SME Instrument

Frequently Asked Questions
for
Applicants

[Version 1.3, 03 February 2016]

The document includes a list of questions which are frequently asked by applicants to the SME Instrument. Please read this document before writing to EASME-SME-HELPDESK@ec.europa.eu.

Contents

A. ELIGIBILITY AND TYPE OF SMEs TARGETED

A.1. Who can apply?

Only a single for-profit SME[1] or a consortium of for-profit SMEs can apply for funding under the SME Instrument. All applicants need to be legally established in the EU-28 or in a country associated to Horizon 2020. Other partners, such as research providers or larger companies, can be involved as third parties, usually in a subcontracting relationship, and do not need to be established necessarily in the EU or countries associated to Horizon 2020.

A.2. Can I apply for the SME Instrument as a single entity or in a consortium?

Yes, if you are a for-profit SME established in the EU or a country associated to Horizon 2020. It is up to you to decide how to best implement the project. Without being exhaustive, the differences between a single company application and a consortium lie in elements such as project ownership and responsibility, IPR arrangements and financial viability, and are not only limited to the distribution of tasks.

A.3. What type of SME is targeted by the SME Instrument?

The European Commission is looking for highly innovative firms – based in the EU-28 or in countries associated to Horizon 2020 – that are ambitious and have the potential to develop, grow and have a European or international impact. It is advisable that the SME has, and can demonstrate, a good knowledge of and experience in the markets it intends to master. The European Commission is interested in companies which follow a development strategy that pursues breakthrough innovation and/or the potential to disrupt existing markets.

A.4. How do I check if I'm an SME?

Please refer to the EU definition of an SME. If you're still not sure, please check the extensive EU user guide. In addition, the Horizon 2020 Beneficiary Register – available via the Participant Portal – includes an SME self-assessment test.

A.5. Can a non-profit SME apply for funding under the SME Instrument?

No. Only a single for-profit SME or a consortium of for-profit SMEs can apply for support. To submit a proposal under the SME Instrument, all applicants must fill in the online questionnaire on the Participant Portal.

You can also check whether your company is an SME via this link.

[1] 'For-profit SMEs' means micro-, small- and medium-sized enterprises, as defined in Commission Recommendation 2003/361/EC, that are not 'non-profit legal entities' as defined in Article 2 of the Rules for Participation and Dissemination ('legal entity which by its legal form is non-profit-making or which has a legal or statutory obligation not to distribute profits to its shareholders or individual members').

A.6. How do I register as an SME and which documents do I need to send with my application?

Please do not send any documents. Companies must complete an online questionnaire – a self-assessment – if they want to register as an SME in the Beneficiary Register of the Participant Portal.

Only after registering can SMEs start applying for funding under the SME Instrument. If a company disagrees with the outcome of the questionnaire, it can request manual verification: in that case, the Horizon 2020 participant validation service will request all necessary documents for assessment.

A.7. How do I initiate the SME self-assessment process in the Beneficiary Register of the Participant Portal?

- Once you have completed the first part of your Participant Identification Code (PIC) registration process, you will be given the option to fill out "programme specific data".
- If you mark your organisation as an "SME", you will automatically be taken to the SME self-assessment questionnaire, which will determine your SME status.
- Once this is done, you will be able to finalise your registration and will be assigned a PIC.

Note: Please make sure you have all the required financial accounts readily available when you start the SME self-assessment. A user guide is available here.

A.8. What if my shareholders do not want to disclose their balance sheets?

The provision of information concerning your shareholders is required. Without this information you cannot register your company in the Participant Portal and, therefore, cannot submit any proposals under the SME instrument.

A.9. Is it possible for a start-up (without balance sheet) to apply?

The SME Instrument was designed to support the growth of companies with innovative ideas with European or global commercialisation potential. Start-ups are as such not excluded from funding under the SME Instrument, as long as they comply with the EU SME definition, and as long as they are able to contribute 30% of the budget for the execution of the SME instrument action (either in Phase 1 or 2).

Start-ups would have to base their SME status self-assessment test on forecast financial statements, which are justified and aligned with the proposal financial forecast.

A.10. Can SMEs from non-EU countries participate?

Only applications from a single SME or a consortium of SMEs which are all established in EU Member States or countries associated to Horizon 2020 are eligible for funding. However, SMEs established in other countries can be involved as third parties, for example in a subcontracting relationship.

A.11. Is it possible to submit two different applications from two subsidiaries of a company at the same time?

Yes, under the condition that the two different subsidiaries have a different PIC as indicated in the Participant Portal. Please note that double funding of the same costs is not allowed.

A.12. What is the maximum number of applications/projects at any one time in the SME instrument for an SME?

For each applying SME or beneficiary SME, the rule is: there cannot be a concurrent submission or implementation with another Phase 1 or Phase 2 project. There is concurrent submission or implementation when a beneficiary participates at the same time in more than one SME instrument proposal or project as a beneficiary (coordinator or partner) for either phase 1 or phase 2.

