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SMEs in the



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- **Overview –SMEs in FP7**
- **Proposal preparation – what is important?**
- **Budget calculation and distribution of the EC contribution**
- **New calls Work-Programme 2008**





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SMEs in FP7 - why?

SMEs are at the core of European industry and key players in the innovation system.

SMEs have to respond increasingly to a strong competition in the internal market and globally.

- Need to increase their knowledge base and their research efforts in transnational cooperations.
- Actions at EU level are necessary to complement and enhance the impact of actions taken at national and regional level.





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SMEs in FP7

Main initiatives

Complementary pillars of SME support in FP7		
Optimized participation of SMEs	Dedicated scheme with special emphasis on SMEs	Budget increase for the SME specific measures
"Cooperation" Research performing SMEs Thematic areas	"People" Research performing SMEs Industry-academia pathways	"Capacities" SMEs outsourcing research Bottom-up approach





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Budget allocation to SMEs in FP6 and FP7

€million	FP6	FP7	FP6 annual average	FP7 annual average	Increase annual average
SME specific measures	473	1.336	118	191	61%
SME participation (15% target)	1.865	4.862	466	695	49%
Total	2.338	6.198	585	885	51%





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SMEs in FP7 “Cooperation”

- **Dedicated SME strategy** under each Theme
- **Identification of areas of particular interest** to SMEs in the individual work programmes
- **15% target** for SME participation (early indications meeting and exceeding 15%)
- **Greater flexibility** in choosing the appropriate funding scheme
- **Simplified financial and administrative procedures** (e.g. 75% funding rate for SMEs, no bank guarantees)





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SMEs in FP7 “Cooperation”

Collaborative projects targeted to SMEs

3 different types of projects including

“projects targeted to special groups such as SMEs“

- Stimulate the participation of SMEs
- Research-intensive SMEs should play a leading role in such projects
- Requested EC contribution to participating SMEs must in all cases be substantial





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SMEs in FP7 “People”

Industry-academia partnerships and pathways

are partnerships between public and private research organisations based on a common research project and aim to increase the exchange of skills between the two sectors via;

- Staff secondment between academia and industry including SMEs
- Temporary hosting of experienced researchers from outside partnership
- IAPP conference 14/01/2008 Brussels. Information

<http://ec.europa.eu/mariecurieactions/>





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“People” continued

A consortium comprises at least one research organisation from the public sector and one from the private sector. Participating organisations must be from at least two different Member States or Associated Countries.

Funding covers:

- exchange of know-how and experience between private sector and academia through secondments of research staff of the participants;
- recruitment of experienced staff from outside the partnership, for facilitating the transfer of knowledge and/or the training of staff;
- networking activities, organisation of workshops and conferences, involving the participants’ own research staff and external researchers;
- research equipment funding for SMEs with up to 10% of the EU contribution for each SME participant.

→ bottom-up approach, no thematic focussing.





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SMEs in FP7 “Capacities”

Research for the benefit of SMEs: Objectives

Strengthen the innovation capacities of SMEs to develop new products and markets by **outsourcing of research:**

- Increase their research effort
- Acquire technological know-how
- Extend their networks
- Improve the exploitation of research results





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Target group

Research for SMEs:

- Low to medium technology SMEs with little or no research capability
- Research intensive SMEs that need to outsource research to complement their core research capability

Research for SME associations:

- SME associations representing their members and their common technical problems

➔ bottom-up approach, no thematic focussing





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Impact: Economic benefit

Research for **SMEs**:

- Clear exploitation potential and economic benefits for the **SMEs involved**
- Strengthening the competitiveness of the SMEs

Research for **SME associations**:

- Clear exploitation potential and economic benefits for the **SMEs members of the associations involved**
- Improve industrial competitiveness

