

General Information	
Preliminary title of the European Partnerships	European Partnership on Innovative SMEs
Short description of the partnership	The partnership aims at contributing to long-term European competitiveness and economic growth by providing financial support to transnational market-oriented research projects initiated and driven by innovative SMEs.
Services directly involved	DG RTD
Context and problem definition	<p>Europe is good at creating start-ups, but too few of them go on to grow and scale-up. The ‘lost decade’ triggered by the economic and financial crisis left the EU with an uneven economic and productivity growth pattern across Europe, both in differences between Member States and regions but also between the fast-growing, innovative companies and the lagging companies, in particular for SMEs (see Innovation Scoreboard 2018).</p> <p>Moreover, while SME support programmes have been core components of regional and national research and innovation policies for a long time, their inherent national focus limits their impact. This is increasingly the case, with SMEs directly addressing global markets instead of slowly expanding their home markets. There is a need for public support programmes to align with the ambitions of businesses, particularly as companies see access to national and international markets as one of the biggest barriers to being able to scale their business (Scaleup Institute Annual Scaleup Review 2018 http://www.scaleupinstitute.org.uk/scaleup-review-2018/).</p> <p>Eurostars has succeeded in supporting SMEs in growing their business endeavours through innovation via collaborative projects. By facilitating access to international markets and value chains, the programme has demonstrated significant impact, particularly in job creation, economic development and long-term transnational cooperation.</p> <ul style="list-style-type: none"> ➤ 73% of Eurostars main partner SMEs reported successful commercialisation of project results; ➤ Participating companies showed an additional annual employment growth of 3.5% compared to non-participants; an estimated 18000 jobs created so far; ➤ 64% of businesses entered new markets and 54% improved in their market share; ➤ €2 billion to date spent on acquisitions of SMEs that have participated in Eurostars projects.
Objectives and expected impacts	<p>The objective of the proposed initiative is to support fast-growing and innovative SMEs to develop new products, processes and services that help to improve the daily lives of people and boost European competitiveness. It will do so by funding market-led, cross-border, collaborative research and innovation as well as accompanying measures supporting market uptake. More specifically, the envisaged partnership aims to:</p> <ul style="list-style-type: none"> ▪ Act as an growth platform and innovation multiplier at EU level by providing access to new knowledge, collaborations, value chains and market opportunities, and thereby leading to improved market share and sales for participating SMEs; ▪ Speed up time-to-market; ▪ Support business growth and scale-up globally leading to increased employment and turnover; ▪ Contribute to de-risking SME finance through leveraging of private investment and public funding; ▪ Increase European added value by fostering synchronisation and harmonisation of national supporting instruments (increasing efficiencies at national and EU level);

	<p>Learning from the evaluations of the previous Eurostars programmes and building on core strengths, the new programme has been developed with several key enhancements :</p> <ul style="list-style-type: none"> ▪ <u>Higher impact</u>: Supporting projects of higher quality and higher impact. With an increased dedicated budget from participating countries and the contribution from the European Commission for the new partnership, even more European SMEs can reach the market and achieve success. Enhanced emphasis will be placed on robust evaluation, monitoring project outcomes and impact. ▪ <u>Better services to beneficiaries</u>: Streamlined administration. Faster time to contract. ▪ <u>Simplified eligibility criteria</u> : the new partnership has the ambition of becoming a benchmark for international collaboration programmes. ▪ <u>Broader target group</u>: The aim of the new partnership is to support close to market innovation driven by innovative SMEs. The programme will be open to all innovative SMEs; however, the projects will remain focussed on applied R&D&I (e.g. ~TRL 4-6). ▪ <u>Widening</u>: Specific emphasis will be placed on the possible participation of SMEs from all EUREKA countries, with targeted actions aimed at countries with lower R&D&I intensity and ensuring that national commitment of resources meets demand. ▪ <u>Internationalisation</u>: European SMEs work increasingly on a global scale or are looking for possibilities to expand globally. The new partnership offers a wealth of new global opportunities for participating SMEs, enabling project partners to enter foreign markets or to access existing or new value chains. It will be executed in line with the Global Strategy of EUREKA. ▪ <u>Synergy, Coherence and Alignment</u>: Complementing Horizon Europe and the European Innovation Council to contribute to the wider innovation support landscape to meet the needs of innovative businesses to grow and scale-up. Identifying strategic alliances with other parts of the landscape. Aligning with all EUREKA instruments. ▪ <u>Accompanying measures</u>: Measures which will support SMEs innovation journey e.g. coaching, mentoring, investor readiness. The new partnership will be embedded in a scheme of different support tools, through EUREKA, the EU and national schemes for companies.
<p>Necessity test: rationale for a European Partnership</p>	<ul style="list-style-type: none"> ▪ The Eurostars programme would form part of the package of instruments for the benefit of SMEs in Europe. ▪ It will form a key policy measure of the broader European innovation ecosystem targeting innovative SMEs, seeking strong coherence and synergies with national and EU innovation support initiatives, in particular in the context of Pillar 3 of Horizon Europe. The core activity of the partnership will be to fund bottom up R&I projects. To be able to choose amongst the most promising SMEs, the envisaged European Partnership will be open to all innovative SMEs, including R&D performing SMEs and those that may not be addressed by other EU programmes such as the European Innovation Council (EIC). ▪ Eurostars' focus on multi-country, multipartner, collaborative, near-market, SME innovation distinguishes itself from the EIC Pathfinder, which will be mainly at a lower TRL level and the EIC Accelerator, with a sole focus on high TRL level mono-beneficiary programmes. The new partnership will generate a pool of exciting, innovative and growth-seeking business and therefore help to create qualified deal flow for the EIC Accelerator of companies with the potential to significantly scale. The new partnership can support innovative SMEs to collaborate globally, including outside of Europe with the intention to be more open to working with key countries globally. The EIC can significantly help SMEs to scale. The