Therefore:

- An applicant (single or in a consortium) cannot submit a second proposal until it has been informed that their first proposal will not be funded. Moreover, if this first proposal is accepted for funding no other proposals will be eligible until the completion of the project of the first proposal.
- An applicant is not allowed to submit a proposal when they are a partner in other project supported by the SME Instrument.
- The implementation of a SME instrument project ends once the action has finalised and the beneficiary uploads the final report in COMPASS. However, an SME can submit a proposal to the SME instrument and at the same time to another (non SME Instrument-related) call under the Horizon 2020.
- If you are implementing an SME instrument Phase 1 or Phase 2 project, you cannot submit another proposal until you upload the final report in COMPASS for the ongoing project.

NOTE: if you have finalised a Phase 1 project and uploaded the final report (the Feasibility Study) in COMPASS, and intend to build on this project and apply for Phase 2 funding, you should include the uploaded Phase 1 final report as an annex to your application for Phase 2. Please make sure that the annexed report shows the registration number (the ARES number on the top right corner of the cover page).

A.13. Does this mean that I cannot submit a proposal for Phase 1 if I am already a partner in a Phase 2 project?

Yes. The same company cannot be involved in more than one SME Instrument proposal and/or project at the same time.

A.14. But could I submit a proposal to the SME Instrument and at the same time to another (non SME Instrument-related) call under Horizon 2020 or under another EU programme?

Yes. However, be aware that you cannot be reimbursed more than once for the same eligible cost.

A.15. Does the SME instrument have its own specific grant agreement or does it follow the Model General Grant Agreement?

SME Instrument Phase 1 and SME Instrument Phase 2 each have their own specific Grant Agreements (see annotated specific SME Instrument Phase 1 Grant Agreement and annotated specific SME Instrument Phase 2 Grant Agreement). In exceptional cases, defined in the Work Programme[2], whenever the funding rate can be up to 100%, the General Model Grant Agreement applies for Phase 2 instead of the specific SME Instrument Phase 2 Grant Agreement.

A.16. Are the 2014-2015 topics still active for Phase 1 projects overlapping with the change to 2016-2017 work programmes, and would there be any possibility to continue to Phase 2?

There were some changes from 2014-2015 to 2016-2017. Topics will not be discontinued until each Phase 1 participant has had the chance to apply for a Phase 2 project. It is expected that due to shifting policy priorities, some topics will be modified over time. If that happens for a given topic, first Phase 1 and then Phase 2 will become closed for applications.

A.17. What happened to the PHC (Clinical research for the validation of biomarkers and/or diagnostic medical devices) topic in 2016?

As previously publicised, the PHC topic has been discontinued in 2016. There will be **one** Phase 2 call in 2017. This will give a final opportunity for applicants with innovations in the topic, including those with previously funded Phase 1 projects, to continue to Phase 2.

A.18. Are there new topics in 2016-2017? Did the existing ones change?

There are changes compared to 2014-2015. Please check the available topics on the participant portal before applying.

A.19. Are projects targeting business models in small non-profits (and not SMEs) eligible for the SME Business Model Innovation call?

Yes. As indicated in the work programme, business model innovation is to enable traditional SMEs and the social economy to innovate and grow across traditional boundaries through new business models and organisational changes.

This can involve drawing on successful business models in different sectors in the global market, and developing them for use by European SMEs in the same or different sectors, so that the participating SMEs can build successful strategies to achieve growth.

[2] In the 2016-2017 Work Programme, this applies to the SME Instrument Phase 2 call topic SMEInst 05 'Supporting innovative SMEs in the healthcare biotechnology sector'.

A.20. The 2014-2015 topic INSO 9 "Innovative mobile e-government applications by SMEs", is no longer offered. Where should I apply?

Applicants should decide the best topic to apply. Topic descriptions for the SME instrument on the participant portal describe the topics in detail. Moreover, by defining where the centre of gravity of their proposal lies, applicants will be able to match it with a topic. They may also ask for advice from your local Enterprise Europe Network representative or your National Contact Point.

B. PREPARING YOUR APPLICATION AND SUBMITTING YOUR PROPOSAL

B.1. How do I start?

For an overview, start on the online SME Instrument EASME page, you will find information on the SME instrument. You should read carefully the information on the Participant Portal and, specifically, that related to the SME Instrument Phase 1 and Phase 2 calls

If you still need further information, please contact the closest National Contact Point or Enterprise Europe Network (EEN) partner.

B.2. How do I know which topic my proposal fits best in and where do I find information?

The topic descriptions for the SME instrument on the participant portal describe the topics in detail. Moreover, by defining where the centre of gravity of your proposal lies, you will be able to match it with a topic. You may also ask for advice from your local Enterprise Europe Network representative or your National Contact Point.

