) to gain easier access, via financial instruments, to loans, guarantees, counter-guarantees and hybrid, mezzanine and equity finance.

The priority for 2014-2015 is, above all, to continue and build on activities that have proved their worth in supporting R&I in 2007-2013: the Risk-Sharing Finance Facility (RSFF) and the Risk-Sharing Instrument for SMEs (RSI) in the Seventh Framework Programme (FP7), together with GIF-1, the early-stage part of the High-Growth & Innovative SMEs Facility in the Competitiveness & Innovation Framework Programme (CIP)¹. Horizon 2020's financial instrument facilities will operate in conjunction with those of COSME², the successor to CIP.

The coming two years will also see a significant participation by Horizon 2020 in the proposed SME Finance Initiative; the launch of a pilot facility supporting the technology transfer process; and a new focus on improving access to risk finance by larger midcap firms³. In addition, firms of all sizes, together with other types of organisation, will be able to get advice on how to make themselves more attractive to banks and potential investors. And to help prepare for new developments, studies will look into how best to encourage more business angel and crowd-funding investments in R&I; into the potential for pan-European venture capital (VC) funds-of-funds; and at the possibilities for an EU prizes scheme.

As in the previous programmes, debt and equity facilities will be run in a demand-driven manner, though the priorities of particular sectors or of other EU programmes will be targeted if top-up funding is made available, including from managing authorities wishing to invest part of their European Structural & Investment Funds (ESIF) programme contribution⁴. The focus remains on attracting private investments into R&I. As before, firms and other entities located in the EU or in non-EU countries associated with Horizon 2020⁵ are eligible as beneficiaries unless otherwise specified⁶.

The European Investment Bank (EIB) and the European Investment Fund (EIF) will play an important role, as entrusted entities, in implementing each financial instrument facility on behalf of and in partnership with the European Commission⁷. For EIF, this role includes (as

¹ Including the positive experience in the CIP with funding SMEs active in eco-innovation.

² COSME provides a) succeeding SMEG under CIP, a Loan Guarantee Facility (LGF) providing counter-guarantees and other risk-sharing arrangements for guarantee schemes (including co-guarantees where appropriate), plus direct guarantees and other risk-sharing arrangements for other financial intermediaries; b) succeeding GIF-2 under CIP, an Equity Facility for Growth (EGF) to enhance the supply of risk capital.

³ There is no official or widely accepted definition of 'midcaps' at present. In implementing the Horizon 2020 financial instrument facilities and until an official definition is agreed, 'midcaps' are deemed to be enterprises comprising 250 to 3000 employees (in full-time equivalents). They are divided into 'small midcaps' of between 250 and 499 employees, and 'medium and large midcaps' of from 500 to 3000 employees. In line with the definition used in the 'SMEs' context, 'enterprises' are defined as in Article 1 of Title 1 of the Annex of Commission Recommendation 2003/361/EC (OJ L124, 20.05.2003, p. 36), and headcount is calculated in accordance with Articles 3, 4, 5 and 6 of Title 1 of the same Annex.

⁴ This could be done by creating ring-fenced compartments within a debt or equity facility for investments in Member States, regions and sectors covered by the ESIF programme concerned.

⁵ Please see part A of the General Annexes.

⁶ For research infrastructures, support can be given, under certain conditions, to projects or organisations in which non-EU or non-Associated Country entities participate.

⁷ Subject to the successful conclusion of negotiations, EU and EIB will sign a framework agreement defining how they will cooperate in preparing, implementing and managing financial instruments administered by EIB with a financial contribution from the EU budget. With the same proviso, the EU and EIF will sign an

under FP7 and CIP) conducting calls for expressions of interest for selecting the financial intermediaries, such as banks and risk-capital funds, that will make the actual loans to or investments in SMEs and small midcaps. While EIB will make large loans directly, it will also be able to use financial intermediaries as well, particularly when supporting medium and large midcaps⁸. Exploratory talks with other financial institutions of comparable stature are underway, and in future one or more may join EIB and EIF in running facilities for the European Commission.

To locate banks or funds that provide risk finance supported by the EU, please go to <http://access2eufinance.ec.europa.eu>

analogous framework agreement. A specific agreement between DG Research & Innovation and EIB/EIF will then lay down detailed provisions for the financial instrument facilities of Horizon 2020.

⁸ See footnote 3 for definition.

Actions supporting Access to Risk Finance^{9, 10}

Financial instruments

1. Loans Service for R&I¹¹

This financial instrument continues and refines the Risk-Sharing Finance Facility (RSFF) under FP7¹², and offers loans and hybrid or mezzanine finance.

It aims to improve access to risk finance for R&I projects emanating from large firms and medium and large midcaps¹³; universities and research institutes; R&I infrastructures (including innovation-enabling infrastructures); public-private partnerships; and special-purpose vehicles or projects (including those promoting first-of-a-kind, commercial-scale industrial demonstration projects). Firms and other entities located in Member States or in Associated Countries¹⁴ will be eligible as final beneficiaries¹⁵.

For medium and large midcaps, this facility will offer loans and hybrid or mezzanine finance of between EUR 7.5 million and EUR 25 million. A loan to a medium or large midcap of more than EUR 25 million will be considered on a case-by-case basis. For large firms, loans of between EUR 25 million and EUR 300 million will be available. A loan to a large firm of less than EUR 25 million will be considered on a case-by-case basis. For the other entities mentioned above, loans from EUR 7.5 million to EUR 300 million will be available.

