

SME Instrument

Small and Medium-sized Enterprises that are EU-based or established in a country associated to Horizon 2020 can now get EU funding and support for breakthrough innovation projects with a market-creating potential under revamped SME instrument, which is rolled out as part of the European Innovation Council (EIC) pilot. The SME instrument will boost fast company growth and market-creating innovation thanks to staged funding and ramped up business acceleration services.

The SME instrument is part of the [European Innovation Council pilot](#) (EIC pilot). This was launched on 27th October 2017 as part of the [Horizon 2020 Work programme 2018-2020](#), when the SME Instrument, the [Fast Track to Innovation](#) (FTI), [Future and Emerging Technologies \(FET\) Open](#) and [Horizon Prizes](#), were brought under the EIC pilot umbrella, to provide a 'one stop shop' for funding of innovators/innovations in the EU.

Horizon 2020 funds high-potential innovation developed by SMEs through the SME instrument. The SME instrument offers Europe's brightest and boldest entrepreneurs the chance to step forward and request funding for breakthrough ideas with the potential to create entirely new markets or revolutionise existing ones.

Provided with about € 1.6 billion in funding over the period 2018-2020, the SME Instrument will support groundbreaking innovative ideas for products, services or processes that are ready to conquer global markets. Available to SMEs only, the new scheme offers phased, progressive and complementary support to the development of out-of-the-box ideas. There are no predefined topics for the SME instrument call; only the most excellent and impactful ideas will receive support.

In the last three years of implementation, around 4000 SMEs will be selected to receive funding under the [SME instrument call](#).

What support is available?

The SME instrument supports close-to-market activities, with the aim to give a strong boost to breakthrough innovation with a market-creating potential. Highly innovative SMEs with a clear commercial ambition and a potential for high growth and internationalisation are the prime target.

The SME Instrument offers small and medium-sized businesses the following:

- Business innovation grants for feasibility assessment purposes (optional phase I): EUR 50,000 (lump sum) per project (70% of total cost of the project);
- Business innovation grants for innovation development & demonstration purposes (possible phase II): an amount in the indicative range of EUR 500,000 and 2,5 million (70% of total cost of the project as a general rule);
- Free-of-charge business coaching (optional) in order to support and enhance the firm's innovation capacity and help align the project to strategic business needs;
- Access to a wide range of other business acceleration services and facilitated access to risk finance, to facilitate the commercial exploitation of the innovation.

Phased Support

Feasibility assessment (phase 1) - optional

Funding is available for: exploring and assessing the technical feasibility and commercial potential of a breakthrough innovation that a company wants to exploit and commercialize.

Activities funded could be: risk assessment, design or market studies, intellectual property exploration; the ultimate goal is to put a new product, service or process in the market, possibly through an innovative application of existing technologies, methodologies, or business processes.

The project should be aligned to the business strategy, helping internal growth or targeting a transnational business opportunity. The evaluation of phase 1 proposals happens remotely by a panel of independent experts.

Amount of funding: lump sum of €50,000 (per project, not per participating business).

Duration: typically around 6 months

Outcome: The outcome of a phase 1 project is a feasibility study (technical and commercial), including a business plan.

Should the conclusion of the study be that the innovative concept has the potential to be developed to the level of investment readiness/market maturity, but requires additional funding in view of commercialisation, the SME can apply for Phase 2 support.

Innovation project (phase 2)

Funding is available for: innovation projects underpinned by a sound and strategic business plan (potentially elaborated and partially funded through phase 1 of the SME Instrument).

Activities funded in phase 2 can be of several types: prototyping, miniaturisation, scaling-up, design, performance verification, testing, demonstration, development of pilot lines, validation for market replication, including other activities aimed at bringing innovation to investment readiness and maturity for market take-up.

The evaluation of phase 2 proposals happens both remotely and face-to-face (via an interview) by two panels of independent experts.

Amount of funding: in the indicative range of €500,000 – € 2.5 million or more (covering up to 70% of eligible costs).

Duration: typically around 1 to 2 years

Outcomes:

- a greatly innovative product, process or service that is ready to conquer the market;
- a business innovation plan incorporating a detailed commercialisation strategy and a financing plan in view of market launch (e.g. on how to attract private investors, if applicable).

Business acceleration (phase 3)

With the view of facilitating the commercial exploitation of the innovation activities resulting from phase 1 or phase 2, the SME instrument proposes [business acceleration services](#). These include support for further developing investment readiness, linking with private investors and customers through brokerage activities and events (including trade fairs), assistance in applying for further EU risk finance, and a range of other innovation support activities and services offered via the [Enterprise Europe Network \(EEN\)](#).

Coaching

Innovation and Business Development Coaching is offered in parallel throughout phases 1 and 2 to help SMEs:

- enhance the company's innovation capacity
- align the project to the identified business development strategy
- develop the commercial/economic impact and long term sustainability.
- obtain access to follow-on finance

Coaching is provided by experienced business coaches, selected through the [Enterprise Europe Network \(EEN\)](#).

Work Programme 2018 - 2020

Links:

[Visit the SME instrument call topic page on the participant portal](#)

[EASME's SME instrument page \(implementation\)](#)