B.3. Is there a template for applications/proposals to Phase 1 and Phase 2?

Yes, there are specific templates for SME Instrument applications. You will be able to acess them once you have an ECAS account. They can be found within each of the SME Instrument call topics.

B.4. Is there a template for applications to Phase 3?

No. Only SMEs already participating in previous phases might benefit from Phase 3.

B.5. Can I delete the comments and guidance notes in the application template in order to have more space available for my application?

Yes.

B.6. Is it allowed to have some pages of the application in landscape?

Yes. You should follow the structure of the template when preparing your proposal. It has been designed to ensure that the important aspects of your planned work are presented in a way that will enable the experts to make an effective assessment against the evaluation criteria. Each of the sections 1, 2 and 3 of the application form correspond to an evaluation criterion.

B.7. Is there a page limit for a full proposal?

Yes. The technical annex (sections 1-3) should not be longer than 10 pages in Phase 1 and 30 pages in Phase 2. The system will check page limits in specific parts of the proposal and may suggest that you shorten it. After the deadline, unless otherwise indicated in the call, any excess pages will be overprinted with a 'watermark', indicating to evaluators that these pages must be disregarded.

B.8. Can I apply directly to Phase 2 without having received Phase 1 funding or even without having applied to Phase 1?

Yes. However, we encourage you to start from Phase 1.

Phase 1 supports SMEs to assess the feasibility of their new business, including the commercial potential of an innovation project that could become crucial for the development and/or consolidation of a strategy to enhance competitiveness and growth. Phase 1 is not mandatory but recommended as it gives applicants the chance to present a well-substantiated proposal for Phase 2.

Phase 1 projects are short in duration, around six months or less, and with fewer project activities.

B.9. Can I submit a pre-proposal for a check?

No. Please contact a National Contact Point or an Enterprise Europe Network (EEN) partner in your region for some guidance prior to submitting a proposal.

B.10. What happens if I do not submit evidence or information on a non-substantial element of the proposal?

If it is an 'obvious clerical error', we may ask you to provide the missing information or supporting documents. However, we may decide that the missing information is sufficient to render your proposal ineligible. To avoid any setbacks or disappointments, we strongly recommend that you submit complete proposals, containing all the requested information and elements.

B.11. From the point of view of applicants, what does the "cut-off" date really mean?

Applicants can submit their proposal throughout the year. However, for evaluation purposes, we have established four cut-off dates per year for Phase 1 and for Phase 2. This allows us to evaluate all the proposals submitted before each cut-off and to establish a ranking, which is needed to determine which proposals may be offered finance.

B.12. What are the cut-off dates in 2016 and 2017?

The cut-offs are the following:

2016

SME-2	03 Feb 2016 14 Apr 2016 15 Jun 2016 13 Oct 2016
SME-1	24 Feb 2016 03 May 2016 07 Sep 2016 09 Nov 2016

2017

SME-2	18 Jan 2017 06 Apr 2017 01 Jun 2017 18 Oct 2017
SME-1	15 Feb 2017 03 May 2017 06 Sep 2017 08 Nov 2017

B.13. Can I improve my proposal before the cut-off date?

Yes. After submission, you can rework your proposal and update your submission. Only the most recent version is kept by the system.

B.14. I have submitted a proposal. Can I improve it and submit a new version after the cut-off date deadline?

No. Once you have submitted your proposal, changes or additions are no longer possible before the experts evaluate it. Depending on the outcome of the evaluation, if your proposal was not chosen to receive funding you may choose to improve it and submit that improved version on time for a future cut-off date.

B.15. I have submitted a proposal. Can I withdraw it?

Yes. You can withdraw your proposal before the cut-off date. The guidance document (**Guide for proposal submission and evaluation**) explains how to do this.

B.16. Can I appeal regarding an IT problem in the submission system?

Yes. However, we advise applicants not to wait until the last moment to submit their proposal. To avoid any disappointment, please submit your proposal well before the cut-off. Proposals submitted after the cut-off time, even if only by seconds, will be evaluated in the next cut-off cycle.

B.17. Are there guidelines describing what is expected in the application for the SME Instrument?

Please carefully study the SME Instrument information site. You can also refer to the specific proposal templates for the SME Instrument (available via the Participant Portal).

B.18. What does the European Commission mean by the terms "business plan" and "elaborated business plan"?

General business practices apply to the content of the business plan. The business plan is not a separate annex to the proposal; it consists of information to be included in the technical annex (part B) of the proposal, more specifically in the section on 'Impact'.

For Phase 1 a proposal must contain a business plan or outline.

At the end of Phase 1 the project will produce an elaborated business plan, meaning that the business plan will need to include all necessary details to address the way forward in terms of: additional work to be done, resources to be committed and budget needed, pre-requisites and framework conditions, outline of an underlying business model, dissemination, exploitation and sustainability plans and this may become the basis for a Phase 2 proposal.