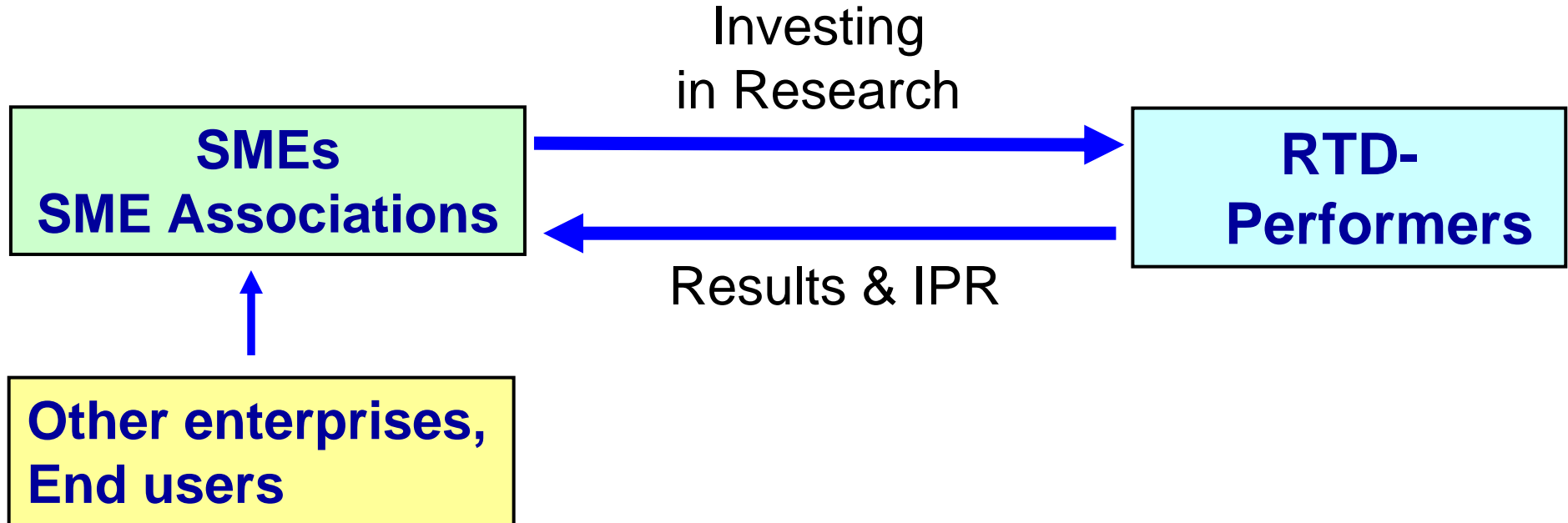




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Principle: Outsourcing scheme “customer-seller” relationship





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Clear principle: SMEs invest in R&D

- “Customer-seller” relationship between SMEs* and RTD-performers.
- SMEs* invest in the RTD project and outsource part of the research activities to “RTD performers”.
- RTD performers **invoice** their services to SMEs*.
- EC contribution: Grant to the project (and not to individual participants) which covers only part of the total investment.
- SMEs* and “Other participants and end users” contribute with own resources to the project.
- Collective leadership of the SMEs* in the project.

* including SME associations





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Funding Scheme Key Indications

	Research for SMEs	Research for SME associations
Duration	1-2 years	2-3 years
Number of partners	5-10	10-15
Total budget	€ 0.5 – 1.5 Million	€ 1.5 – 4 Million
Activities	R&D, demonstration, management, other activities	R&D, demonstration, management, other activities





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Number of partners

Minimum requirements, coordination

Research for SMEs

- At least **three independent SME participants**, established in three different Member States or Associated countries.
- At least **two RTD performers**.
- **Other enterprises and end-users** optional.

Research for SME associations

- At least **three independent SME association/groupings**, established in three different Member States or Associated countries, **or one European SME association/grouping**.
- At least **two RTD performers**.
- **Other enterprises and end-users** with at least **two SMEs**.

SMEs or SME associations may entrust coordination to a partner in the consortium specialised in professional project management.





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IPR - principle

Specific for „Research for SMEs / SME associations“
(rules for participation).

The default regime remains full ownership of all project results ("foreground") and IPR by the SMEs or SME Associations.

The consortium may however reach a different agreement in their own best interests,
as long as the SMEs and SME associations are provided with all the rights that are required for their intended use and dissemination of the project results.





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IPR - flexibility

In practice, this can, for example, mean that:

- SMEs keep ownership, but give access to the RTD performers for further, clearly specified activities

or

- The RTD performers keep ownership of the entire foreground (or parts of it) and that the SMEs acquire licences only.

→ Agreement in the (economic) interest of the SMEs

→ Price should reflect the value of the IPR





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Funding Scheme - principles

- The financial support of the Community in accordance with the Rules for participation will be capped at a value **not exceeding 110% of the estimated price to be invoiced by RTD providers** to SMEs or SMEs Associations.





