

PROVISIONAL¹ WORK PROGRAMME 2007

CAPACITIES

PART 2

RESEARCH FOR THE BENEFIT OF SMES

(European Commission C(2006) 6849)

¹ This provisional work programme is subject to formal confirmation following the entry into force of the 7th EC Framework Programme and the Specific Programme Capacities

I	CONTEXT	3
	<u>Policy context</u>	3
	<u>Approach</u>	4
	1. <u>Supporting SMEs outsourcing research activities</u>	4
	2. <u>Developing and coordinating support to SMEs at national level</u>	6
	3. <u>Support measures</u>	8
	<u>Consultation on the work programme and the SME dimension in FP7</u>	9
II	CONTENT OF CALLS IN 2007	10
	Activity: 2.1 Research for SMEs	10
	Activity: 2.2 Research for SME associations	13
	Activity: 2.3 Coordination and Support Activity	18
III	IMPLEMENTATION OF CALLS	21
	<u>Call title: Research for SMEs Call 1</u>	21
	<u>Call title: Research for SME Associations Call 1</u>	23
	<u>Call title: Coordination and Support Activities Call 1</u>	25
IV	INDICATIVE PRIORITIES FOR FUTURE CALLS	27

RESEARCH FOR THE BENEFIT OF SMEs

Objectives:

Strengthening the innovation capacity of European SMEs and their contribution to the development of new technology based products and markets by helping them outsource research, increase their research efforts, extend their networks, better exploit research results and acquire technological know how, bridging the gap between research and innovation.

I CONTEXT

Policy context

In view of the increasing internationalisation of value chains, European small and medium sized enterprises² (SMEs) have to respond increasingly to strong global competition. Changes in economic structures and international division of labour require also for SMEs a re-positioning in the market place. Faster product cycles force SMEs to strengthen their capacities and capabilities to drive innovation through research and development (R&D) in close cooperation with other enterprises and research organisations. Representing 99% of all enterprises in Europe, SMEs account for around two thirds of European GDP and provide 75 million jobs in the private sector. They are therefore key for the implementation of the renewed Lisbon partnership for economic growth and employment³.

Faced with the challenges of increased globalisation of markets and of technological change, European SMEs need reinforced support through transnational research cooperation to enhance their innovation and research investment. Most Members States' actions relevant for SMEs do not encourage and support transnational research cooperation and technology transfer. Actions at EU level are therefore vital to fill this gap, unlock growth opportunities for SMEs through research, and help them to carry out or outsource research in order to develop new technology-based products, processes and services, exploit research results, acquire technological know-how and train their employees to incorporate new developments.

The 7th Framework Programme offers a wide range of support for SMEs. The choice depends on the SME's research capabilities: research performing SMEs will find major opportunities within the Themes in the '*Cooperation*' programme, which support research activities carried out

² The Commission Recommendation 2003/361/EC as published in the Official Journal of the European Union L 124, p. 36 of 20 May 2003 determines the conditions regarding the qualification of enterprises as an SME. SMEs employ fewer than 250 persons and have an annual turnover not exceeding EUR 50 million, and/or an annual balance sheet total not exceeding EUR 43 million. Additional conditions for autonomy apply. More information: http://ec.europa.eu/enterprise/enterprise_policy/sme_definition/index_en.htm

³ http://ec.europa.eu/growthandjobs/index_en.htm

jointly between research organisations and enterprises in trans-national cooperation. Also, mainly for research performing SMEs, the 'People' programme supports longer term cooperation programmes between academia and industrial entities.

Innovative SMEs with little or no research capabilities are targeted by the specific programme 'Capacities' through its dedicated activity "Research for the benefit of SMEs". Within it, SMEs will be supported for outsourcing research, with a bottom up approach in the entire field of science and technology.

Coordination and support actions under "Research for the benefit of SMEs" will include the coordination of national/regional programmes targeting SMEs and supporting best practice, dissemination and exploitation of results.

Complementarity and synergy between the 7th Framework Programme and other Community Programmes will be ensured. In particular the Competitiveness and Innovation Programme (CIP) will play a key role in providing support to networks of intermediaries encouraging and facilitating the participation of SMEs in the 7th Framework Programme.

Approach

To achieve the objectives of "Research for the benefit of SMEs", the following three groups of activities will be implemented:

1. Supporting SMEs outsourcing research activities

To strengthen the competitiveness of SMEs by enhancing their investment in RTD-activities and acquisition of intellectual property rights and knowledge, support to outsourcing of research and technological development by SMEs and SME associations will be one of the core activities within this Programme.

This support aims at SMEs or SME associations in need of outsourcing research to research services providers ("RTD performers") such as universities, research centres or research performing SMEs. Other enterprises and end-users, which belong to the same value chains as the participating SMEs, can participate, if it is in the interest of the project.

a) The financial support will be implemented through 2 distinct schemes:

- 'Research for SMEs'⁴ targets mainly low to medium technology SMEs with little or no research capability, but also research performing SMEs who need to complement their core research capability. Projects aim at creating new knowledge or achieving results with a clear exploitation potential to improve or develop new products, processes or services which meet the needs of the participating SMEs.
- 'Research for SME Associations'⁵ targets SME Associations which act on behalf of their members to identify and address common technical problems and to promote the effective

⁴ Named "cooperative research" under FP6

⁵ Named "collective research" under FP6

dissemination and take-up of the research results. Projects in this activity may address e.g. pre-normative research issues, technological problems related to the development and implementation of legislation, and technological problems of industrial sectors that cannot be addressed by 'Research for SMEs' and which meet the needs of the SME members of the SME Associations.