B.19. TRL: how do I know the Technological Readiness Level of my innovation?

Please see the Technology Readiness Level (TRL) definitions in the General Annex G of the Work Programme. The SME Instrument is explicitly targeted at applicants presenting innovation projects that have reached TRL 6 as a minimum (or equivalent for non-technological innovations). As a rule of thumb, this means that the activities included in a proposal should take place in an operational or production environment.

B.20. Can research and development activities be supported?

Not as a core activity. The core should be innovation activities at a TRL level of 6 or higher (or equivalent for non-technological innovations). However, some parts of the activities conducted may include some research and development.

If your project is primarily a research and development one, we recommend that you apply to a different funding scheme, geared towards research and development. Please contact a National Contact Point or an Enterprise Europe Network (EEN) partner in your region for information about research and development funding.

B.21. How developed should my business model be at the submission stage?

It depends on which Phase you are applying to:

- A Phase 1 proposal must include an initial business plan describing, among other things, the underlying business model.

- A Phase 2 proposal must be based on a feasibility assessment and contain an elaborated business plan, either developed through SME instrument Phase 1 support or by other means.

B.22. How is the yearly budget divided between cut-offs?

The yearly budget of the SME Instrument of each cut-off is divided roughly equally between the 4 cut-offs (Phase 1 and Phase 2).

B.23. Is there a template for submitting a Phase 1 feasibility study?

There is no template. The feasibility study should not be longer than 20 pages and shall contain two parts:

- an overview of the work done and the results for the main actions described in the grant agreement;
- The conclusion of the action, i.e. an updated status of your business idea that was described in the application.

B.24. Preparing a proposal for Phase 2: what does 'market replication' mean?

'Market replication' aims to support the first application/deployment in the market of an innovation that has already been demonstrated but not yet applied/deployed in the market due to market failures or barriers to market uptake.

'First' means new at least to Europe or new at least to the application sector in question.

Often 'market replication' involves a validation of technical and economic performance at system level in real life operating conditions provided by the market

More generally, SME Instrument support is directed towards SMEs that maximise their impact and mobilise market wide uptake of their innovation(s), helping them reach self-sufficiency during the project and in the short- to medium-term. In that respect, a clear business plan and exploitation strategy should form the building blocks of each proposal.

The challenge for an SME Instrument applicant in terms of market replication is to find ways to encourage the uptake of their innovation on a broader scale for the duration of their project or shortly afterwards.

B.25. Is Phase 3 obligatory?

Phase 3 is not obligatory. The support given by coaches in Phase 3 is available to all beneficiaries of Phase 1 and Phase 2.

B.26. If my proposal does not receive funding, can I resubmit it?

Yes, after you receive a formal rejection letter in your account via the Participant Portal. However, we recommend that you consult your National Contact Point or an Enterprise Europe Network (EEN) partner so that you can improve your proposal before re-submitting it.

B.27. Is there a risk in resubmitting the proposal before receiving any evaluation results?

Yes. If you submit a new application before receiving a rejection letter from a previous application, the new proposal will be considered as a concurrent submission and will be declared non-eligible.

Please note that resubmitted proposals are evaluated as if they were 'new' proposals. Evaluating experts have no access to the previously submitted versions or to the changes you may have made. Therefore, evaluations scores may go down as well as up.

B.28. When should I submit my application (Phase 1 or Phase2)?

You can submit your application for Phase 1 or Phase 2 at any time. For the SME Instrument calls, there are four cut-off dates per year in each Phase.

B.29. My Phase 1 project is ending. Can I apply for Phase 2?

There are two eligibility conditions for Phase 2 applicants who received a Phase 1 grant:

1. The Ph1 grant agreement ended (action finalised) before the cut-off date,
2. The Ph2 proposal is submitted after the submission of the Ph1 final report and before the cut-off date.

C. EVALUATION OF PROPOSALS

C.1. Our concept would be of great interest to our market competitors. How is the EC ensuring confidentiality?

Expert evaluators, Agency and European Commission staff are bound by a confidentiality agreement and will incur serious sanctions in case of violation.

European Commission and Agency services verify that no conflicts of interest could occur before a proposal is allocated to experts for evaluation.

Furthermore, applicants are entitled to name three individual persons who they want to exclude from the evaluation of their proposal. Project outputs are classified by different confidentiality levels up to publishable results.

C.2. How do the evaluation criteria reflect market ambitions and innovativeness?

The evaluation criterion with most weight is 'Impact', which has a weighting of 1.5 for proposals above threshold. It reflects the likely economic impact of the company a few years down the line.

The 'Excellence' criterion focuses on the quality and specifically the breakthrough nature of the innovation.

Lastly, also 'quality and efficiency of the implementation' is considered, especially at the level of the Work Plan and the allocation of resources.

C.3. Since the submission of my application, the address of the company has changed. How do I handle this situation?