The European Investment Bank (EIB) and the European Investment Fund (EIF) will implement this instrument¹⁶, which will be delivered both directly by EIB and also by financial intermediaries (such as banks). Financial intermediaries will be guaranteed against a proportion of their potential losses by EIB and/or EIF, which will also offer counter-guarantees to guarantee institutions. This is a demand-driven instrument, with no prior allocations between sectors, countries or regions, or types or sizes of firm or other entities.

Expected impact: This instrument will help address sub-optimal investment situations stemming from poor prospects within firms or other entities for the creation or commercialisation of products or services of societal importance (in the sense of Horizon 2020's Societal Challenges) or that constitute a public good. Overall, it will improve access to risk finance. For direct loans or hybrid/mezzanine investments, the indicators are the number and volume of loans or investments made. For intermediated loans, the indicators are the number of agreements signed with financial intermediaries and the number and volume of loans made. Targets will be set in negotiations with EIB and EIF.

Indicative timetable: This instrument is likely to be available from the first quarter of 2014. To stay informed, please see <http://access2eufinance.ec.europa.eu>

⁹ The budget amounts for 2014 are subject to the availability of the appropriations provided for in the draft budget for 2014 after the adoption of the budget for 2014 by the budgetary authority, or if the budget is not adopted, as provided for in the system of provisional twelfths.

¹⁰ The budget amounts for 2015 are indicative and will be subject to a separate financing decision to cover the amounts to be allocated for 2015.

¹¹ This name for the successor to the RSFF is a placeholder. A brand-name will be proposed soon.

¹² See <http://www.eib.org/products/rsff/>

¹³ See footnote 3 for definition.

¹⁴ Please see part A of the General Annexes.

¹⁵ For research infrastructures, support can be given, under certain conditions, to projects or organisations in which non-EU or non-Associated Country entities participate, including cases where the location of the infrastructure and the investment is outside the EU or an Associated Country.

¹⁶ Subject to the successful conclusion of negotiations.

Selection procedure: For financial intermediaries: EIF will issue one or more calls for expression of interest, with eligibility and selection criteria defined as part of each call after consultation with DG Research & Innovation.

For intermediated loans: according to the internal processes of the intermediary bank or other financial institution concerned, using normal commercial criteria.

For direct financing operations: EIF will check the financial viability of a potential financing operation, while DG Research & Innovation, assisted by other Commission DGs, will check its alignment with the goals of Horizon 2020 (particularly the Societal Challenges).

Indicative budget: EUR 107.70 million from the 2014 budget¹⁷ and EUR 92.50 million from the 2015 budget.

Sub-facility

1.1 First-of-a-kind, commercial-scale industrial demonstration projects in the field of competitive low-carbon energy¹⁸

Meeting the EU's energy goals for 2020 and beyond will require continuous development and commercialisation of new generations of low-carbon energy technologies and systems. First-of-a-kind, commercial-scale demonstration projects are essential to show the technical and commercial viability, at industrial scale, of new generations of energy technologies. These actions are predominant in the Strategic Energy Technology (SET) Plan roadmaps, especially regarding wind energy, solar energy, bioenergy and CCS (carbon capture and storage). A key barrier to implementing first-of-a-kind demonstration projects is the lack of finance for high risk/high-return projects due to their pre-commercial development stage and the unproven nature of the technologies concerned at industrial scale.

This action aims to establish a sub-facility for making loans to first-of-a-kind demonstration projects in the field of energy or extending guarantees to financial intermediaries who will make such loans. The projects supported will aim to scale up technologies currently at Technology Reference Level (TRL) 6 to TRL 8; please see part G of the General Annexes.

Expected impact: This sub-facility will help in:

- de-risking investments in advanced low-carbon energy technologies by demonstrating and validating, at industrial scale, technology performance, installation time and costs, operation and maintenance costs, and reliability and lifetimes;
- reducing perceived investment risks for investors;
- preparing for further roll-out to the market of the technologies by industry, with a view to achieve the EU's energy targets for 2020 and beyond;
- fostering industrial development and hence creating jobs and growth in the EU.

Indicative timetable: Subject to a proportionate ex ante evaluation, this sub-facility is likely to be available from the second semester of 2015. To stay informed, please see <http://access2eufinance.ec.europa.eu>

Selection procedure: Under discussion with the entity or entities who may be entrusted with implementing the sub-facility.

¹⁷ This amount includes EFTA appropriations for 2014 and is subject to the outcome of discussions on the budget profile.

¹⁸ This name is a placeholder. A brand-name will be proposed soon.

Indicative budget¹⁹: The budget will be drawn from the 2015 budget of the Horizon 2020 Energy Challenge — see action B2.11.

2. SMEs & Small Midcaps R&I Loans Service²⁰

This is a guarantee facility. It succeeds and refines the RSI pilot under the RSFF in FP7²¹, and is part of a single debt financial instrument supporting the growth of enterprises and their R&I activities. It targets R&I-driven SMEs and small midcaps²² requiring loans of between EUR 25 000 and EUR 7.5 million. A loan of more than EUR 7.5 million will be considered on a case-by-case basis. The 'R&I Loans Service' (see action 1 above) will serve larger midcaps. R&I-driven SMEs and small midcaps located in Member States or in Associated Countries²³ will be eligible as final beneficiaries.

The European Investment Fund (EIF) will implement this facility²⁴ by providing direct guarantees to financial intermediaries (such as banks), who will extend the actual loans to final beneficiaries. The guarantee will cover up to 50% of intermediaries' potential losses. EIF will also offer counter-guarantees to financial intermediaries (such as guarantee institutions) providing risk protection to banks extending loans to R&I-driven SMEs and small midcaps.