Both schemes will follow a bottom-up approach, meaning that they can be carried out in the entire field of science and technology. In addition to research, technological development and demonstration activities, projects are encouraged to include other activities such as training, to facilitate the dissemination and exploitation of results.

. Under FP6, at least 2/3 of the budget was earmarked for 'Research for SMEs' (cooperative research). Under FP7, a somewhat greater accent will be put on 'Research for SME associations' as it is considered that such research benefits a larger number of SMEs due to the expected disseminating capacities of SME Associations. The budget for each scheme would be determined each year taking account of the outcome of the impact assessment studies described under "support measures".

- b) The main objective of the FP6 equivalent of 'Research for SMEs' and 'Research for SME associations' remains valid in FP7: providing financial support to SMEs or SME associations to outsource research and technological development, with the view of acquiring intellectual property rights, preferably ownership, to the project results. It contrasts with collaborative projects where participants implement on an equal footing common research and exchange access on knowledge each of them generates.

The relationship between SMEs or SME Associations and RTD-performers under this Programme is therefore a "customer-seller" relationship. To further develop their activities, SMEs or SME Associations buy knowledge from RTD performers, who sell their expertise and work. Specific research and development activities undertaken by SMEs or SME Associations with their own resources are essentially focussed on validation and testing of the acquired knowledge.

In this context, the real investment or cost incurred by SMEs or SME Associations includes a price they pay for the intellectual property rights and knowledge they wish to acquire.

- c) The funding model developed for 'Research for SMEs' and 'Research for SME associations' better reflects the economic nature of this relationship, and takes into account the experience gained under previous framework programmes and the feedback from the stakeholder consultation process. Compared to FP6, a number of changes are being made along the following principles:
- Stronger emphasis will be put on the outsourcing character of the actions: 'research and technological development activities' of the RTD performers should form the bulk of the project, assessed in terms of level of activities and resources deployed.
 - More flexibility is given to the consortium in establishing an agreement on intellectual property rights. The default regime remains full ownership 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.
 - RTD performers will charge eligible costs only under 'management activities' and 'other activities' (including training and dissemination). Resources they use for 'research and technological development activities' and/or 'demonstration activities' will be invoiced to

SMEs or SME Associations at an agreed price. The price and payment modalities agreed between RTD performers and SMEs or SME Associations should reflect the value of the intellectual property rights and knowledge acquired: the price of a licence should normally be lower than the price for ownership.

- SMEs or SME Associations and other enterprises and end-users will charge eligible costs under the various available activities to the project. The payment of RTD performers' invoices by SMEs or SME Associations will be considered as eligible costs for them and be reimbursed at the funding rate applicable for 'research and technological development activities' and/or 'demonstration activities'.
- The financial support of the Community in accordance with Article 33 of 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, as agreed amongst them prior to contract signature in compliance with Article 120 of the Financial Regulation. Within this limit, the effective reimbursement of eligible costs will be subject to the applicable rates of the various activities. Should the actual invoices be lower than the initially estimated price, the financial support of the Community will not exceed 110% of their actual value.
- RTD performers will be protected against the legal impossibility for an SME or SME Association to honour its financial commitment towards them., RTD performers may be authorised to charge their eligible costs related to unpaid invoices for direct reimbursement by the Community. This reimbursement shall be subject to the funding rates applicable for 'research and technological development activities' and/or 'demonstration activities' in accordance with Article 33 of the Rules for participation and within the above-mentioned cap.
- Coordination tasks may not be subcontracted. However, in duly justified cases, participants may entrust project coordination to a management organisation acting as participant.

2. Developing and coordinating support to SMEs at national level

In addition to direct financial support to transnational research projects, the Community will also support coordination of national and regional programmes assisting SMEs in international RTD co-operation. This will equally lead to mutual reinforcement of those programmes with European RTD programmes dedicated for SMEs.

In the long-term perspective, it is expected that national and regional research programmes for SMEs establish common objectives and evaluation methods for transnational research cooperations with a significant added value to Community support for the benefits of SMEs.

- a) A financial support, based on Article 169 of the Treaty, may be proposed in favour of the programme "EUROSTARS" jointly undertaken by Members States and Associated Countries to support R&D performing SMEs with high growth potential.

Building on EUREKA, EUROSTARS will integrate resources of national programmes for the benefit of R&D performing SMEs, with the objective to boost their research and innovation capability. Activities shall take the form of trans-national research and development projects driven by such SMEs, which are expected to contribute substantially to the research and innovation activities.

This initiative complements actions undertaken under 'Research for the benefit of SMEs' carried out in the context of the 7th Framework Programme by specifically targeting R&D performing SMEs.