At the evaluation stage we do not need this address as all communication is done electronically through the Participant Portal. If you get funding, you will then be able to modify your address.

C.4. Which are the evaluation criteria for a proposal?

A proposal is evaluated against the following award criteria: impact, excellence, and implementation. In order to be considered for funding, a proposal must score above a certain threshold for each criterion, and above an overall threshold.

C.5. Is the evaluation process in H2020 different from other programmes?

The Evaluation process in the framework of H2020 has 3 phases (see page 14 of the Guide for proposal submission and evaluation). For the SME Instrument, the evaluation is in compliance with these rules and the procedure is the same for all topics, namely:

- Individual evaluation: 4 experts are appointed to evaluate proposals.

- Consensus report: specific case for the SME instrument. The individual reports from each expert evaluator are put together and the median scores are calculated for each of the three criteria. The total score of the proposal is the sum of the scores of the three criteria.

- Panel review: not applicable for the SME Instrument.

D. EVALUATION OF PROPOSALS - SUBCONTRACTING

D.1. What is a subcontract?

Subcontracts are the purchase of goods, works or services that are identified as action tasks (*in Technical Annex 1-3 of the proposal)* which are necessary to implement the action.

The beneficiaries must award the subcontracts ensuring the **best value for money** or, if appropriate, the **lowest price**. In doing so, they must avoid any conflict of interest.

Examples of subcontracting could include: *contracts for (parts of) the research or innovation tasks which are clearly written in Technical Annex 1-3 of the proposal.*

For more information see page 125 of the Annotated Model Grant Agreement.

D.2. Are there budget limits (max/min) for unknown/known subcontractors?

There are no maximum or minimum limits for subcontractors. Subcontracting is NOT restricted to a limited part of the action in the SME Instrument.

However, the motivation or the capacity of the participant to carry out the action should be very well justified. This is in line with the spirit of the SME Instrument that the applying SME should have the capacity to carry out the activity. In addition, vigilance is used to spot proposals charging very high amounts for services of subcontractors adding little value to the development of the product or service proposed as well as where subcontractors have the core part of the tasks.

D.3. What is the difference between subcontracts and contracts?

Subcontracts are directly linked to the implementation of specific tasks described in Annex 1 (Technical Annex Section 1-3). For example: *Contract for (parts of) the research or innovation tasks mentioned in Annex 1 which could include: demonstration; testing; prototyping; piloting; scaling-up; miniaturisation; design; market replication.* These should be listed under "direct costs of subcontracting" in Part A (section 3 (C) - Budget breakdown).

Contracts do not directly cover the implementation of specific action tasks mentioned in Annex 1, but they can provide support to them. For example: *Contract for a computer; contract for an audit certificate on the financial statements; contract for the translation of documents; contract for the publication of brochures; contract for the creation of a website that enables action's beneficiaries to work together (if creating the website is not an action task); contract for organisation of the rooms and catering for a meeting (if the organisation of the meeting is not an action tasks mentioned as such in Annex 1); contract for hiring IPR consultants/agents.* These should be listed under "other direct costs" in Part A (section 3 (B) - Budget breakdown. For more information see page 111 of the Annotated Model Grant Agreement.

D.4. How do I list all the subcontractor tasks and subcontractors I intend to use and where do I explain the best value-for-money procedure used to selecting the subcontractor companies?

In Part B, Section 4, of the proposal document, please complete the subcontracting summary table with the requested elements. Comprehensive description of the best value-for-money procedure should be given underneath this table. Any subcontractors not listed in the table, will not be included in a grant agreement.

D.5. What if one out of several subcontractors involved is not adequately described?

The best value for money must be evaluated for each of the subcontractors. If not enough information is provided, this shall be reflected in the assessment of Criterion 3- Quality & Efficiency of Implementation.

D.6. How do I deal with the best value for money principle in case of a usual provider?

The fact that a subcontractor has been working with the applicant for years could be an element to demonstrate best value for money. In any case, the motivation for choosing a subcontractor must be demonstrated and the best value for money must be explained in detail (i.e. expertise, efficiency, price, etc.). In addition, any conflict of interests should be avoided.

D.7. What is the difference between a subcontractor and a linked third party?

A subcontractor has a contractual agreement with the beneficiary to implement specific action tasks. The subcontractor charges a price which usually includes a profit. The beneficiary must award contracts on the basis of best-value-for-money and absence of conflict of interest.

A linked third party should be an affiliate to the beneficiary or have a legal link with the beneficiary. The work carried out by the linked third party cannot be for a profit and the linked third party must declare their own costs.

For more information see page 111 and 131 Annotated Model Grant Agreement.

D.8. What could be a conflict of interest situation between an applicant and a subcontractor?

Conflict of interest could exist for reasons of economic interest, political or national affinity, family or emotional ties or any other shared interest which could influence the subcontractor's selection/award procedure; influence the subcontractor's price (so that it does not correspond to the market price) or affect the action's performance.

