



EUROPEAN  
COMMISSION

Community research

# SMEs in the



European Commission  
DG Research - Unit T4: SMEs





EUROPEAN  
COMMISSION

Community research

- **Overview – Research for the benefit of SMEs**
- **Proposal preparation – what is important?**
- **Budget calculation and distribution of the EC contribution**





EUROPEAN  
COMMISSION

Community research

## 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.





EUROPEAN  
COMMISSION

Community research

# SMEs in FP7

## Main initiatives

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



## 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%
<b>Total</b>	<b>2.338</b>	<b>6.198</b>	<b>585</b>	<b>885</b>	<b>51%</b>



EUROPEAN  
COMMISSION

Community research

# SMEs in FP7 “People”

**Industry-academia partnerships and pathways** to support cooperation between academia and industry and encourage SME participation through

- Staff secondments between academia and industry
- Temporary hosting of experienced researchers from outside





EUROPEAN  
COMMISSION

Community research

## SMEs in FP7 "People"

### Marie Curie Actions

#### Industry and Academic Partnerships and Pathways (IAPP)

- Partnership between public and private research organisations based on a common research project and it aims to increase the exchange of skills between the two sectors
- Proposals from all areas of scientific and technological research
- A consortium comprises at least:
  - one research organisation from public sectorand
  - one from private sector
- Participating organisations must be from at least two different Member states or Associated countries





EUROPEAN  
COMMISSION

Community research

# 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





EUROPEAN  
COMMISSION

Community research

# SME definition

- SMEs employ fewer than 250 persons and have an annual turnover not exceeding EUR 50 million, and/or an annual 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](http://ec.europa.eu/enterprise/enterprise_policy/sme_definition/index_en.htm)

[http://ec.europa.eu/research/sme-techweb/index\\_en.cfm](http://ec.europa.eu/research/sme-techweb/index_en.cfm)





EUROPEAN  
COMMISSION

Community research

## 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



## Research for SMEs:

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

## Research for SME associations:

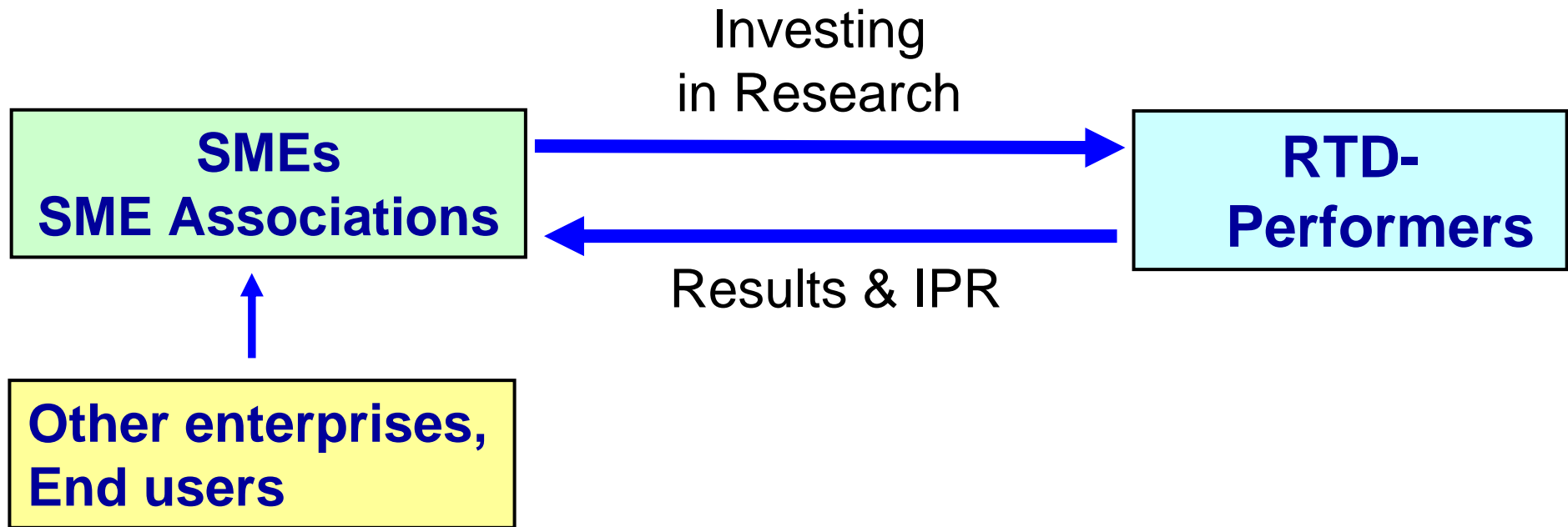
- Clear exploitation potential and economic benefits for the **SMEs members of the associations involved**
- Improve industrial competitiveness