- b) The Community will grant a financial support to national and/or regional schemes providing financial means ("exploratory awards") to SMEs or SME associations to prepare proposals for actions under and supported by 'Research for the benefit of SMEs'. The major objective of the support is to establish durable schemes and services to increase the number of awards provided by the national and/or regional schemes mentioned above. A major objective of these national schemes should be to assist SMEs and SME associations to make a better informed decision on the need for the research, the choice of partnership, the choice of funding scheme etc. and to improve the quality of proposals.

A first preparatory Coordination and Support Action of about € 0.5 Million will be awarded in 2007⁶. It will create a network with one representative organisation per Member State or Associated country in charge of such schemes or which may have an interest to develop such schemes. It will be specifically dedicated to the development of implementation modalities for a subsequent Coordination and Support Action to support national and/ or regional schemes to be awarded in 2008 or 2009, at the latest.

- c) ERA-NET projects will aim at the co-ordination of national/regional programmes targeting SMEs in a similar way as 'Research for SMEs' and 'Research for SME associations'.

Two Coordination and support actions for a total of about € 4 Million will be awarded⁷ to two on-going FP6 ERA-NET projects: ERA-SME and CORNET, with the following objectives:

- further integration of national and/ or regional programme activities;
- further expansion of the existing ERA-NET consortium to other national and/or regional programmes;
- significant increase of the number of common calls and of their budgets.

In the longer term, a possible outcome of both ERA-NET projects could be that transnational research for SMEs might be managed through networks of national/ regional programmes with the support of the Community.

Other SME related ERA-NETs proposals may be submitted within the Themes of the Cooperation Programme under related calls for proposals.

- d) A Coordination and Support Action of about € 3 Million will be awarded⁸ to the network of National Contact Points (NCPs) appointed by Member States and Associated Countries for "Research for the benefit of SMEs".

By promoting trans-national co-operation among NCPs, this financial support will aim at reinforcing their activities towards SMEs in relation to the 7th Framework programme. It will focus on identifying and sharing good practices, and developing common tools. This may

⁶ In accordance with Article 14.a of the Rules for participation.

⁷ In accordance with Article 14.a of the Rules for participation.

⁸ In accordance with Article 14.a of the Rules for participation

entail various mechanisms such as benchmarking, joint workshops, training, and twinning schemes. Practical initiatives to benefit cross-border audiences may also be included, such as trans-national brokerage events. The specific approach should be adapted to the nature of the activity and to the capacities and priorities of the NCPs concerned.

Special attention will be given to helping less experienced NCPs rapidly acquire the know-how accumulated in other countries. The action may also involve official FP7 contacts from third countries, although these shall not be eligible for funding.

3. Support measures

The implementation of the SME -specific actions under “Research for the benefit of SMEs” is part of a comprehensive strategy to optimise SMEs participation in and benefit from Community research framework programmes.

In this context, additional measures will be launched to reinforce impact of their participation in SME-specific research projects and to closely monitor and assess their participation to the 6th and 7th Framework programmes. These measures are mainly aimed at those organisations that are at the interface between research programmes and SMEs, such as National Contact Points, Innovation Relay Centres, funding agencies, industrial federations, networks and associations of research performers, professional associations, chambers of commerce working with/for the innovation players etc.

- a) Coordination and Support Actions will be awarded to projects favouring and increasing the impact of actions undertaken under ‘Research for the benefit of SMEs’.

It will target the identification and exchange of good practices for both 'Research for SMEs' and 'Research for SME associations', the dissemination and the exploitation of results as well as the identification of priority research topics for SME associations, especially by establishing a dialogue with ETPs.

€ 2 Million is foreseen for a first call closing in 2007.

- b) Studies will be undertaken at various stages of FP7 to analyse and assess the socio-economic impact on and needs of participants in "Research for the Benefit of SMEs" (focussing also on the 6th Framework programme projects), and to evaluate the SME participation in the 7th Framework programme. Further studies will improve the knowledge on and understanding of research and innovation needs and patterns of SMEs and their connection to growth and employment. The results will also be used in the mid-term review of FP7 and to define the objectives and the main features of support to SMEs under the next Framework programme.

Coordination with other similar evaluation studies will be ensured.

- c) An Expert Group, the Sounding Board, was established in 2005 to incorporate the views of experienced stakeholders in the development of procedures for the implementation of the Framework Programme. The Sounding Board is composed of representatives of small to medium sized research intensive organisations (typically SMEs, smaller research centres and institutions).

The mandate for the Sounding Board is prolonged for one year. The Sounding Board shall assist the Commission during 2007 in particular regarding "teething" problems that may appear during the launch phase of the FP7, but also on specific issues, e.g. simplification aspects, should the need arise.

The total funding necessary is estimated at a maximum of € 75 Thousand.

Consultation on the work programme and the SME dimension in FP7

In drafting this work programme a broad stakeholder consultation process with representatives from Member States and Associated countries took place. An FP7 Advisory Group on SMEs with independent high-level experts representing SMEs, SME associations and research organisations has been set up to give advice on SME-related actions undertaken in the 7th Framework Programme in particular on the SME specific measures.