For more information and examples see page 231 Annotated Model Grant Agreement.

E. FEEDBACK ON PROPOSALS

E.1. How long does is take from proposal submission to evaluation results?

After each cut-off date, the evaluation results are sent to the applicants within 2 months (for Phase 1) and 4 months (for Phase 2). This time is needed for completing the evaluation and establishing the ranking of proposals. The results are sent via a letter which includes the proposal's Evaluation Summary Report (ESR). .

E.2. Will I know the result of my application earlier if I submit it earlier?

No, all applicants receive the evaluation results at the same time.

E.3. Where can I find the ESR of my proposal?

The results of the evaluations are sent via the Participant Portal. You will need to connect to your ECAS account, and verify the documents in "My Proposal(s)", with the "FO (Follow-up)" button next to the proposal.

E.4. How is the final score shown in the ESR calculated?

The final score in the ESR is the sum of the medians of each criterion. It does not include the 1.5 weighting of the 'Impact' criterion, as this is only used internally to produce the ranking list.

E.5. Is it possible to have feedback on the evaluation of my proposal with the comments of the experts?

No, it is not possible. We do not provide additional information on the evaluations of experts.

The qualitative scale we use for sub-criteria scores is the following:

- Very Good to Excellent (4.5 – 5)
- Good to Very Good (3.5 – 4.49)
- Fair to Good (2.5 – 3.49)
- Insufficient to Fair (1.5 – 2.49)
- Insufficient (0 – 1.49)

Proposals already financed under the SME instrument have obtained 'Very Good to Excellent' in all sub-criteria. However, please bear in mind that obtaining this score in all sub-criteria does not guarantee funding.

E.6. What's the maximum score a proposal can receive?

The maximum score that a proposal can receive is 15 points. The score will be shown in the ESR, the evaluation summary report sent to all applicants.

E.7. Does the total score shown in the ESR include the weighting for 'Impact'?

The total score appears on the ESR just under the title 'Evaluation result'. It does not include the weighting of the 'Impact' criterion.

E.8. What is the minimum score that a proposal would receive in order to guarantee being funded?

There is no minimum score that can guarantee funding. For each cut-off the minimum changes, depending on the number of proposals above threshold (and therefore considered for funding) and the amount of funds requested in each proposal.

E.9. Is there any chance of getting information on successful SMEs under the SME Instrument?

By following this link on our website, you will find an interactive map with all the successful beneficiaries of the SME Instrument for Phase 1 and Phase 2.

F. FUNDING AND FINANCIAL ADMINISTRATION

F.1. Is a financial validation required for my proposal to be funded?

For single applicants/participants:

Single applicants or participants are exempt from a financial viability check. However, they must formally declare that they have the financial capacity to carry out the proposed action.

For coordinators of SME consortia:

- In Phase 1, project coordinators must self-check their financial viability using the tool available via the Participant Portal.
- In Phase 2, project coordinators receiving a grant of EUR 500 000 or more must undergo a financial viability check, in line with the specifications in the Horizon 2020 online manual published on the Participant Portal.

F.2. Where should additional funding come from to cover the 30% funding gap?

It must come from the participating SME(s), which can draw funding from different sources, e.g. own resources, private investment, etc. Please note that double EU funding for the same project is prohibited.

G. PHASE 1

G.1. If there is more than one SME participating, will the lump sum (EUR 50 000) be multiplied by the number of participants?

No. Only one grant in the form of a lump sum of EUR 50 000 will be awarded per selected proposal, which means that this lump sum needs to be shared amongst consortium partners.

G.2. How does the lump sum funding relate to the 70% co-financing rule?

The lump sum for Phase 1 was established by the European Commission after a statistical analysis[3]. The total eligible cost for a Phase 1 project is fixed at EUR 71 249. Applying the co-financing rate of 70%, the amount of the grant is established at EUR 50 000.

G.3. Is there an advance payment of grant money?

Yes. For Phase 1, there will be an advance payment of EUR 17 500. This is 40% of the lump sum of EUR 50 000, deducted of 5% retained by a guarantee fund. The remaining 32 500 will be paid to the beneficiary at the end of the project, after approval of the reports.

G.4. Is a standard budget breakdown needed with the proposal submission?

Detailed cost declarations by applicants are not necessary. There is a standard budget table provided in the specific template for the technical annex for Phase 1 proposals, which must be used. The description of work (feasibility study) in the application must demonstrate that the envisaged work corresponds to the total eligible costs.

G.5. Do I need to specify several work-packages in my Phase 1 proposal?

No. As no budget breakdown is required in the usual sense, only one work-package needs to be defined.

G.6. Are the costs of consultants considered as eligible costs?

If you need help to, for example, analyse IPR issues, assess the market potential or develop an innovation strategy, the Phase 1 grant can be used to hire a consultant to do so, and the costs will be considered as eligible costs if they are reasonable and justifiable. On the contrary, the use of consultants (or any other operators) for performing a core activity/core activities of the project is not allowed.