R&I-driven SMEs or small midcaps wishing to apply for a loan should contact one of the financial intermediaries signing an agreement (see Selection procedure) with EIF. This is a demand-driven facility, with no prior allocations between sectors, countries or regions. However, subject to the successful conclusion of negotiations, the Commission will incentivise EIF to make a particular effort to ensure that a significant proportion of final beneficiaries are eco-innovative SMEs and small midcaps.

Expected impact: R&I-driven SMEs and small midcaps able to carry out a greater amount of R&I. The indicators are the number of agreements signed with financial intermediaries and the number and volume of loans made. Targets will be set during negotiations with EIF.

Indicative timetable: This facility is likely to be available from the first quarter of 2014. To stay informed, please see <http://access2eufinance.ec.europa.eu>

Selection procedure: For financial intermediaries: EIF will issue one or more calls for expression of interest, with eligibility and selection criteria defined as part of each call after consultation with DG Research & Innovation.

For loans: according to the internal processes of the intermediary bank or other financial institution that the SME or small midcap applies to, using normal commercial criteria.

Indicative budget: EUR 87.75 million from the 2014 budget²⁵ and EUR 72.70 million from the 2015 budget.

¹⁹ If the sub-facility and related projects to be supported are not mature enough to be launched in 2015, the budget will be redistributed among the actions proposed in the other areas targeted in the part of the Energy Challenge WP relevant to 2015.

²⁰ This name for the successor to the RSI is a placeholder. A brand-name will be proposed soon.

²¹ See http://www.eif.org/what_we_do/guarantees/RSI/index.htm

²² See footnote 3 for definition.

²³ Please see part A of the General Annexes.

²⁴ Subject to the successful conclusion of negotiations.

²⁵ This amount includes EFTA appropriations for 2014 and is subject to the outcome of discussions on the budget profile.

2.1 Climate-Change Window (CCW)²⁶

The CCW targets R&I-driven SMEs and small midcaps²⁷ requiring loans of between EUR 25 000 and EUR 7.5 million who are either suppliers and developers of climate-friendly innovations (commercially available or near-to-market) or end-users of such innovations. A loan of more than EUR 7.5 million will be considered on a case-by-case basis. To be eligible as final beneficiaries, R&I-driven SMEs and small midcaps must a) be located in Member States and b) satisfy 'climate-friendly' criteria²⁸ that will be specified by the services of the Commission before the launch of the CCW.

The European Investment Fund (EIF) will implement the CCW²⁹ as a sub-facility within the 'SMEs & Small Midcaps R&I Loans Service'. It will be delivered by financial intermediaries (such as banks), who will extend the actual loans to final beneficiaries. Financial intermediaries will be guaranteed against a proportion of their potential losses by EIF.

Eligible SMEs or small midcaps wishing to apply for a CCW loan should contact one of the financial intermediaries signing an agreement (see Selection procedure) with EIF.

Expected impact: SMEs and small midcaps able to supply, develop or make use of a greater amount of climate-friendly innovations. The indicators are the number of agreements signed with financial intermediaries and the number and volume of CCW loans made. Targets will be set during negotiations with EIF.

Indicative timetable: This facility is likely to be available from the third quarter of 2014. To stay informed, please see <http://access2eufinance.ec.europa.eu>

Selection procedure: For financial intermediaries: financial intermediaries will be the same as those selected to implement the 'SMEs & Small Midcaps R&I Loans Service'.

For loans: according to the internal processes of the intermediary bank or other financial institution that the SME or small midcap applies to, using normal commercial criteria.

Indicative budget: EUR 20.00 million from the 2014 budget and EUR 20.00 million from the 2015 budget of the LIFE programme³⁰.

Additional participation mechanism

2.2 Joint Guarantee Instruments for R&I-intensive SMEs and Small Midcaps

These instruments are part of a proposed EU SME Finance Initiative that will use funds from COSME, Horizon 2020 and European Structural & Investment Funds (ESIF) combined with resources from EIB and EIF. The joint instruments aim to enable Member States and regions to channel significant amounts of ESIF through the 'SMEs & Small Midcaps R&I Loan Service'. Member States and regions may choose to deliver part of their operational programmes by allocating national or regional programme contributions in this way, with disbursements geographically linked to contributions. The joint instruments may take the

²⁶ This name is a placeholder. A brand-name will be proposed soon.

²⁷ See footnote 3 for definition.

²⁸ Along the lines of undertaking innovations in the areas of investments in processes, products, materials, management, use patterns, skills or training; or in supply-chain measures leading to CO₂ emissions reductions, such as energy efficiency or sustainable renewable technologies; or by enabling businesses and communities to reduce risks regarding current and projected impacts of climate change via, for instance, innovative water-management technologies.

²⁹ Subject to the successful conclusion of negotiations.

³⁰ Subject to the adoption of the 2014-2017 work-programme of the LIFE programme, to which the outcome of an ex ante evaluation of the CCW will be annexed.

form of joint portfolio guarantees or joint securitisation operations for the benefit of R&I-intensive SMEs and small midcaps³¹.

Expected impact: R&I-driven SMEs and small midcaps able to carry out a greater amount of R&I. Indicators and targets will be set during the first half of 2014.

Indicative timetable: These instruments are likely to be available in the first half of 2014. To stay informed, please see <http://access2eufinance.ec.europa.eu>

Selection procedure: For Horizon 2020, contractual arrangements will ensure that access to public guarantees for partner banks³² is conditional on passing on the benefits in the form of new loans to R&I-intensive SMEs and small midcaps.

Indicative budget: EUR 60.00 million from the 2014 budget³³ and EUR 60.00 million from the 2015 budget.