Its mandate is to provide advice to the Commission and inform constituencies on the implementation of the SME -specific actions under “Research for the benefit of SMEs”, but also on aspects linked to the SME participation in the Themes of the “Cooperation” programme and in the "People" programme, and on synergies with other SME related Community actions, in particular the Competitiveness and Innovation Programme (CIP).

II CONTENT OF CALLS IN 2007

Activity: 2.1 Research for SMEs

Technical content/ scope

Research for SMEs supports innovative SMEs to solve common or complementary technological problems. Projects must be centred on the innovation needs of the SMEs which outsource research to RTD performers and must demonstrate a clear exploitation potential for the SMEs concerned.

Topics

Research for SMEs is a bottom-up scheme: the projects may address any research topic across the entire field of science and technology.

Participants

Research for SMEs projects require participants from the following two categories of participants:

1. SME participants:

At least three independent SME participants, established in three different Member States or Associated countries.

They must be SMEs as defined by Recommendation 2003/361/EC. However, SMEs that are research centres, research institutes, contract research organisations or consultancy firms are not eligible as SME participants.

SMEs are the direct beneficiaries of the scheme: they outsource part of their research need by investing in research activities carried out by the RTD performers. The grant will cover only part of this investment. They normally retain the full right of use and dissemination of any project results ("foreground"). Projects are centred around the economic interest of the SME participants who will take an active role by defining their specific technological needs and will ensure that the research performed complies with their requirements. By default no decision in the consortium shall be taken against the collective interest of the SME participants. They will provide input and will contribute to the research activities where appropriate and will be directly involved in the take-up and exploitation of the research results to their own best advantage.

2. RTD performers:

At least two RTD performers independent from any other participant.

RTD performers are legal entities able to carry out research and technological development activities for the benefit of SME participants. Examples of RTD performers are universities, research organisations and industrial companies, including research performing SMEs.

In addition, **other enterprises and end-users** may participate by making a particular contribution to the project and in solving specific problems or needs of the SME participants involved, though not in a dominant role. They must be independent from any other participant.

Co-ordination tasks may not be subcontracted. The organisation acting as coordinator must have the necessary capacity and competence to ensure effectively the coordination tasks. Whilst the co-ordinator of a Research for SMEs project should normally be one of the SME participants or RTD performers, this role may be entrusted by the SMEs in duly justified cases to an organisation specialised in professional project management and participating to the project under the category “other enterprises and end-users” in support to the SMEs.

Type of activities

Research and technological development activities form the core of the project. The research and technological development activities of the RTD performers should form the bulk of the project. SMEs should focus on testing and validation of project results and the preparatory stages for further use. Knowledge management and IPR protection should support the SMEs in protecting and using the research results to their best advantage, leading to a clear economic impact

Demonstration activities are designed to prove the viability of new technologies that offer a potential economic advantage, but which cannot be commercialised directly (e.g. testing of product-like prototypes).

Other activities to facilitate the take-up of results by the SMEs, in particular training and dissemination:

- Training activities are performed in general by the RTD performers and are aimed at technical and managerial staff from the participating SMEs. Training should focus on results/technologies generated by the projects. Training activities should normally not exceed 10% of the total eligible project costs.
- Dissemination activities may include conferences, publications, workshops or web-based initiatives.

Management activities, over and above the technical management of individual work packages, provide an appropriate framework bringing together all project components and maintaining regular communications with the Commission.

Resources and duration

Indicative budget⁹: €100 million from the 2007 budget

The size of the consortium should typically be between 5 and 10 participants. The overall budget of the project should typically be between € 0.5 to € 1.5 Million and the duration of the project should normally be between 1 and 2 years.

Funding Scheme that applies:

‘Research for the benefit of specific groups (in particular SMEs)’

⁹ Under the condition that the preliminary draft budget for 2007 is adopted without modifications by the budget authority.

The calculation of the Community contribution for projects is built upon the reimbursement, in whole or in part, of eligible costs (based on maximum rates of reimbursement specified in the grant agreement for different types of activities within the project) and shall not exceed the maximum Community contribution determined by the rules for participation.

In addition, for actions under “Research for SMEs”, the reimbursement of eligible costs according to applicable reimbursement rates according to Article 33 of the Rules for participation is limited to a maximum value not exceeding 110% of the total paid invoice to the SMEs for RTD activities outsourced to the RTD performers.

The RTD performers offer a research service for which they must be remunerated by the SME participants and/or other enterprises and end-users. In return the SME participants receive rights to the "foreground" (including intellectual property) generated in the project. All participants must agree on the appropriate conditions with respect to remuneration of the RTD-performers and rights relinquished to the SME-participants, and in the best interest of the SME-participants, before submitting the proposal.

By default, the preferred option is that the SME-participants retain the full ownership of the Foreground and the RTD-performers are remunerated accordingly. However, the SMEs may agree on other conditions with the RTD-performers. It is e.g. conceivable that the SMEs do not require property rights on Foreground but that their economic interest is fully satisfied by a (non)-exclusive license. In such a situation, the RTD-performer could retain ownership of the IPR and certain use rights to valorise and get a return on its own investment. This in turn will affect the level of remuneration paid by the SMEs for the research services delivered.