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Budget calculation and distribution of the EC contribution





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Funding Scheme - principles

- The financial support of the Community in accordance with the Rules for participation will be capped at a value **not exceeding 110% of the estimated price to be invoiced by RTD providers** to SMEs or SMEs Associations.





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EC contribution

- “Value” of the project is based on the subcontracted R&D activities.
- Maximum financial contribution is 110% of the **price to be invoiced by RTD providers** to SMEs or SMEs Associations.
- The Community support has to be in accordance with the Rules for participation.





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Rules for participation Funding rates

- R&D: **maximum of 50 %** of the total eligible costs
Exception: SMEs, non-profit public bodies, secondary and higher education establishments and research organisations: **maximum of 75 %**
→ **Associations may meet e.g the criteria for SMEs or non-profit public bodies**
- Demonstration activities: **maximum of 50 %**
- Management activities: **maximum of 100 %**
- Other activities: **maximum of 100 %**
(e.g. training, coordination, networking, dissemination)





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Step 1: Calculation of the budget for the SMEs

Budget for the SMEs	SME 1
Activities and costs	
RTD	260.000
Own RTD	45.000
Invoice RTD performers for subcontracted RTD	215.000
DEMO	10.000
Own DEMO	10.000
Invoice RTD performers for subcontracted DEMO	0
OTHER	10.000
MANAGEMENT	60.000
TOTAL	340.000





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Step 2: Calculation of the budget for the RTD Performers

Budget for the RTD performers	RTD 1
Activities and costs	
OTHER	0
MANAGEMENT	5.000
TOTAL	5.000





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Step 3: Calculation of the budget for the Other enterprises and end-users

Budget for Other enterprises and end users	OTH 1
Activities and costs	
RTD	10.000
DEMO	40.000
OTHER	0
MANAGEMENT	0
TOTAL	50.000





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Step 4: The total budget of the project

Partners & costs	RTD	DEMO	MANAG	OTHER	TOTAL
SME 1	260.000	10.000	60.000	10.000	340.000
Own activities	45.000	10.000			
Subcontracting	215.000				
SME 2	395.000	25.000	5.000	5.000	430.000
Own activities	55.000	25.000			
Subcontracting	340.000				
SME 3	125.000	0	5.000	10.000	140.000
Own activities	20.000				
Subcontracting	105.000				
RTD 1			5.000	0	5.000
RTD 2			5.000	30.000	35.000
OTH 1	10.000	40.000	0	0	50.000
TOTAL	790.000	75.000	80.000	55.000	1.000.000





Calculation of the EC contribution

Partners & costs	RTD [50%/75%]	DEMO [50%]	MANAG [100%]	OTHER [100%]	TOTAL	Maximum EC contribution
SME 1	260.000	10.000	60.000	10.000	340.000	270.000
Own activities	45.000	10.000				
Subcontracting	215.000					
SME 2	395.000	25.000	5.000	5.000	430.000	318.750
Own activities	55.000	25.000				
Subcontracting	340.000					
SME 3	125.000	0	5.000	10.000	140.000	108.750
Own activities	20.000					
Subcontracting	105.000					
RTD 1			5.000	0	5.000	5.000
RTD 2			5.000	30.000	35.000	35.000
OTH 1	10.000	40.000	0	0	50.000	25.000
TOTAL	790.000	75.000	80.000	55.000	1.000.000	

TOTAL amount of subcontracting, excl. VAT

660.000

Maximum EC contribution = 110% of subcontracting to RTD performers excl. VAT





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What is specific for SME associations?

- IPR ownership and rights for dissemination and use should reflect the needs and the role of the SMEs in the consortium and of the members of the SME-AGs.
- Some SME-AGs may **NOT** qualify for 75% funding rate for RTD activities.
- Some SME-AGs may NOT be able to recover VAT.