EUROPEAN  
COMMISSION

Community research

# Principle: Outsourcing scheme “customer-seller” relationship





EUROPEAN  
COMMISSION

Community research

## Clear principle: SMEs invest in R&D

- “Customer-seller” relationship between SMEs\* and RTD-performers.
- SMEs\* are direct beneficiaries of the scheme
- 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





EUROPEAN  
COMMISSION

Community research

# Funding Scheme

## Key Indications

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





EUROPEAN  
COMMISSION

Community research

# 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** independent from any other participants
- **Other enterprises and end-users** (optional) independent from any other participant

*SMEs may entrust coordination to a partner in the consortium specialised in professional project management.*





EUROPEAN  
COMMISSION

Community research

# 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.





EUROPEAN  
COMMISSION

Community research

# Research for the benefit of SMEs

## Call planning

### Research for SMEs Call 2

- Closure date: 11 April 2008
- Indicative budget: € 92.72 Million

### Research for SMEs Associations Call 2

- Closure date: 26 September 2008 (first stage)
- Indicative budget: around € 10 Million [€ 58 Million]





EUROPEAN  
COMMISSION

Community research

# Budget calculation and distribution of the EC contribution



SEVENTH FRAMEWORK  
PROGRAMME



CAPACITIES



EUROPEAN  
COMMISSION

Community research

# Funding Scheme - principles

- In order to achieve the aim of promoting the outsourcing of research and demonstration activities, the financial support to the project will be **limited to 110% of the total amount of subcontracting to the RTD performers** (price to be invoiced by RTD performers to SMEs)





EUROPEAN  
COMMISSION

Community research

## 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.





EUROPEAN  
COMMISSION

Community research

# Rules for participation

## Funding rates

The EC contribution is based on upper funding limits for individual activities:

- 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 the criteria for SMEs**
- Demonstration activities: **maximum of 50 %**
- Management activities: **maximum of 100 %**
- Other activities: **maximum of 100 %**  
(e.g. training, coordination, networking, dissemination)
- The SME participants contribute with own resources, in cash or in-kind, to the project





EUROPEAN  
COMMISSION

Community research

## Step 1: Calculation of the budget for the SMEs

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





EUROPEAN  
COMMISSION

Community research

## Step 2: Calculation of the budget for the RTD Performers

<b>Budget for the RTD performers</b>	<b>RTD 1</b>
<b>Activities and costs</b>	
<b>OTHER</b>	<b>0</b>
<b>MANAGEMENT</b>	<b>5.000</b>
<b>TOTAL</b>	<b>5.000</b>





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

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



EUROPEAN  
COMMISSION

Community research

## Step 4: The total budget of the project

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





# Calculation of the EC contribution

Partners & costs	RTD [50%/75%]	DEMO [50%]	MANAG [100%]	OTHER [100%]	TOTAL	Maximum EC contribution
<b>SME 1</b>	<b>260.000</b>	<b>10.000</b>	<b>60.000</b>	<b>10.000</b>	<b>340.000</b>	<b>270.000</b>
Own activities	45.000	10.000				
Subcontracting	215.000					
<b>SME 2</b>	<b>395.000</b>	<b>25.000</b>	<b>5.000</b>	<b>5.000</b>	<b>430.000</b>	<b>318.750</b>
Own activities	55.000	25.000				
Subcontracting	340.000					
<b>SME 3</b>	<b>125.000</b>	<b>0</b>	<b>5.000</b>	<b>10.000</b>	<b>140.000</b>	<b>108.750</b>
Own activities	20.000					
Subcontracting	105.000					
<b>RTD 1</b>			<b>5.000</b>	<b>0</b>	<b>5.000</b>	<b>5.000</b>
<b>RTD 2</b>			<b>5.000</b>	<b>30.000</b>	<b>35.000</b>	<b>35.000</b>
<b>OTH 1</b>	<b>10.000</b>	<b>40.000</b>	<b>0</b>	<b>0</b>	<b>50.000</b>	<b>25.000</b>
<b>TOTAL</b>	<b>790.000</b>	<b>75.000</b>	<b>80.000</b>	<b>55.000</b>	<b>1.000.000</b>	<b>762.500</b>
<b>TOTAL amount of subcontracting, excl. VAT</b>						<b>660.000</b>
<b>Maximum EC contribution = 110% of subcontracting to RTD performers excl. VAT</b>						<b>726.000</b>
<b>Requested EC contribution is the minimum of the two:</b>						<b>726.000</b>