Expected impact

Projects under 'Research for SMEs' aim at strengthening the competitiveness of SME participants and contribute at programme level to improving industrial competitiveness across the European Union. The proposed Science & Technology approach should take into account the state of the art in the technology domain and demonstrate the capability and commitment of the consortium to implement a tangible RTD work plan at a high quality level.

The expected outcome post project includes new/improved products, processes or services with a distinct market potential: they should demonstrate a clear economic impact for the SME participants, improving their competitiveness by creating new or expanding existing markets. Collaboration and networking at EU level should enhance their access to markets and customers.

The expected impact should be clearly described both at qualitative and quantitative level, providing where possible an indication of the economic impact, e.g. on turnover, employment or target markets as well as expected patent applications or licence agreements. A dedicated strategy for the use of the research results is expected to ensure optimal and rapid innovation impact.

Projects follow basic ethical principles and include provisions for communication and dissemination of results. Whenever possible and relevant, they should highlight any relevance to EU policies (i.e. environment, energy, health, etc), encourage gender equality initiatives (i.e. gender action plans according to the size of the project), foster dialogue beyond the research community, explore wider societal issues and address possible synergies with education.

Activity: 2.2 Research for SME associations

Technical content/scope

Research for SME associations supports SME associations to develop technical solutions to problems common to a large number of SMEs in specific industrial sectors or segments of the value chain through research, for example, to develop or conform to European norms and standards, and to meet regulatory requirements in areas such as health, safety and environmental protection. Projects must be driven by the SME associations which outsource research to RTD performers for the benefit of their members and must involve a number of individual SMEs.

Topics

Research for SME Associations is a bottom-up scheme: the projects may address any research topic across the entire field of science and technology.

Participants

Research for SME Associations projects require participants from the following three categories of participants:

1. SME associations/groupings (SME-AGs):

At least three independent SME association/groupings, established in three different Member States or Associated countries, or one European SME association/grouping established in a Member State or Associated country according to its national law and which is made up of a minimum of two independent legal entities, established in two different Member States or Associated countries.

SME associations/groupings are legal persons, composed mostly of and representing the interests of SMEs and/or physical persons having the same kind of activities. Examples of these are sectoral industrial associations, national or regional industrial associations and chambers of industry and commerce.

Projects are centred around the economic interest of the SME members of the SME AGs. The SME-AGs take an active role by defining the specific technological needs and ensuring that the research performed complies with their requirements. They provide input and contribute to the research activities where appropriate. The SME-AGs are the direct beneficiaries of the scheme by investing in research activities carried out by the RTD performers. The grant will cover only part of this investment. The SME-AGs normally retain the ownership of any project results ("foreground"). By default no decision in the consortium shall be taken against the collective interest of the SME-AGs. They ensure the broad use and dissemination of the research results by their SME members to their best advantage.

2. RTD performers:

At least two RTD performers independent from any other participant.

RTD performers are legal entities able to carry out research and technological development activities for the benefit of the SME-AGs and in the interest of their SME members. Examples of RTD performers are universities, research organisations and industrial companies, including research performing SMEs.

In addition, **other enterprises and end-users (including SMEs)** may participate by making a particular contribution to the project and in solving specific problems or needs of the SME-AGs involved and the SMEs they represent, though not in a dominant role. They must be independent from any other participant. However, a limited number of individual SMEs (2-5) must participate to ensure that the results of the project address SME needs and can be used by a large number of SMEs. The scope of their activity will be focused on validation, take-up, training and dissemination activities, but not on research activities.

Co-ordination tasks may not be subcontracted. The organisation acting as coordinator must have the necessary capacity and competence to ensure effectively the coordination tasks. Whilst the co-ordinator of a Research for SME Associations project should normally be one of the SME-AGs or RTD performers, this role may be entrusted in duly justified cases to an organisation specialised in professional project management and participating in the project under the category “other enterprises and end-users” in support to SME-AGs.

Type of activities

Research and technological development activities form the core of the project. The research and technological development activities of the RTD performers should form the bulk of the project. SME-AGs should focus on testing and validation of project results and the preparatory stages for further use. Knowledge management and IPR protection should support the SME-AGs in protecting and using the research results to the best advantage of their members, leading to a clear positive economic impact for the SME-AGs members.

Demonstration activities are designed to prove the viability of new technologies that offer a potential economic advantage, but which cannot be commercialised directly (e.g. testing of product-like prototypes).

Other activities as appropriate and directly related to the project’s objectives that facilitate the take-up of results by the SMEs, in particular training, dissemination, , and networking:

- Training activities contribute to the professional development of the persons concerned, in particular technical and managerial staff from the participating SME-AG and their members as well as from their members. They aim at fostering the take-up and use of project results in larger groups of SMEs concerned. Training activities focus on results/technologies generated by the projects and can be carried out by:
 - RTD performers towards SME-AG technical and managerial staff ("Train the Trainer" formula) and/ or towards SMEs,
 - SME-AG staff towards technical and managerial staff of SME members.

Training activities should normally not exceed 15% of the total eligible project costs.