3. Equity Facility for R&I³⁴

This facility succeeds and refines the GIF-1 scheme under CIP³⁵, and is part of a single equity financial instrument supporting the growth of enterprises and their R&I activities. It is designed to improve access to risk finance by early-stage R&I-driven SMEs and small midcaps³⁶ through supporting early-stage risk capital funds that invest, on a predominantly cross-border basis, in individual enterprises. SMEs and small midcaps located in Member States or in Associated Countries³⁷ will be eligible as final beneficiaries. The COSME programme's Equity Facility for Growth (EFG) complements this facility.

The European Investment Fund (EIF)³⁸ will make and manage equity investments into risk-capital funds. EIF will be able to invest in a wide range of financial intermediaries, including those cooperating with business angels. The funds concerned will make VC and quasi-equity (including mezzanine capital) early-stage investments in enterprises, which are likely to be mainly SMEs. In the case of multistage funds (i.e., covering both early- and growth-stage investments), funding can be provided pro rata from this facility and COSME's growth-stage equity facility, EFG.

This is a demand-driven facility, with no prior allocations between sectors, countries or regions. However, subject to the successful conclusion of negotiations, the Commission will incentivise EIF to make a particular effort to ensure that a significant proportion of final beneficiaries are eco-innovative SMEs and small midcaps. R&I-driven SMEs or small midcaps wishing to apply for an investment should contact one or more of the funds signing an agreement with EIF.

Expected impact: An increase in the risk capital available to invest in R&I-driven SMEs and small midcaps, with R&I-driven SMEs and small midcaps consequently able to develop and carry out a greater amount of R&I. The indicators are the number of agreements signed with

³¹ See footnote 3 for definition.

³² Including both commercial and promotional banks.

³³ If this facility does not start in 2014, the 2014 budget allocation will be allocated to the 'SMEs & Small Midcaps R&I Loans Service'. If the amount finally agreed is less than EUR 60 million, the remainder will also be allocated to the 'SMEs & Small Midcaps R&I Loans Service'.

³⁴ This name for the successor to GIF-1 is a placeholder. A brand-name will be proposed soon.

³⁵ See http://ec.europa.eu/cip/eip/access-finance/index_en.htm

³⁶ See footnote 3 for definition.

³⁷ Please see part A of the General Annexes.

³⁸ Subject to the successful conclusion of negotiations.

financial intermediaries (i.e., risk capital funds), the volume of investments made in SMEs and small midcaps, and the number of SMEs and small midcaps invested in. Targets will be set during negotiations with EIF.

Indicative timetable: This facility is likely to be available from the first quarter of 2014. To stay informed, please see <http://access2eufinance.ec.europa.eu>

Selection procedure: For risk-capital funds acting as financial intermediaries: EIF will issue one or more calls for expression of interest, with eligibility and selection criteria defined as part of each call after consultation with DG Research & Innovation.

For investments by a selected fund in an enterprise: according to the investment strategy and procedures of the fund concerned.

Indicative budget: EUR 40.00 million from the 2014 budget³⁹ and EUR 36.00 million from the 2015 budget.

Equity Facility window

3.1 Piloting Co-Investments by Business Angels in Innovative ICT Firms⁴⁰

This pilot scheme will co-finance investments by business angels in innovative SMEs and small midcaps⁴¹ that are aiming to commercialise new ICT-related products and services. Potential co-investors with business angels include family offices and equity crowd-funders. The domains of photonics, microelectronics, microsystems and robotics, and also the ICT-related creative industries, will receive particular attention. The scheme might operate through a fund set up as a dedicated investment vehicle. Co-financed investments, made as a rule on the basis of an equal sharing of risks and rewards, will take the form of equity and, potentially, other forms of risk capital. ICT-related investments should represent at least 50% of the total investments made. The Commission will incentivise the entity entrusted with implementing the pilot to make a particular effort, including targeted awareness-raising, to ensure that a significantly higher proportion of investments are ICT-related.

Expected impact: Development of co-investments and cross-border investments by business angels, and improved access to risk finance by innovative ICT firms. Indicators and targets will be set during negotiations with the entity implementing the pilot scheme.

Indicative timetable: This instrument is likely to be available in 2015. To stay informed, please see <http://access2eufinance.ec.europa.eu>

Selection procedure: Under discussion with the entity who may be entrusted with implementing the pilot scheme.

Indicative budget: EUR 30.00 million from the 2015 budget⁴².

³⁹ This amount includes EFTA appropriations for 2014 and is subject to the outcome of discussions on the budget profile.

⁴⁰ This name is a placeholder. A brand-name will be proposed soon.

⁴¹ See footnote 3 for definition.

⁴² EUR 15.00 million from the budget line for 'Access to Risk Finance', and EUR 15.00 million from the budget line for 'Leadership in Enabling and Industrial Technologies / ICT'. These amounts will be included in the financial decision for 2015. If there is a significant lack of take-up by 30 June 2015, remainder funds will be reallocated to each of these budget-lines equally.

4. Technology Transfer Financing Facility Pilot⁴³

This pilot facility will co-finance investments made by existing technology transfer (TT) funds and vehicles. It will focus on TT undertaken via the creation of new companies and the licensing of intellectual property (IP), and concentrate on the proof-of-concept, development and early commercialisation stages of the TT process. It builds on experience gained from the Technology Transfer Pilot (TTP) implemented in 2007-2013 by the European Investment Fund (EIF) and from the investments in TT funds made by EIF under GIF-1 in CIP. Entities located in Member States or in Associated Countries⁴⁴ will be eligible as final beneficiaries. It is complemented by a capacity-building and networking measure, Call H2020-CBTT-2014.