G.7. How will the feasibility study be approved at the end of Phase 1?

The aim of Phase 1 is to assess whether the business idea is feasible or not. The feasibility study submitted by the beneficiaries will be checked by the responsible project officer. As long as its content is acceptable and fully covers the foreseen tasks, the feasibility study will be approved.

G.8. What happens if the project stops after Phase 1 has been completed?

It is an acceptable outcome of the feasibility assessment in Phase 1 to stop the project if the technological and/or commercial viability of the innovation could not be demonstrated.

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[3] See Commission Decision C(2013)8198: http://ec.europa.eu/research/participants/data/ref/h2020/other/legal/unit_costs/unit-costs_sme-ph1_en.pdf

The lump sum will be paid for a completed feasibility study if the reporting obligations are fulfilled and tasks have been carried out as described in Annex I of the grant agreement.

The lump sum will not be granted if only part of the tasks have been carried out.

H. PHASE 2

H.1. Is it possible to submit a Phase 2 proposal unrelated to a funded Phase 1 proposal?

Yes, you can submit a Phase 2 proposal unrelated to a funded Phase 1. We advise you, however, to mention this in the new application.

On the other hand, if the Phase 2 proposal is based on the outcome of the funded Phase 1 project, then it's advisable to upload the Ph1 feasibility study as an annex to the Phase 2 application.

H.2. I received funding for Phase 1 and I want to build on this to apply for Phase 2. What do I need to do?

You are encouraged to build on successful and promising Phase 1 projects, by applying for Phase 2 to further develop your innovation and to take it to market.

Please ensure that you are not in a position of concurrent submission/implementation. For each applying SME or beneficiary SME, the rule is: there cannot be a concurrent submission or implementation with another phase 1 or phase 2 on-going project. There is concurrent submission or implementation when a beneficiary participates in more than one SME instrument proposal or project as a beneficiary (coordinator or partner) for either phase 1 or phase 2.

Therefore:

- The Phase 2 proposal will not be eligible until the completion of the project of the first proposal.
- The implementation of an SME instrument project ends once the action finalises and the beneficiary uploads the Final report in COMPASS.

If you have finalised a Phase 1 project and uploaded the Final report (the Feasibility Study) in COMPASS and intend to build on this project and apply for Phase 2 funding, you should include the uploaded Phase 1 Final report as an annex to your application for Phase 2. Please make sure that the annexed report shows the registration number (the ARES number on the top right corner of the cover page).

H.3. What are the conditions for an applicant to be eligible for Phase 2 after having received a Phase 1 grant?

There are two eligibility conditions for Phase 2 applicants who received a Phase 1 grant:

1. The Phase 1 grant agreement ended (action finalised) before the cut-off date,
2. The Phase 2 proposal is submitted after the submission of the Phase 1 final report in COMPASS and before the cut-off date.

NOTE: if you have finalised a Phase 1 project and uploaded the final report (the Feasibility Study) in COMPASS and intend to build on this project and apply for Phase 2 funding, you should include the uploaded Phase 1 Final report as an annex to your application for Phase 2. Please make sure that the annexed report shows the registration number (the ARES number on the top right corner of the cover page).

H.4. Is there a minimum budget to apply for funding?

No. The Commission considers that proposals requesting an EU contribution of between EUR 500 000 and 2.5 million would allow Phase 2 to be addressed appropriately. This does not preclude the submission and selection of proposals requesting other amounts.

H.5. Will there be a financial viability check if my company applies to Phase 2?

Single applicants/participants are exempt. Even a company with a potentially weak financial viability can apply for and receive a Phase 2 grant. However, reduced pre-financing will be paid and more intermediate reviews will be set in order to ensure the work remains on track. For a consortium, a financially weak company cannot be the coordinator.

H.6. What is the Phase 2 pre-financing in normal circumstances?

About 40 % of the whole Phase 2 grant, out of which 5% is retained by the guarantee fund. However, financially weak companies with large grants are likely to see their pre-financing decreased and/or more reporting deadlines introduced. The balance will be paid to the beneficiary at the end of the project, after the approval of the reports.

H.7. Is a bank guarantee required?

No.

H.8. Are different funding models possible for different partners or tasks?

The same funding model will apply for Phase 2, whatever the tasks and whoever the partners are. It generally covers 70% of the eligible costs. In exceptional cases, defined in the Work Programme[4], the funding rate can be up to 100%.

[4] In the 2016-2017 Work Programme, this applies to the SME Instrument Phase 2 call topic SMEInst 05 'Supporting innovative SMEs in the healthcare biotechnology sector'.

H.9. How do I declare the costs of a Phase 2 project?

The general Horizon 2020 financial rules apply.

H.10. What are eligible direct costs (partly) covered by SME Instrument funding?