- Dissemination activities may include conferences, publications, workshops, web-based initiatives.

Projects include activities to effectively disseminate the research results to the members of the SME associations, and if appropriate, more widely. Furthermore, dissemination to policy makers, including standardisation bodies, is encouraged to facilitate the use of policy relevant results by the appropriate bodies at international, European, national or regional levels.

Management activities, over and above the technical management of individual work packages, provide an appropriate framework bringing together all project components and maintaining regular communications with the Commission.

Resources and duration

Indicative budget¹⁰: €10¹¹ million from the 2007 budget

The size of the consortium was on average 20 participants for collective research in FP6. The size of the consortium in FP7 should typically be between 10 and 15 participants; in addition, the SME end users group should be limited to 2 to 5 members necessary to achieve the objectives.

The overall budget of the project should typically be between € 1.5 to € 4 Million and the duration of the project should normally be between 2 and 3 years.

Funding Scheme that applies:

‘Research for the benefit of specific groups (in particular SMEs)’

The calculation of the Community contribution for projects is built upon the reimbursement, in whole or in part, of eligible costs (based on maximum rates of reimbursement specified in the grant agreement for different types of activities within the project) and shall not exceed the maximum Community contribution determined by the rules for participation.

In addition, for actions under “Research for SME Associations”, the reimbursement of eligible costs according to applicable reimbursement rates according to Article 33 of the Rules for participation is limited to a maximum value not exceeding 110% of the total paid invoice to the SME Association for RTD activities outsourced to the RTD performers.

The RTD performers offer a research service for which they must be remunerated by the SME-AGs and/or other enterprises and end-users. In return the SME-AGs receive rights on "foreground" (including the intellectual property rights) generated in the project. All participants must agree on the appropriate conditions with respect to remuneration of the RTD-performers and rights relinquished to the SME-participants, and in the best interest of the SME-AGs and their SME-members, before submitting the proposal.

By default, the preferred option is that the SME-AGs retain the full ownership of the foreground and the RTD-performers are remunerated accordingly. However, the SME-AGs may agree on other conditions with the RTD-performers. It is e.g. conceivable that the SME-AGs do not require property rights on Foreground but that their economic interest is fully satisfied by a (non)-exclusive license. In such a situation, the RTD-performer could retain ownership of the IPR and certain use rights to valorise and get a return on its own investment. This in turn will affect the level of remuneration paid by the SME-AGs for the research services delivered.

¹⁰ Under the condition that the preliminary draft budget for 2007 is adopted without modifications by the budget authority.

¹¹ An amount from the 2008 budget is expected to be added for which a new financing decision to cover the budget for that year will be requested at the appropriate time.

Expected impact

Projects under "Research for SME associations" aim at developing new or conforming to existing European norms and standards, meeting regulatory requirements in areas such as health, safety and environmental protection or solving technological problems common for larger groups of SMEs that could not be addressed under "Research for SMEs". The proposed Science & Technology approach should take into account the state of the art in the targeted technology domain and demonstrate the capability of the consortium to implement a tangible RTD work plan at a high quality level. Projects should lead to a clear economic impact for the SME members of the SME-AGs involved in the project, thus contributing at programme level to improving industrial competitiveness across the European Union.

The readiness to meet regulatory requirements and/or to influence norms and standards will give SME-AGs and their SME-members a competitive advantage in creating new or expanding existing markets. Collaboration and networking at EU level is expected to enhance their access to markets and customers geographically and sectorally.

The expected impact should be clearly described both at qualitative and quantitative level, providing an indication of the expected consequences for the SMEs concerned. This should cover the implications concerning compliance with regulatory requirements, but also economic impact, e.g. on turnover, employment or target markets as well as expected patent applications or licence agreements. A dedicated dissemination and exploitation strategy is expected to ensure that a large group of SMEs benefit from the results post project completion.

Projects ensure respect basic ethical principles and include provisions for communication and dissemination of results. Whenever possible, they should highlight any relevance to EU policies (i.e. environment, energy, health, etc), encourage gender equality initiatives (i.e. gender action plans according to the size of the project), foster dialogue beyond the research community, explore wider societal issues and address possible synergies with education.

Activity: 2.3 Coordination and Support Activity

Technical content/scope

- Support will be granted to the following actions through a call for proposals: 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 ETPs.

In addition the following actions will be directly supported in accordance to Art. 14.a:

- The development of implementation modalities for 'Support to national schemes providing financial support to SMEs or SME associations to prepare proposals for actions under 'Research for the Benefit of SMEs' (exploratory awards)'
- The co-ordination of national/regional programmes targeting SMEs in a similar way as Research for SMEs (ERA-NET)
- The co-ordination of national/regional programmes targeting SMEs in a similar way as Research for SME associations (ERA-NET)
- Trans-national co-operation among NCPs

Funding schemes that apply

- Coordination and Support Actions aiming at supporting research activities

Expected impact

The actions should facilitate the creation of added value resulting from 'Research for the benefit of SMEs', e.g. by clustering of projects in the same field or in related fields on common topics to promote interaction and dissemination and exploitation of results; developing and implementing strategies that enhance exploitation of results; identification and exchange of good practice.

