

## **SUPPORT TO THE PARTICIPATION OF SMEs IN THE SIXTH FRAMEWORK PROGRAMME**

### **WORKING DOCUMENT**

This document is a practical guide on the provisions for the participation of SMEs in the Sixth Framework Programme.

This document, together with practical guides on particular instruments and other relevant documents, is available on the Europa Website:

*<http://europa.eu.int/comm/research/nfp/networks-ip.html>*

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Standard Disclaimer

*This document expresses solely the current views of DG Research of the European Commission's services. Readers should not regard these views as a statement of the official position of the European Commission.*

## **1. INTRODUCTION**

Small and medium-sized enterprises (SMEs) play a crucial role in European competitiveness and job creation, not only because they represent the overwhelming majority of enterprises in Europe, but also because they are the source of dynamism and change in new markets, particularly those at the leading edge of technology. Although a heterogeneous community, they are all confronted by increased competition resulting from the European internal market and the need to innovate constantly and accommodate advances in technology. Besides this, an increasing number of SMEs both need and want to internationalise in search of new markets and business opportunities.

The Sixth Framework Programme for Research (FP6) attaches great importance to the participation of SMEs. The main route for SMEs to participate in the seven Priority Thematic Areas of the “Integrating and Strengthening” Specific Programme will be through Integrated Projects (IP), Specific Targeted Research Projects (STRP) and in addition through Networks of Excellence (NoE). Detailed information about these instruments can be found on <http://europa.eu.int/comm/research/fp6/networks-ip.html>.

At least 15% of the budget (approximately 1,700 M€) relating to the Priority Thematic Areas of the FP6 is to be dedicated to SMEs. Considering that IP and NoE are new instruments, a special effort will be made to facilitate SME participation in these new instruments.

Specific Targeted Research Projects will also aim at improving European competitiveness and will be sharply focused. They will be similar to the Fifth Framework Programme RTD and demonstration projects, where SME involvement was already very significant.

In addition, FP6 contains two specific schemes for SMEs: Co-operative Research (“CRAFT”) and Collective Research. These will address primarily the large community of SMEs with a capacity to innovate but with inadequate research capabilities. Any research topic or field in the whole area of science and technology in which the SMEs concerned have specific identifiable needs can be addressed by these schemes. A total budget of 430 M€ has been allocated to these specific schemes of which at least two-thirds will be allocated to Co-operative Research Projects.

This document provides information on measures being considered to facilitate the participation of SMEs in the Priority Thematic Areas via the new instruments (IP and NoE) or already working instruments as Co-operative Research Projects, Collective Research Projects, Specific Targeted Research Projects, Specific Support Actions and Co-ordination Actions. It also provides indicative information on calls for proposals.

## **2. INFORMATION AND ASSISTANCE TO SMEs**

### **2.1 THE SME NATIONAL CONTACT POINTS (SME NCP)**

Under the Fifth Framework Programme, Member States and Associated States set up a system of National Contact Points (NCPs) to inform and assist potential participants and contractors in Co-operative Research Projects and Collective Research Projects (<http://www.cordis.lu/fp5/src/ncps.htm>). For the new structures and instruments of FP6, it is even more vital to provide appropriate information and assistance to potential SME participants.

The SME NCP systems in Member and Associated States in FP6 will have a wide variety of architectures, from highly centralised to decentralised networks, and a number of very different actors, from ministries to universities, research centres and special agencies to private consulting companies. This reflects the different national traditions, working methodologies, research landscapes and funding schemes. However, they will all ensure coherence of approach and high level of service.

The SME NCPs may carry out the following tasks:

#### **Informing, awareness raising**

- Circulate general and specific documentation on the Community RTD programmes, including on conditions for participation, and on possibilities and conditions for submission of proposals;
- Organise promotional activities in liaison with the Commission services (e.g. info-days, seminars, conferences, newsletters, Websites, fairs, etc.);

#### **Advising, assisting and training**

- Explain to SMEs the scope and the modalities of the whole spectrum of instruments to be used in FP6, and paying particular attention to the new instruments (IP and NoE);
- Assist SMEs identifying the thematic priorities and instruments most relevant to their particular research need;
- Advise on administrative procedures and contractual issues (e.g. role and responsibilities of participants in a consortium, costs, rights and obligations of contractors, etc.);
- Assist SMEs in partner-search activities;
- Provide technical assistance to proposal preparation, particularly to SMEs willing to co-ordinate or to take any other active role in IP and NoE;
- Advise SMEs in the creation of SME groupings aiming at becoming partners in EU proposals;

- Organise training sessions on RTD programmes for SME intermediaries and information multipliers to ensure high quality of advice;
- Organise training seminars for SMEs on specific topics;
- Advise IP, Specific Targeted Research Project and also NoE consortia on the optimal involvement of SMEs either as direct participants or indirectly as beneficiaries of the research results via dissemination actions;

### **Signposting**

- Give feedback to the Commission on any problems and difficulties as regards participation of SMEs in the FP6;
- Signpost to other Community network services, for example to Euro Info Centres (EICs) and Innovation Relay Centres (IRCs), those SMEs who require assistance for e.g. general EU matters or matters relating to innovation and technology transfer, typically dealt with by these networks.

