

## R&D and Government Incentives Alert

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4 July 2013



#### Horizon 2020 – done deal?

A deal in principle has finally been secured on Horizon 2020. After lengthy negotiations between the EU's three main legislative bodies (European Commission, European Parliament and EU Council) the final budget agreed for Horizon 2020 is EUR 70.2 billion (subject to sign-off on the overall EU budget).

EU officials have agreed the budget split of the three key “pillars” within Horizon 2020.

- Excellent Science: 37%
- Industrial Leadership: 22.5%
- Societal Challenges: 38%

In addition, Deloitte understands the following measures have been agreed:

#### Reimbursement model

This will be based on the EC's original proposal, with research activities reimbursed at up to 100% of direct costs, and a flat rate for indirect costs of 25% (there will be no option for indirect costs to be paid on a full-cost basis). For close-to-market activities the reimbursement rate will be up to 70%, however, universities, research organisations and not-for-profit organisations will be able to claim up to 100%.

#### Knowledge Innovation Communities (KIC)

The European Institute of Innovation and Technology (EIT) will create Knowledge Innovation Communities (KICs) across Europe by bringing together top-level academic and business partners around major innovation challenges. There are likely to be three calls: 2014 (raw materials and active and healthy living); 2016 (food and added value manufacturing); 2018 (urban mobility).

#### SME participation

The target for SME participation was agreed at 20% of the combined budget of Pillars two and three (Leadership in enabling and industrial technologies and Societal Challenges). However, this target is indicative and not binding.

#### Fast Track to Innovation

This will be a new Horizon 2020 instrument, characterised by fast time to grant, bottom-up innovation actions intended to allow submissions from any type of participant from any area of technology at any time.

#### Time-to-grant

The time-to-grant for the whole Horizon 2020 Programme is to be reduced to a maximum of 8 months,

compared to 12 months for FP7.

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