The ERA-NET scheme is expected to reduce the fragmentation of the European Research Area by increasing the coordination between national and regional research programmes in the EU Member or Associated States. On a European basis, they allow Member States and Associated states to avoid overlap between their programmes and to build up expertise from mutual learning. Good practices are exchanged, larger programmes/projects can be undertaken and there is access to more and better expertise. Concrete co-operations such as their mutual opening and the development and implementation of joint programmes and activities should take place. The scheme will also enable national or regional systems to take on collectively tasks that they would not have been able to tackle independently. A key objective will be to

FP7 Capacities Work Programme: Research for the Benefit of SMEs

disseminate, valorise and use the lessons and the knowledge gathered through ERA-NETs in a particular area to more countries and to other research areas.

The support to national schemes providing financial support to SMEs or SME associations to prepare proposals for actions under 'Research for the Benefit of SMEs' is expected to result in more coherent and effective national assistance schemes for SMEs intending to participate in transnational research programmes. This in turn should lead to the SMEs making better informed decisions on their investment and participation in European research actions.

As a first step a coordination and support activity for existing national schemes and those under preparation will develop the necessary implementation modalities including work programmes and necessary budget allocations for a subsequent action in 2008 or 2009, at the latest.

Projects on 'Trans-national co-operation among NCPs' are expected to lead to an improved NCP service across Europe, therefore helping simplify access to FP7 calls, lowering the entry barriers for newcomers, and raising the average quality of submitted proposals.

Furthermore they are expected to contribute to a more consistent level of NCP support services across Europe and a more effective participation of organisation from third countries, alongside European organisations, in line with the principle of mutual benefit.

Indicative budget for the "Research for the benefit of SMEs" for the 2007 Work Programme

Actions 2007	M€*
Research for SMEs	100
Research for SME Associations	10**
Coordination and Support Actions Call 1	2
Support to national schemes providing financial means ("exploratory awards") to SMEs	0,5
Support for the prolongation of ERA-NET projects « ERA-SME » and « CORNET »	4
Support to the network of National Contact Points (NCPs) appointed by Member States and Associated Countries for 'Research for the benefit of SMEs'	3
Sounding Board	0,075
Evaluations	1,440
Estimated total budget allocation	121

* Under the condition that the preliminary draft budget for 2007 is adopted without modifications by the budget authority.

** An amount from the 2008 budget is expected to be added for which a new financing decision to cover the budget for that year will be requested at the appropriate time.

III IMPLEMENTATION OF CALLS

Call title: Research for SMEs Call 1

- **Call identifier:** FP7-SME-2007-1
- **Date of publication:** 22 December 2006¹²
- **Closure date:** 4 September 2007, at 17.00 h (Brussels local time)¹³
- **Indicative budget:** €100 Million¹⁴
- **Topics:** the call is open to all research fields

Activity/ Area	Topics called	Funding Scheme
<u>2.1 Research for SMEs</u>	The call is open to all research fields	Research for the benefit of specific groups (in particular SMEs)

- **Evaluation procedure:** the evaluation will follow a single stage procedure; proposals will not be evaluated anonymously.
- The evaluation criteria and sub-criteria (including weights and thresholds), together with the eligibility, selection and award criteria, for the different funding schemes are set out in Annex 2 to this work programme.
- **Indicative evaluation and contractual timetable:** evaluation results estimated to be available 3 months after closure date;
Contract signature: it is estimated that the first contracts related to the call will come into force 8 months after the closure date.
- **Consortium agreements**
The participants will be required to submit a signed consortium agreement as a deliverable in the early stage of the project to further detail information already reflected in the Technical Annex to the contract.

It addresses issues such as the internal organisation of the consortium, the management of the Community financial contribution, rules on dissemination and use, including

¹² The Director-General responsible for the call may publish it up to one month prior to or after the envisaged date of publication.

¹³ At the time of the publication of the call, the Director-General responsible may delay this deadline by up to two months

¹⁴ Under the condition that the preliminary draft budget for 2007 is adopted without modifications by the budget authority.

intellectual property rights management, settlement of internal disputes. In particular, it should contain provisions related to the remuneration of the RTD-performers especially if different from the default regime, clearly indicating the ceiling for remuneration agreed within the consortium and the related consequences in terms of allocation of ownership and use and dissemination rights. This information is meant to be fully reflected in the Technical Annex to the contract.