Co-financed investments will take the form of equity and other forms of risk capital, particularly convertible loans or mezzanine finance. Where possible, these investments will themselves be made alongside matching funds from the European Investment Bank (EIB)⁴⁵ and/or EIF⁴⁶ as risk-sharing partners on, as a rule, an equal-risk, equal rewards basis.

Expected impact: A higher number and higher volume of TT investment deals in the EU should ensue, with a higher proportion of scientific knowledge produced in the EU commercialised. The indicators are the number of agreements signed with TT funds or vehicles and the number and volume of deals done. Targets will be set during negotiations with EIB and EIF.

Indicative timetable: This facility is likely to be available from 2015. To stay informed, please see <http://access2eufinance.ec.europa.eu>

Selection procedure: For TT funds and vehicles acting as financial intermediaries: one or more calls for expression of interest conducted by the entity entrusted by the Commission with implementing the facility, with eligibility and selection criteria defined as part of each call after consultation with DG Research & Innovation.

Investments carried out by a TT fund or vehicle: according to the investment strategy of the fund or vehicle concerned.

Indicative budget: EUR 60.00 million from the 2015 budget⁴⁷.

External expertise

5. Assessing the Investment Potential of SMEs Emerging from Phase I of the SME Instrument

This action will establish a group of investment specialists, operating in a personal capacity, to assess the investment potential of SMEs emerging from Phase I of the SME Instrument⁴⁸.

The group will include (but is not limited to) bankers, venture capital (VC) and other risk-capital fund managers, business angels, and individuals working in corporate VC, family

⁴³ This name is a placeholder. A brand-name will be proposed soon.

⁴⁴ Please see part A of the General Annexes.

⁴⁵ Subject to the successful conclusion of negotiations.

⁴⁶ Subject to the successful conclusion of negotiations.

⁴⁷ If the Technology Transfer Financing Facility Pilot does not start in 2015, the budget will be allocated to the 'Equity Facility for R&I'. If the budget necessary appears to be lower, the remainder will also be allocated to the 'Equity Facility for R&I'.

⁴⁸ SMEs that enter the SME Instrument scheme directly at Phase II or that progress to Phase II before the end of 2014 can also be considered. However, the priority for 2014 will be SMEs emerging from Phase I.

offices, accelerators and incubators. The first beneficiaries of Phase I of the SME Instrument are expected by the end of 2014.

This action is linked to an investment readiness measure (Call H2020-BIR-2014), and should help ensure greater access to risk finance by SMEs.

Type of action: expert contracts.

Indicative timetable: third quarter of 2014.

Indicative budget: EUR 2.10 million from the 2014 budget.

6. Technical and Financial Advisory Service for Risk Finance in R&I

This service aims to improve the 'bankability' and investment-readiness of large, complex projects suffering from sub-optimal investment conditions and needing substantial, long-term investments in order to come to fruition. It will also provide assistance in improving framework conditions that facilitate access to risk finance for R&I. It succeeds and builds on a pilot operated under the Risk-Sharing Finance Facility (RSFF) in FP7⁴⁹. The main clients foreseen are R&I-driven larger midcaps, large companies, and large or complex operations producing products or services of societal importance (in the sense of Horizon 2020's Societal Challenges) or that constitute a public good.

Legal entity: European Investment Bank, established at 98-100, boulevard K. Adenauer, L-2950 Luxembourg, Grand Duchy of Luxembourg.

Type of action: grant to identified beneficiary - coordination and support action in the form of an autonomous technical assistance agreement

The standard evaluation criteria, thresholds, weighting for award criteria and the maximum rate of co-financing for this type of action are provided in parts D and H of the General Annexes.

Indicative timetable: second quarter of 2014.

Indicative budget: EUR 16.00 million from the 2014 budget⁵⁰.

7. Evaluation of proposals

This action will support the use of appointed independent experts for the evaluation of proposals stemming from calls for proposals and, where appropriate, for the monitoring of running projects.

Type of action: expert contracts.

Indicative budget: EUR 0.04 million from the 2014 budget.

Studies

8. Understanding the Intellectual Property Aggregation Marketplace

This study aims to improve our understanding of what is happening in the EU in this area and to make recommendations for helping build an EU patents and licensing market. It should survey and analyse intellectual property (IP) aggregation initiatives (such as funds, brokerages

⁴⁹ See <http://www.eib.org/products/rsff/>

⁵⁰ This budget will cover a maximum four years of operation.

and patent pools) in the EU and other regions, and describe the extent of any market deficiencies and recommend possible interventions at EU level to encourage more IPR transactions for the benefit of European players.

The precise scope of the study will depend on the findings of an ongoing expert group which is looking, amongst other things, at the conditions that could justify the creation of an EU patent fund.

If duly justified, the study should make recommendations for EU-level intervention to remedy market deficiencies in the IP aggregation marketplace.

Type of action: public procurement.

Indicative timetable: first quarter of 2015.

Indicative budget: EUR 0.25 million from the 2015 budget.

9. Understanding the Nature and Impact of Angel and Crowd-Funding in R&I

This study should produce a comprehensive picture of what is happening in these rapidly developing areas and pave the way for possible EU-level action in 2015/2016.