EUROPEAN  
COMMISSION

Community research

# Distribution of the EC contribution Scenario 1

Partners & costs	Total costs	EC contribution for each participant	Own contribution (in kind)	Own contribution (in cash)
<b>SME 1</b>	<b>340.000</b>	<b>241.000</b>	<b>99.000</b>	<b>0</b>
Subcontracting	215.000			
<b>SME 2</b>	<b>430.000</b>	<b>340.000</b>	<b>90.000</b>	<b>0</b>
Subcontracting	340.000			
<b>SME 3</b>	<b>140.000</b>	<b>105.000</b>	<b>35.000</b>	<b>0</b>
Subcontracting	105.000			
<b>RTD 1</b>	<b>5.000</b>	<b>5.000</b>	<b>0</b>	<b>0</b>
<b>RTD 2</b>	<b>35.000</b>	<b>35.000</b>	<b>0</b>	<b>0</b>
<b>OTH 1</b>	<b>50.000</b>	<b>0</b>	<b>50.000</b>	<b>0</b>
<b>TOTAL</b>	<b>1.000.000</b>	<b>726.000</b>		





EUROPEAN  
COMMISSION

Community research

# Distribution of the EC contribution Scenario 2

Partners & costs	Total costs	EC contribution for each participant	Own contribution (in kind)	Own contribution (in cash)
<b>SME 1</b>	<b>340.000</b>	<b>259.832</b>	<b>80.168</b>	<b>0</b>
Subcontracting	215.000			
<b>SME 2</b>	<b>430.000</b>	<b>328.611</b>	<b>90.000</b>	<b>11.389</b>
Subcontracting	340.000			
<b>SME 3</b>	<b>140.000</b>	<b>106.989</b>	<b>33.011</b>	<b>0</b>
Subcontracting	105.000			
<b>RTD 1</b>	<b>5.000</b>	<b>3.821</b>	<b>1.179</b>	<b>0</b>
<b>RTD 2</b>	<b>35.000</b>	<b>26.747</b>	<b>8.253</b>	<b>0</b>
<b>OTH 1</b>	<b>50.000</b>	<b>0</b>	<b>50.000</b>	<b>0</b>
<b>TOTAL</b>	<b>1.000.000</b>	<b>726.000</b>		





EUROPEAN  
COMMISSION

Community research

# 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.CapacitiesDetailsCallPage&call\\_id=35](http://cordis.europa.eu/fp7/dc/index.cfm?fuseaction=UserSite.CapacitiesDetailsCallPage&call_id=35)

[http://cordis.europa.eu/fp7/dc/index.cfm?fuseaction=UserSite.CapacitiesDetailsCallPage&call\\_id=36](http://cordis.europa.eu/fp7/dc/index.cfm?fuseaction=UserSite.CapacitiesDetailsCallPage&call_id=36)

<http://sme.cordis.lu/home/index.cfm>





EUROPEAN  
COMMISSION

Community research

## More information

### Research for the benefit of SMEs:

[http://cordis.europa.eu/fp7/capacities/research-sme\\_en.html](http://cordis.europa.eu/fp7/capacities/research-sme_en.html)

### CORDIS/SME TechWeb:

[sme.cordis.lu/research/fp6\\_support.cfm](http://sme.cordis.lu/research/fp6_support.cfm)

<http://cordis.europa.eu/sme/index.html>

### National Contact Points

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