	<p>combination of the two presents an important offer to businesses to help accelerate their innovation journey and to do so globally.</p> <ul style="list-style-type: none"> ▪ In addition, this initiative will target especially SMEs without previous international experience in transnational R&D collaborations, acting thereby as a ‘kick-starter’ for international cooperation of innovative SMEs. Also, the initiative will not be restricted to R&D-performing SMEs, but aims to be open to all innovative SMEs. It will also act as a talent scout across participating regions. ▪ The long-term commitment of the majority (or possibly all) the Member States will be more easily attained by building on an existing partnership model with regard to synchronisation, harmonisation and future common objective. ▪ A harmonised evaluation, selection and funding with central management of all financial contributions model will provide a high degree of integration between partners that will help achieving strong additionality and directionality to fund the best innovative SMEs.
Relevant for the following parts of Horizon Europe	<p>Pillar II 'Global Challenges and European Industrial Competitiveness'</p> <p><input type="checkbox"/> Cluster Health</p> <p><input type="checkbox"/> Cluster Culture, creativity and inclusive society</p> <p><input type="checkbox"/> Cluster Civil Security for Society</p> <p><input type="checkbox"/> Cluster Digital, Industry and Space</p> <p><input type="checkbox"/> Cluster Climate, Energy and Mobility</p> <p><input type="checkbox"/> Cluster Food, Bioeconomy Natural Resources, Agriculture and Environment</p> <p><input type="checkbox"/> Cross-cluster</p> <p><input checked="" type="checkbox"/> Pillar III ‘Innovative Europe’</p>
Currently identified links with other partnership candidates / Union programmes	<p>The positioning of the Partnership on innovative SMEs in the broader EU innovation ecosystem (in particular Pillar 3 of Horizon Europe, also Enterprise Europe Network). Other Union programmes with whom collaboration will be explored include InvestEU and Cohesion Funds. See also previous section about the rationale.</p>
Does the proposed partnership build on currently active ones?	<p>The proposed partnership will be built on the Article 185 TFEU "Eurostars-2 Joint Programme (2014-2020)"</p>
Expected type and composition of partners	<p>European Partnership on Innovative SMEs based on the EUREKA network, which is well positioned to implement Eurostars as it is a network operating across the EU with central capability together with the largest grouping of national funding agencies and Ministries to fund innovation projects. It has proven stability in implementing the predecessors Eurostars-1 Joint Programme (2008-2013) Eurostars-2 Joint Programme (2014-2020) and has welcomed several countries from outside Europe, adding value and helping business to grow and scale on a global basis.</p> <p>National funding bodies have direct links and proximity to their SMEs, making the European Partnership on Innovative SMEs more accessible, as support and funding is at national level, in the national language and in the national currency and fiscal framework. For ‘newcomers’ to international cooperation and funding, this is a huge benefit. Therefore, it is a suitable vehicle for companies who want to go on to participate in EU collaborative programmes, helping to raise the participation of SMEs in the Framework Programme.</p> <p>Global cooperation is and will continue to be a key element in European Partnership on Innovative SMEs. Indeed, it provides a great opportunity for SMEs to work on the best joint projects with the best partners from a wide range of countries. Therefore, Eurostars is open to participation to all of EUREKA’s 45+ countries. It will contribute to bridging innovation gaps and</p>

	reducing the innovation divide, supporting the development of the EU's internal market to further promote opportunities for all its projects. This represents an integrated approach, which is in harmony with national and EU priorities.
Contributions and commitments expected from partners	Financial contributions are expected from the partners, as in the previous initiatives.
Currently envisaged implementation mode(s).	<input type="checkbox"/> Co-programmed European Partnership <input checked="" type="checkbox"/> Co-funded European Partnership <input type="checkbox"/> Institutionalised European Partnership <input checked="" type="checkbox"/> Article 185 <input type="checkbox"/> Article 187 <input type="checkbox"/> EIT-KIC
Justification of the implementation mode	<p>The preferred option as a co-funded partnership option is based on the Horizon Europe policy approach: 'institutionalised partnerships' only if other implementation modes would not be able to achieve the same impacts.</p> <p>Key issues to consider :</p> <ul style="list-style-type: none"> ➤ Legal basis and governance: steering power of participating states, political visibility and influence ➤ Implementation: flexibility and steering power of participating states when implementing the European Partnership on Innovative SMEs ➤ Administrative efficiency: (maximised) level of administrative simplification for COM services, participating states (incl. DIS) and beneficiaries that can be obtained <p>A justification for the implementation as an Article 185 initiative that could be considered as convincing would be the commitment of all Participating States to agree on the central management of all financial contributions and a single grant agreement based on Horizon Europe Rules</p> <p>This would also reflect well EUREKA's intergovernmental nature, as Ministers are involved in the decision-making process of both EUREKA and institutionalised partnerships.</p>
Proposed starting year	2021