Direct costs related to the implementation of the project are, for example, personnel costs, travel, equipment, infrastructure, goods and services. Please refer to article 6 of the (mono-beneficiary or multi-beneficiary) model grant agreement for full details.

In general, costs are eligible if they correspond to the tasks agreed upon in the grant agreement. Costs are ineligible if this is not the case, or if they are reimbursed under another funding scheme.

H.11. Are marketing costs considered as eligible direct costs?

If communication and interaction activities with potential investors or customers, or dissemination of milestone achievements during the project (under a work-package 'communication activities') are necessary to implement the project, then those costs may be eligible.

Activities or products purely intended to support commercial or merchandising purposes do not qualify as eligible costs.

H.12. What rules apply to subcontracting of work in Phase 2 under the SME Instrument?

Your tasks can be subcontracted to operators in line with the "best-value-for-money"-principle, and provided that conflicts of interest are avoided. Subcontracting is not restricted to a limited part of the action in Phase 2. However, if the task to be subcontracted is significant, the motivation or the capacity of the participant to carry out the action has to be very well justified.

During the evaluation process for Phase 2 proposals, during the evaluation process experts assess the 'best-value-for-money' of subcontracts separately. For this reason, subcontracts that are part of the proposal and have been positively assessed cannot be put into question afterwards (see subcontracting clauses in annotated specific SME Instrument grant agreement model).

I. IMPLEMENTATION

I.1. If I succeed in Phase 1, will I have a better chance to successfully access Phase 2?

Successful completion of Phase 1 will have enabled you to make the feasibility assessment and elaborate the business plan required for Phase 2. Support in Phase 1, including coaching, will have helped to mature the project to a stage when a proposal for funding in Phase 2 can be well substantiated.

However, proposals from successful participants in Phase 1 are scrutinised and evaluated in the same way as any other proposal submitted for Phase 2.

I.2. Are Phase 3 activities implemented in parallel or as a follow-up of Phase 1 and Phase 2?

Phase 3 activities are implemented in parallel with Phase 1 and Phase 2 activities.

I.3. What are the reporting obligations?

There is one report at the end of Phase 1. The number of reporting periods in Phase 2 will depend on the project duration. In general, projects with a duration of 12 months will only have one reporting period.

J. COACHING AND OTHER FORMS OF SUPPORT

J.1. What is the nature of the coaching support, and how many coaching days are offered in the respective phases?

The coaching provided covers business development and management issues. Up to 3 days are offered in Phase 1, and up to 12 days in Phase 2. The role of the coach is to support the SME (specifically its management team) in its (project-related) go-to-market efforts. This service is offered exclusively to SME Instrument participants.

J.2. Can an SME instrument beneficiary representative be an evaluator?

No, representatives of SME instrument beneficiaries or persons directly involved in the project implementation cannot act as evaluators as there is potential conflict of interest.

J.3. What support does Phase 3 of the SME instrument provide, and who is it intended for?

In Phase 3, the SME instrument does not provide grant support.

However, participants will be offered access to a range of additional services including investment-readiness support, potential risk finance, and EEN services, in order to help successful go-to-market of the innovation during Phase 3.

J.4. What is EEN and what will it do for me? How should I approach it?

EEN stands for Enterprise Europe Network. It is there to help SMEs to make the most of their business opportunities in the EU, including through innovation, research or technology transfer. EEN's more than 600 members provide information on EU programmes and actions, including on Horizon 2020 and notably the SME Instrument. Find and contact your local EEN representative here.

J.5. What are the differences between the SME Instrument and Eurostars II in terms of scope and in terms of type of projects? Can the funding be combined?

Eurostars II provides funding for transnational, collaborative projects led by R&D performing SMEs in participating EUREKA countries, while the SME Instrument offers full-cycle support for all types of innovation performed by all kinds of innovative SMEs based in the EU or in Horizon 2020 associated countries. Only the SME Instrument supports single companies. Funding may be complementary in certain cases, but can never be combined.

K. MORE INFORMATION

K.1. Where and when can I find additional information and guidelines related to the SME instrument?

If you would like to get acquainted with the basic features of the SME Instrument, please download this leaflet, or review this info-graphic.

If you do not know where to start or even which call topic to respond to, please consult your SME National Contact Point or Enterprise Europe Network (EEN) contact.

If you are looking to apply, please visit the SME Instrument call-page via the Participant Portal.

If you would like to know what information you need to provide to the EU in order to be selected and funded for an SME Instrument project, please review the proposal templates available on the Participant Portal, both for Phase 1 and for Phase 2.

K.2. Are any official information days or training days planned?

Information events are held on a regular basis in Brussels. To keep informed about relevant events, please consult the Horizon 2020 portal events page, or the EASME website.

K.3. I have a question about research in Europe and I would you like to know more about Horizon 2020 and its calls for research proposals.

Please visit the Research Enquiry Service and contact us using the available form.