It will require the design of a data-capture methodology, surveys, desk-research, and workshops, and should cover all EU Member States and countries associated with Horizon 2020. Close liaison will be necessary with the European Business Angels Network (EBAN) and Business Angels Europe (BAE), and with the operators of crowd-funding platforms and the emerging pan-European crowd-funding representative bodies. As regulatory constraints on crowd-funding may be significant, the study should also investigate existing and likely forthcoming national regulatory frameworks and the views of national regulators. Relationships and potential relationships between venture capitalists, business angels and crowd-funding investors should be a particular focus, and the study must build on earlier studies undertaken by the Commission in the same domains. It should also take account of the findings of the Commission's public consultation on crowd-funding launched in October 2013⁵¹.

Building on the evidence-base produced by previous studies, this study should deliver a more comprehensive picture of the potential for angel and crowd-funding investors to improve access to risk finance in the EU for, in particular, SMEs and small midcaps, together with recommendations for action at EU, national and regional levels.

Type of action: public procurement.

Indicative timetable: third quarter of 2014.

Indicative budget: EUR 0.75 million from the 2014 budget⁵².

10. Assessing the Potential for EU Investment in Venture Capital Funds-of-Funds

The Commission aims to make the European venture capital (VC) industry more self-sustainable and globally competitive by reducing its dependence on the public sector and encouraging more investments from institutional and private sources, especially into early and

⁵¹ The public consultation is open until 31 December 2013. Please see http://ec.europa.eu/internal_market/consultations/2013/crowdfunding/index_en.htm

⁵² This amount includes EFTA appropriations for 2014 and is subject to the outcome of discussions on the budget profile.

growth-stage funds. Funds-of-funds (FoFs) have the potential to act as intermediaries between such investors and VC and other risk-capital funds investing in SMEs and small midcaps.

In this light, this study should assess the potential for the EU to invest in and/or play a role in setting up one or more public-private, pan-European FoFs.

The range of possible structures and of risk-sharing and other mechanisms for such FoFs is wide: the study should research and evaluate the options and assess the technical, budgetary and other trade-offs between them, with particular reference to the risks of crowding-out private investors. The study must also compare the pros and cons of appointing professional FoF managers versus managers from the public sector. The options analysed should include the possibility of the EU investing in existing regional, national or transnational FoFs. The study should make use of both case-studies analysis and simulation models, amongst other methods, and draw on evaluations of and academic research into public-private VC fund structures in Europe and elsewhere. Possible schemes must be attractive for private and institutional investors, help meet the policy objective, and be capable of operation under the rules governing the execution of the annual budget of the EU (i.e., the Financial Regulation).

The study should deliver recommendations for potential EU-level action, if any, starting in 2016 following preparations in 2015.

Type of action: public procurement.

Indicative timetable: third quarter of 2014.

Indicative budget: EUR 0.27 million from the 2014 budget⁵³.

11. Feasibility Study for Prizes Scheme in the R&I 'Access to Risk Finance' Domain

The aim of this study is to help inform a decision on whether, and if so on what basis, to set up and launch a prizes scheme to encourage good practices, innovations and professionalism in the 'Access to Risk Finance' domain.

The study should survey and analyse existing and prominent former prizes schemes in this domain, covering schemes managed or sponsored by Commission departments and by trade or industry federations or other bodies, and including those operating at pan-European, transnational, and national levels in the EU Member States and in the countries associated with Horizon 2020. The survey should form the basis for a gap and market analysis, including a description of best practices and lessons learnt. From this, the study should identify the potential for establishing one or more new prizes; develop and assess implementation, management and financial options (including an analysis of the risks of crowding-out existing schemes); and make recommendations. Close contact with trade and industry federations operating in the R&I domain will be required.

This study will form a key part of the evidence-base for deciding whether, and if so how, to set up a prizes scheme in 2015/2016 in the 'Access to Risk Finance' domain.

Type of action: public procurement.

Indicative timetable: first quarter of 2015.

Indicative budget: EUR 0.20 million from the 2015 budget.

⁵³ This amount includes EFTA appropriations for 2014 and is subject to the outcome of discussions on the budget profile.

12. Interim Evaluations of Horizon 2020 Financial Instruments and Facilities

These evaluations will give feedback on the implementation of the financial instrument facilities (including accompanying measures and external expertise services) implemented in 2014-2015, and provide recommendations for their improvement. The evaluations will assess the relevance and effectiveness of each facility, measure or service with respect to helping achieve EU R&I-related policy objectives; their efficiency; their utility in addressing market deficiencies and sub-optimal investment situations; and the overall coherence of the facilities themselves. Coherence with respect to other financial instruments and facilities in the 2014-2020 Multiannual Financial Framework, particularly those implemented under COSME, will also be examined.

The evaluators will be required, in each case, to make a series of recommendations on how the design and functioning of each facility, and their coherence under Horizon 2020 and with the COSME facilities, can be improved. Particular attention must be paid to lessons learnt with respect to the viability, potential scaling-up (or otherwise) and evolution of the two pilot facilities (i.e., the Business Angels Co-Investment scheme, action 3.1 above, and the Technology Transfer Financing Facility, action 4).

These evaluations will provide a basis for reporting on the roll-out and initial achievements of the financial instrument facilities and for improving their design, potential scaling-up (in the case of the pilots), and future functioning.

Type of action: public procurement.

Indicative timetable: fourth quarter of 2015.

Indicative budget: EUR 0.25 million from the 2015 budget.

Conferences

13. Presidency Conference on Access to Finance for Research, Innovation and Growth

This conference will raise awareness of the potential for the financial instruments, facilities and accompanying measures launched under Horizon 2020 to enhance access to finance for research, innovation and growth. A particular focus will be the interactions possible between these instruments, COSME's, and European Structural & Investment Funds (ESIF), as well as with instruments at national and local level. The event will bring together policy-makers, financial intermediaries and representatives of the research, innovation and business communities.

