

Evaluation rules for the SME Instrument

Selection criteria

- **Financial capacity:** Applicants for mono-beneficiary grants (single SME applicants) are not subject to an automatic financial viability check. Coordinators of consortia of several SMEs will be invited, at proposal stage, to complete a self-assessment using an online tool.
- **Operational capacity:** During the evaluation of the award criterion 'Quality and efficiency of implementation', experts will judge whether each individual participant has, or will have in due time, sufficient operational capacity to successfully carry out their tasks in the proposed work-plan. This assessment will be based on the competence and experience of the applicant, including their operational resources (human, technical, other) and, if applicable and on an exceptional basis, the measures proposed to secure these resources by the time of the implementation of the tasks.

The operational capacity of each applicant is determined on the basis of the following supporting documents, which are required when submitting a proposal:

- ☐ A CV or description of the profile of the persons who will be primarily responsible for carrying out the proposed activities.
- ☐ A brief description of relevant products, services (including widely used datasets or software) or other achievements (which may also include previous projects or activities connected to the subject of the proposal).
- ☐ A description of any significant infrastructure and/or any major items of technical equipment relevant to the proposed work.
- ☐ A description of any third parties that are not represented as project partners but who will nonetheless be contributing towards the work, for example by providing facilities or computing resources.

Award criteria

Proposals are evaluated by experts on the basis of **three award criteria**: 'impact', 'excellence', and 'quality and efficiency of implementation'. The aspects examined under each criterion are described in the table below.

<i>Impact</i>
50% WEIGHTING
Convincing specification of substantial demand (including willingness to pay) for the innovation; demand generated by new ideas, with the potential to create new markets, is particularly sought after. Total market size envisaged.
Convincing description of targeted users or customers of the innovation, how their needs have been addressed, why the users or customers identified will want to use or buy the product, service or business model, including compared to what is currently available if anything at all.
<i>Phase 1 (only)</i> : Good understanding of need for a realistic and relevant analysis of market conditions , total potential market size and growth-rate, competitors and competitive offerings, key stakeholders, clear identification of opportunities for market introduction: potential for market creation is particularly sought after. <i>Phase 2 (only)</i> : Realistic and relevant analysis of market conditions and growth-rate , competitors and competitive offerings, key stakeholders, clear identification of opportunities for market introduction, market creation or disruption (e.g. via new value-chains).
Realistic and relevant description of how the innovation has the potential to scale-up the applicant company (or companies) . This should be underpinned by a convincing business plan with a clear timeline, and complemented, where possible, by a track-record that includes financial data.

Alignment of proposal with overall strategy of applicant SME (or SMEs) and commitment of the team behind them. Demonstration of need for commercial and management experience, including understanding of the financial and organisational requirements for **commercial exploitation** and **scaling up** (and - *Phase 2 only*) as well as key third parties needed.

Phase 1 (only): Outline of **initial commercialisation plan** and how this will be developed further (in-house development, licensing strategy, etc.).

Phase 2 (only): Realistic and relevant **strategic plan for commercialisation**, including approximate time-to-market or deployment. Activities to be undertaken after the project.

The 'commercial strategy' aspect is particularly examined in Step 2 of the evaluation of Phase 2 proposals.

European/global dimension of innovation with respect to both commercialisation and assessment of competitors and competitive offerings.

Phase 1 (only): Realistic and relevant description of **knowledge protection** status and strategy, need for '**freedom to operate**' (i.e., possibility of commercial exploitation), and current IPR situation or a plan for obtaining this information. Where relevant, description of potential regulatory requirements.

Phase 2 (only): Evidence of or realistic measures to ensure 'freedom to operate' (i.e., possibility of commercial exploitation), convincing **knowledge-protection strategy**, including current IPR filing status, IPR ownership and licensing issues. **Regulatory and/or standards requirements** addressed.

Taken as whole, to what extent the above elements are **coherent and plausible**.

Excellence

25% WEIGHTING

High-risk/high-potential innovation idea that has something that nobody else has. It should be **better and/or significantly different** to any alternative. Game-changing ideas or breakthrough innovations are particularly sought after.

Its **high degree of novelty** comes with a high chance of either success or failure.

Realistic description of **current stage of development** (*Phase 2 only*: TRL 6, or something analogous for non-technological innovations), and clear outline of **steps planned to take this innovation to market**.

Highly innovative solution that goes beyond the state of the art in comparison with existing or competing solutions, including on the basis of costs, ease of use and other relevant features as well as issues related to climate change or the environment, the gender dimension, any other benefits for society, or (*Phase 1 only*) includes plans for obtaining this information.

Very good understanding of both risks and opportunities related to successful market introduction of the innovation from both technical and commercial points of view or (*Phase 1 only*) includes convincing plans for obtaining this information.

Phase 2 only: Documentation on the **technological, practical and economic feasibility of the innovation**.