- **Particular requirements for participation, evaluation and implementation:**
 - At least 3 participants must be independent SMEs established in at least 3 MS or AC.
 - At least 2 participants must be RTD performers (having the capacity to carry out research at the request of SMEs), independent from any other participant.
 - Other legal entities, such as other enterprises or end-users that make a particular contribution to the project and to solving specific problems or needs of SMEs may participate, though not in a dominant role. These other enterprises and end-users must be independent from the SME participants and the RTD performers.
- See Annex 3 for the form of grant and maximum reimbursement rates
- A reserve list of proposals will be established

Call title: Research for SME Associations Call 1

- **Call identifier:** FP7-SME-2007-2
- **Date of publication:** 22 December 2006¹⁵
- **Closure date:** 01 June 2007 (first stage), at 17.00 h (Brussels local time)¹⁶
- **Indicative budget:** € 10 Million¹⁷
- **Topics called:** call is open to all research fields

Activity/ Area	Topics called	Funding Scheme
<u>2.2 Research for SME Associations</u>	The call is open to all research fields	Research for the benefit of specific groups (in particular SMEs)

- **Evaluation procedure:** 2-stage procedure. The first stage will consist of an outline proposal of not more than 12 pages providing the essential aspects of the proposed project. For proposals which successfully pass the first stage, co-ordinators shall be requested to provide a full proposal. The closure date for the submission of the full proposal (stage2) will be detailed in the request (indicative closure date: November 2007). Proposals will not be evaluated anonymously. The evaluation of the first stage proposals will be limited to the criteria "S&T quality" and "Impact" and may be carried out entirely by a remote evaluation procedure.
- The evaluation criteria and sub-criteria (including weights and thresholds), together with the eligibility, selection and award criteria, for the different funding schemes are set out in Annex 2 to this work programme.
- **Indicative evaluation and contractual timetable:** results of stage 1 evaluation will be available within three months after closure date. Proposers of successful proposals post first stage evaluation will be asked to submit a stage 2 proposal with a specified deadline around November 2007.

¹⁵ The Director-General responsible for the call may publish it up to one month prior to or after the envisaged date of publication.

¹⁶ At the time of the publication of the call, the Director-General responsible may delay this deadline by up to two months

¹⁷ Under the condition that the preliminary draft budget for 2007 is adopted without modifications by the budget authority. An amount from the 2008 budget is expected to be added for which a new financing decision to cover the budget for that year will be requested at the appropriate time.

Contract signature: it is estimated that the first contracts related to this call will come into force 12 months after the first stage closure date.

- **Consortium agreements**

The participants will be required to submit a signed consortium agreement as a deliverable in the early stage of the project to further detail information already reflected in the Technical Annex to the contract.

It addresses issues such as the internal organisation of the consortium, the management of the Community financial contribution, rules on dissemination and use, including intellectual property rights management, settlement of internal disputes. In particular, it should contain provisions related to the remuneration of the RTD-performers especially if different from the default regime, clearly indicating the ceiling for remuneration agreed within the consortium and the related consequences in terms of allocation of ownership and use and dissemination rights. This information is meant to be fully reflected in the Technical Annex to the contract.

- **Particular requirements for participation, evaluation and implementation:**

- At least 3 independent SME Association/Groupings established in 3 MS or AC, otherwise 1 participant must be a European SME Association/Grouping established in a MS or an AC. This Association/Grouping must be made up of a minimum of 2 independent legal entities established in 2 MS or AC. SME associations/groupings are legal persons, composed mostly of and representing the interests of SMEs and/or physical persons having the same kind of activities.
- At least 2 participants, must be RTD performers (having the capacity to carry out research at the request of the Association(s)/Grouping(s)), independent from any other participant
- At least 2 participants must be SMEs (other enterprises or end-users) established in 2 MS or AC

- See Annex 3 for the form of grant and maximum reimbursement rates
- A reserve list of proposals will be established

Call title: Coordination and Support Activities Call 1

- **Call identifier:** FP7-SME-2007-3
- **Date of publication:** 22 December 2006¹⁸
- **Closure date:** 10 May 2007, at 17.00 (Brussels local time)¹⁹
- **Indicative budget:** € 2 Million²⁰
- **Topics:** the call is open to all research fields

Activity/ Area	Topics called	Funding Scheme
<p><u>2.3 Coordination and Support Activity</u> (supporting)</p>	<p>Support to dissemination and exploitation of research results and exchange of good practice</p> <p>Contributing to the identification of priority research topics for SME associations, especially by establishing a dialogue with ETPs.</p>	<p>Coordination and Support Action</p>

- **Evaluation procedure:** the evaluation will follow a single stage procedure; proposals will not be evaluated anonymously.
- The evaluation criteria and sub-criteria (including weights and thresholds), together with the eligibility, selection and award criteria, for the different funding schemes are set out in Annex 2 to this work programme.
- **Indicative evaluation and contractual timetable:** evaluation results estimated to be available 3 months after closure date;
Contract signature: it is estimated that the first contracts related to the call will come into force 8 months after the closure date.
- **Consortia agreements:** participants will not be required to sign a consortium agreement

¹⁸ The Director-General responsible for the call may publish it up to one month prior to or after the envisaged date of publication.

¹⁹ At the time of the publication of the call, the Director-General responsible may delay this deadline by up to two months

²⁰ Under the condition that the preliminary draft budget for 2007 is adopted without modifications by the budget authority.

- **Particular requirements for participation, evaluation and implementation:** The minimum number of participating legal entities required, for all funding schemes, is set out in the Rules for Participation.
- See Annex 3 for the form of grant and maximum reimbursement rates
- A reserve list of proposals will be established

IV INDICATIVE PRIORITIES FOR FUTURE CALLS

The current planning foresees one call or more per year for one or more of the following activities: 'Research for SMEs', 'Research for SME Associations', 'Coordination and Support activities'.