Legal entity: Foundation for Research and Technology Hellas (FORTH), established at 100 N. Plastira Str., Vassilika Vouton, Heraklion GR 71110, Greece.

Type of action: grant to identified beneficiary - coordination and support action

The standard evaluation criteria, thresholds, weighting for award criteria and the maximum rate of co-financing for this type of action are provided in parts D and H of the General Annexes.

Indicative timetable: second quarter of 2014.

Indicative budget: EUR 0.10 million from the 2014 budget.

Call — Capacity-Building in Technology Transfer

H2020-CBTT-2014

Proposals are invited against the following topic:

CBTT-1-2014: Capacity-Building in Technology Transfer

Specific challenge: Many technology transfer (TT) offices in universities, research institutes and other public research organisations, as well as a significant number of newly established TT funds and institutions and regions aspiring to set up such funds, lack staff with appropriate practical training and enough professional experience to make a success of the TT process in bringing promising R&D results to market via spin-outs or licensing. Encouraging and where appropriate incentivising the more established and experienced funds and TT offices (TTOs) to share their expertise and best practices with their less experienced counterparts will help boost Europe's ability to turn scientific knowledge into new, commercialised products and services. In addition, bringing the more established TT funds into contact with each other will help foster more cross-border investments.

Scope: Proposals should take account of the a) TT landscape, players and dynamics in the Member States and the countries associated with Horizon 2020 and b) the supply and demand of TT expertise in addressing:

- 1) Development of a capacity-building strategy and consequent implementation plan that makes use of techniques such as (but not necessarily limited to) secondments, coaching, mentoring, workshops, courses, training materials, social media and other forms of exchanging and transferring best practices.
- 2) The validation of the implementation plan by stakeholders.
- 3) The execution of the implementation plan.

The approach taken should complement and ideally build on or integrate with existing capacity-building schemes at EU, regional and national levels, working with them where possible. The proposal should also address how best to monitor and possibly adapt the scheme in the light of experience.

Proposers must have and must demonstrate deep knowledge of the TT domain with proven experience in the field, and also significant experience of capacity-building. This action will be linked via DG Research & Innovation with the implementation of the TT Funding Facility pilot (see action 4 above).

All intellectual property rights (IPR) pertinent to the materials, trainings, websites and other actions developed by the project will be owned by the Commission and will be shared with other EU-funded TT and IPR support measures.

The project should operate for a maximum period of 36 months.

Expected impact:

- Sustainable, comprehensive strategy for building capacity in TT across Europe.
- Higher levels of TT expertise in Europe.
- Greater commercialisation of scientific knowledge in Europe.
- Increase in cross-border TT-related investments in Europe.

Type of action: Coordination and support actions.

The conditions related to this topic are provided at the end of this call and in the General Annexes.

CONDITIONS FOR THIS CALL

Publication date: 11/12/2013

Deadline: 15/04/2014 at 17.00.00 Brussels time⁵⁴

Indicative budget: EUR 2.50⁵⁵ million from the 2014 budget - Single stage

Eligibility and admissibility conditions: The conditions are described in parts B and C of the General Annexes to the work programme.

Evaluation criteria, scoring and threshold: The criteria, scoring and threshold are described in part H of the General Annexes to the work programme.

Evaluation procedure: The procedure for setting a priority order for proposals with the same score is given in part H of the General Annexes. The full evaluation procedure is described in the relevant guide associated with this call.

- Indicative timetable for evaluation and grant agreement:

| | |
|---|--|
| Information on the outcome of the evaluation | Indicative date for the signing of grant agreements |
| Maximum 5 months from the final date for submission | Maximum 3 months from the date of informing applicants |

Consortium agreements: In line with the Rules for Participation and the Model Grant Agreement, participants in Research and Innovation Actions are required to conclude a consortium agreement prior to grant agreement.

⁵⁴ The Director-General responsible may delay this deadline by up to two months.

⁵⁵ Subject to the availability of the appropriations provided for in the draft budget for 2014 after the adoption of the budget for 2014 by the budgetary authority or if the budget is not adopted, as provided for in the system of provisional twelfths. This amount includes EFTA appropriations for 2014 and is subject to the outcome of discussions on the budget profile.

Call — Boosting the Investment-Readiness of SMEs and Small Midcaps

H2020-BIR-2014

Proposals are invited against the following topic:

BIR-1-2014: Boosting the Investment-Readiness of SMEs and Small Midcaps

Specific challenge: Europe lags behind other regions in technology transfer and the commercialisation of R&I. Lack of early-stage investment is a major factor contributing to this situation. Facilitating the interaction of potential investors with innovative SMEs and small midcaps⁵⁶ participating in FP7 or Horizon 2020, together with preparing firms and entrepreneurs to negotiate more effectively with such investors, can help address this problem. In a complementary manner, investors can be trained to better understand the technologies and applications developed through FP7 and Horizon 2020 projects and thus make sounder decisions about their commercialisation potential.

Scope: Proposals should at minimum address:

- 1) A survey of the major investment-readiness (training and pitching events) schemes in Europe, including those launched under FP7, such as the 'ICT Finance Marketplace' and 'European Investor Gate' initiatives.
- 2) An analysis of lessons to be learnt from the above (proposals are expected to build on and reinforce the outcome of these schemes).
- 3) The training of entrepreneurs (as the key focus of this action) and the sensitisation of investors.
- 4) The planning and execution of pitching events.
- 5) Strategies for involving a wide range of early-stage investors, including, at minimum, business angels, family offices and venture capitalists.