System is flexible for tailor-made solutions:

- ➔ SME-AG may charge costs incurred by its members in carrying out the project
- ➔ Participating SMEs and SME-AG members may invest in the project





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Important documents

- Workprogramme "Research for the benefit of SMEs"
- Guides for applicants "Research for SMEs" and "Research for SME associations"
- Guide to Intellectual Property Rules for FP7 projects
- Rules for the submission of proposals

These documents and additional information about the open calls are available on the following webpage:

<http://cordis.europa.eu/fp7/dc/index.cfm?fuseaction=UserSite.FP7OpenCallsPage>

SME Techweb

ec.europa.eu/research/sme-techweb





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Research for the benefit of SMEs Work programme

1. Supporting SMEs outsourcing research activities

- Research for SMEs
- Research for SME associations

2. Developing and coordinating support to SMEs at national level

- Eurostars Article 169 Initiative
- ERA-NET
- Support to national and/or regional “exploratory awards”
- NCP-network

3. Support measures

- Coordination and Support Actions
- Studies



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2. Developing and coordinating support to SMEs at national level

EUROSTARS: Article 169 Initiative

- EUREKA initiative with a joint programme, based on national schemes.
- Supporting trans-national, multi-partner R&D projects initiated and led by at least two R&D-performing SMEs.
- Up to twenty-seven Eureka countries have agreed to participate in the joint programme. (22 MS and 5 AS to the FP)

➔ bottom-up approach, no thematic focussing

Information: <http://www.eurostars-eureka.eu>





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2. Developing and coordinating support to SMEs at national level

ERA-NET

- Continuation of FP6 ERA-NET projects: ERA-SME & CORNET
- Increase integration, coverage and number/budget of common calls.

Support to national and/or regional “exploratory awards”

- Establish durable schemes and services to increase the number of awards provided by the national and/or regional schemes.
- A first preparatory Coordination and Support Action dedicated to the development of implementation modalities.

Network of National Contact Points (NCPs)

- Identifying and sharing good practices, developing common tools.
- Supporting less experienced NCPs to rapidly acquire the know-how accumulated in other countries.





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3. Support measures: Coordination and Support Activities

- Support to dissemination and exploitation of research results and exchange of good practices by e.g.:
 - a) clustering of projects on common topics to improve interaction and joint dissemination and exploitation activities and
 - b) developing and implementing strategies aiming at a reinforced exploitation of results.

- Contributing to the identification of priority research topics for SME associations, especially by establishing a dialogue with European Technology Platforms (ETP).





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Research for the Benefit of SMEs Work-programme 2008

European Commission
DG RTD – Research & SMEs





- **Call FP7-SME-2008-1: Research for SMEs**
 - Publication: 30 November 2007
 - Closing 11: April 2008
 - Indicative budget: **94.22 M €** comparable to WP2007 budget (= 100 M€)
- **Call FP7-SME-2008-2 : Research for SME associations**
 - Publication: in Spring 2008
 - Closing: 26 September 2008
 - Indicative budget: higher than WP2007 budget (= 58 M€)
- **Call FP7-SME-2008-3 : Support to Exploratory awards (implementation phase)**

+

- Eurostars art 169: Aiming at 100 M€ EC contribution on a 400 M€ total budget)
- Two impact assessment studies (about SME specific measures and SME participation to Thematic Programmes) 1M€ + 0.5M€



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NEW FEATURES

Research for SMEs & Research for SME Associations:

- **Evaluation criteria :**
 - **'Potential impact'** threshold: 4 instead of 3
 - Overall threshold: 11 instead of 10
 - Overall threshold (stage 1): 8 instead of 7
- **Consortium agreement:** it is not a deliverable – it is to be submitted duly signed before contract signature

Research for SME Associations:

- **European SME-AGs:** at least **3** SME-AGs from 3MS
- **Other enterprise and end-users (including SMEs):** at least 2 SMEs from 2MSs (belonging to this category of participants) **MUST** be in the consortium





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- **Eurostars**

- Publication: continuous open call with cut off dates
- Closing : 8 February 2008
- Indicative budget: 50 M€ Eureka, 16M€.*

*Please note this is still a proposal from the Commission and a co-decision by Council and Parliament is still pending.





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Peoples Programme

- **FP7-PEOPLE-IAPP-2008: Industry-academia pathways & partnerships**
 - Publication: 30 November 2007
 - Closing : 25 March 2008
 - Indicative budget: 45 M€ from 2008 budget.





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More information

Research for the benefit of SMEs:

http://cordis.europa.eu/fp7/capacities/research-sme_en.html

SME TechWeb:

ec.europa.eu/research/sme-techweb

National Contact Points

<http://cordis.europa.eu/fp6/ncp.htm>