The 'feasibility' aspect is particularly examined in Step 2 of the evaluation of Phase 2 proposals.

Phase 1 (only): Objectives for the feasibility study and the **approach and activities** to be developed are consistent with the expected impact of the project.

Phase 2 (only): Objectives for the innovation proposal as well as the **approach and activities** to be developed are **consistent with the expected impact** (i.e. commercialisation or deployment resulting in company growth). Appropriate definition provided of specifications for outcome of project and criteria for success.

Taken as whole, to what extent the above elements are **coherent and plausible**.

Quality and efficiency of implementation

25% WEIGHTING

Technical/business experience of the team, including management capacity to lead a growing team

Only Phase 1: If relevant, the proposal includes a plan to acquire missing competences.

Only Phase 2: If relevant, the proposal includes a plan to acquire missing competences, namely through partnerships and/or subcontracting*, and explains why and how they are selected (*subcontractors must be selected using 'best value-for-money' principles*).

The 'team' aspect is particularly examined in Step 2 of the evaluation of Phase 2 proposals.

Availability of resources required (personnel, facilities, networks, etc.) to develop project activities in the most suitable conditions.

Where relevant, complementarity of partners in a consortium.

Only Phase 2:

Where relevant, realistic description of how key stakeholders / partners / subcontractors could be involved* (*subcontractors must be selected using 'best value-for-money' principles*).

Where relevant, the estimated budget and the procedure planned for selecting the subcontractors are appropriate*.

Realistic timeframe and comprehensive description of implementation (work-packages, major deliverables and milestones, risk management) taking the company's or applicant's innovation ambitions and objectives into account.

**Subcontracting is acceptable to the extent required for the implementation of the proposed activities. Subcontracting may be an essential part of the implementation of the project, but should not be a disproportionate part of the total estimated eligible costs. Subcontractors must be selected using 'best value-for-money' principles.*

Taken as whole, to what extent the above elements are **coherent and plausible**.

Evaluation procedure

After each Phase 1 cut-off

- Proposals are evaluated in one step.
- A proposal is evaluated remotely by a number of evaluators with a mixture of technology, industry sector, business and finance expertise.
- Each evaluator scores each of the three award criteria from 0 to 5. Scores with a resolution of one decimal place may be given.
- The quality threshold of each criterion is 4 out of 5. The overall quality threshold, applying to the weighted sum of the three individual scores, is 13 out of 15.
- The consensus score at the level of the three evaluation criteria is the median of the scores given by each evaluator. The overall consensus score is the weighted sum of these separate scores. Proposals that have passed all thresholds are ranked in the order of their final score.
- If necessary, a panel review is organised remotely.

After each Phase 2 cut-off

Applications are evaluated in two steps.

Step 1: remote evaluation

- A proposal is evaluated remotely by a number of evaluators with a mixture of technology, industry sector, business and finance expertise.

- Each evaluator scores each of the three award criteria from 0 to 5. Scores with a resolution of one decimal place may be given.
- The quality threshold of each criterion is 4 out of 5. The overall quality threshold, applying to the weighted sum of the three individual scores, is 13 out of 15.
- The consensus score of a proposal at the level of the three evaluation criteria is the median of the scores given by each evaluator. The overall consensus score is the weighted sum of these scores.
- Proposals that pass all quality thresholds will be considered for step 2.

Step 2: face-to-face interview

- Starting with the highest-scoring proposal and in descending, sequential order, proposals are passed to Step 2 until, as a batch, either the total amount of EU funding requested is as close as possible to twice the budget available, or all proposals eligible for funding have been accounted for. The actual threshold to pass to Step 2 will therefore be dynamic and depend on the volume of proposals received that pass all quality thresholds.
- Each applicant whose proposal has passed to Step 2 is invited to a face-to-face interview in Brussels.
- Only staff of applicants can represent them. Representation by third parties is forbidden.
- The interview is conducted by evaluators with a mixture of technology, industry sector, business and finance expertise.

- During the interview, the applicant is posed questions designed to clarify aspects of the proposal evaluated in Step 1, in particular those indicated above under 'award criteria'.
- In Step 2, proposals will receive, in addition to the score in Step 1, an 'A' mark or a 'B' mark from the final panel review.
- Only proposals that have passed all quality thresholds and receive an 'A' mark are proposed for funding.

For both Phase 1 and Phase 2

- During the electronic proposal submission process, you can provide up to three names of persons that should not act as an evaluator of your proposal, for commercial or other reasons.
- To set a priority order for proposals given the same consensus score in Phase 1, the following method is used:
 - Proposals are first prioritised according to scores given for the award criterion 'impact'.
 - Where those scores are equal, priority is then determined using scores for the award criterion 'excellence'.
 - If necessary, a further prioritisation is based on the degree of gender balance among the personnel named in the proposal as primarily responsible for carrying out the project.