The main domains attracting equity investments for R&I — such as cleantech, ICT and medtech — should be targeted, along with a generic approach to other domains.

Proposers must have and must demonstrate a significant track-record in the investment-readiness field and also in-depth knowledge of early-stage investment.

DG Research & Innovation will ensure that companies taking part in Horizon 2020's SME Instrument have fast-track access to this investment-readiness scheme, which will also be linked to action 5 above.

Expected impact:

- Better overview of the investment-readiness landscape in Europe.
- More entrepreneurs better prepared to negotiate effectively with potential investors.
- More investors with a better understanding of the commercialisation potential of technologies and applications developed through FP7 and Horizon 2020 projects.
- More investments made into early-stage firms.
- Greater commercialisation of scientific knowledge in Europe.

Type of action: Coordination and support actions.

⁵⁶ See footnote 3 for definition.

The conditions related to this topic are provided at the end of this call and in the General Annexes.

CONDITIONS FOR THIS CALL

Publication date: 11/12/2013

Deadline: 15/04/2014 at 17.00.00 Brussels time⁵⁷

Indicative budget: EUR 2.50⁵⁸ million from the 2014 budget - Single stage

Eligibility and admissibility conditions: The conditions are described in parts B and C of the General Annexes to the work programme.

Evaluation criteria, scoring and threshold: The criteria, scoring and threshold are described in part H of the General Annexes to the work programme.

Evaluation procedure: The procedure for setting a priority order for proposals with the same score is given in part H of the General Annexes. The full evaluation procedure is described in the relevant guide associated with this call.

- Indicative timetable for evaluation and grant agreement:

| | |
|---|--|
| Information on the outcome of the evaluation | Indicative date for the signing of grant agreements |
| Maximum 5 months from the final date for submission | Maximum 3 months from the date of informing applicants |

Consortium agreements: In line with the Rules for Participation and the Model Grant Agreement, participants in Research and Innovation Actions are required to conclude a consortium agreement prior to grant agreement.

⁵⁷ The Director-General responsible may delay this deadline by up to two months.

⁵⁸ Subject to the availability of the appropriations provided for in the draft budget for 2014 after the adoption of the budget for 2014 by the budgetary authority or if the budget is not adopted, as provided for in the system of provisional twelfths. This amount includes EFTA appropriations for 2014 and is subject to the outcome of discussions on the budget profile.

Budget

| Calls | 2014⁵⁹ Budget EUR million⁶⁰ | 2015⁶¹ Budget EUR million |
|---|--|---|
| Call H2020-CBTT-2014 Capacity-Building in Technology Transfer | 2.50 <i>from 08.020202</i> | – |
| Call H2020-BIR-2014 Boosting the Investment-Readiness of SMEs and Small Midcaps | 2.50 <i>from 08.020202</i> | – |

| Other Actions | 2014⁶² Budget EUR million⁶³ | 2015⁶⁴ Budget EUR million |
|--|--|---|
| Financial instruments | 295.45 ⁶⁵ <i>from 08.020202</i> | 336.20 ⁶⁶ |
| Experts (expert evaluators, experts groups, monitors) | 2.14 <i>from 08.020202</i> | – |
| Grant to identified beneficiary | 16.10 <i>from 08.020202</i> | – |
| Public procurement | 1.02 <i>from 08.020202</i> | 0.70 |

⁵⁹ Subject to the availability of the appropriations provided for in the draft budget for 2014 after the adoption of the budget for 2014 by the budgetary authority or if the budget is not adopted as provided for in the system of provisional twelfths.

⁶⁰ The budget figures given in this table are rounded to two decimal places.

⁶¹ The budget amounts are indicative and will be subject to a separate financing decision to cover the amounts to be allocated for 2015.

⁶² Subject to the availability of the appropriations provided for in the draft budget for 2014 after the adoption of the budget for 2014 by the budgetary authority or if the budget is not adopted as provided for in the system of provisional twelfths.

⁶³ The budget figures given in this table are rounded to two decimal places.

⁶⁴ The budget amounts are indicative and will be subject to a separate financing decision to cover the amounts to be allocated for 2015.

⁶⁵ To which EUR 20 million from the LIFE programme to finance the Climate Change window under RSI II will be added, making a total of EUR 315.45 million for this action. This amount may be sub-delegated to budget line 08.020202 or directly transferred to the entrusted entity.

⁶⁶ To which EUR 15 million from Leadership in ‘Information and Communication Technologies’ (budget line 09.040201) and EUR 20 million from the LIFE programme to finance the Climate Change window under RSI II will be added, making a total of EUR 371.20 million for this action. Those amounts may be sub-delegated to budget line 08.020202 or directly transferred to the entrusted entity.

HORIZON 2020 – WORK PROGRAMME 2014-2015

Access to Risk Finance

| Horizontal activities (08.020501) | 2014⁶⁷ Budget EUR million⁶⁸ | 2015⁶⁹ Budget EUR million |
|---|--|---|
| Dissemination activities (see Part 17 of the work programme) | 0.28 <i>from 08.020202</i> | 0.29 |
| Corporate communication (see Part 17 of the work programme) | 0.15 <i>from 08.020202</i> | |
| Estimated total budget | 320.14 | 337.19 |

⁶⁷ Subject to the availability of the appropriations provided for in the draft budget for 2014 after the adoption of the budget for 2014 by the budgetary authority or if the budget is not adopted as provided for in the system of provisional twelfths.

⁶⁸ The budget figures given in this table are rounded to two decimal places.

⁶⁹ The budget amounts are indicative and will be subject to a separate financing decision to cover the amounts to be allocated for 2015.