The names of SME NCP organisations will be listed in relevant Commission publications (NCP database on CORDIS: <http://sme.cordis.lu/assistance/NCPs.cfm>, information packages, brochures, Webpages etc.).

## **2.2 SME WEBSITE AND HELPDESK**

The Research and SMEs Unit of the European Commission will be in charge of facilitating the participation of SMEs in the Sixth Framework Programme by providing information and assistance. This help is provided through different tools.

There is a Website with all the general information needed to encourage SMEs to participate in FP6, especially in the activities implemented under the Priority Thematic Areas, through Integrated Projects, Specific Targeted Research Projects and also through Networks of Excellence. In addition, this Website will contain general information to assist SMEs to participate in the specific schemes for SMEs in the form of actions on Co-operative and Collective Research. This Website will also provide contact details of the network of SME National Contact Points and NCP for other FP6 activities, which should be able to provide at the local level specific detailed advice and assistance as indicated in section 2.1.

In addition, an SME Helpdesk has been established to provide assistance to queries made by letter, telephone, fax or e-mail:

**SME Helpdesk**  
 Directorate General for Research  
 European Commission  
 1049 Brussels, Belgium  
 Tel: +32.2.295.71.75  
 Fax: +32.2.295.71.10  
 E-mail: [research-sme@cec.eu.int](mailto:research-sme@cec.eu.int)  
 SME TechWeb: <http://www.cordis.lu/sme>

### **3. MEASURES TO ENCOURAGE PARTICIPATION OF SMEs IN THE PRIORITY THEMATIC AREAS**

As the participation of SMEs in the Sixth Framework Programme is of capital importance, the European Commission has designed several measures to encourage and facilitate SME involvement in the new instruments developed to implement the seven Priority Thematic Areas.

#### **3.1 TARGETING OF CALLS**

Research topics that are particularly relevant to SMEs will be identified in the Work Programme of each Priority Thematic Area. The instrument to be used, for example IP, will also be specified. These projects would be led and mainly carried out by SMEs or groupings of SMEs in collaboration with universities, research centres and large industries, as appropriate. As an example, a first call dedicated for SMEs was launched on 17 December 2002, in the Priority Thematic Area ‘Nano-technologies and nano-sciences’, area “Support to the development of new knowledge based added value products and services in traditional less RTD intensive industries”, where the instrument to be used is an Integrated Project.

#### **3.2 PARTICIPATION OF SME GROUPINGS**

An alternative route for SMEs to participate in the new instruments is through SME Groupings or Associations. The latter become participants on behalf of their SME members and will be the contracting parties, though their members’ contributions will count as project contributions.

SME Groupings/Associations will bring an added value to the project through their broad knowledge of their sector.

This could also facilitate the participation of many SMEs that might not be able to participate on their own and would also limit the administrative burden to them whilst enabling them to benefit from the networking effect of a large European project.

#### **3.3 EVALUATION CRITERIA**

SME involvement in European research projects can make an important contribution to increasing Europe’s competitiveness or addressing major societal needs. In general, the Work Programme of each Priority Thematic Area will encourage proposers to indicate how they intend to involve SMEs in their projects, either directly as research partners or indirectly via dissemination or take-up actions.

In particular, in IP and Specific Targeted Research Project proposals, the applicantsshould clearly indicate how they intend to involve SMEs. One of the sub-criteria for evaluating IP and Specific Targeted Research Project proposals with respect to “the quality of the consortium” is *“the extent to which the opportunity of*

*involving SMEs in the project has been adequately addressed.* In addition, “the potential impact” of IP proposals will be evaluated as *to the extent to which they are suitably ambitious in terms of their strategic impact on reinforcing competitiveness, including that of SMEs, or of solving societal problems.*

In some areas of the Priority Thematic Areas, SME involvement in NoE may contribute to increasing their longer-term strategic impact, therefore, the direct participation of SMEs in NoE will be encouraged whenever appropriate. One of the criteria for evaluating NoE proposals with respect to “the potential impact” is *the extent to which there is an effective plan for spreading excellence, exploiting results and disseminating knowledge, including to SMEs and to those outside the network.*

### **3.4 PRE-ALLOCATED BUDGET FOR TAKE-UP MEASURES**

Technology take-up measures should be included, in IPs in particular, wherever appropriate in order to promote the early or broad application of state-of-the-art technologies. Take-up activities include the assessment, trial and validation of promising, but not fully established, technologies and solutions, and easier access to and transfer of best practices for the early use and exploitation of technologies. They offer ideal platforms for presenting SMEs with the results of the research undertaken and encouraging the transfer of these results. In many instances, SME partners to be involved in take-up measures may be identified at the proposal stage and the consortium will set adequate financing aside for them for these activities.

However, in many cases the specific nature of the results of projects suitable for take-up measures by SMEs may only become clear during the course of the project and this would prevent identification of partners at the proposal stage. In these cases, the consortium would be permitted to provide for these activities when calculating the project budget and the relevant part of the Community contribution agreed during contract negotiations would be set aside for SME partners to be identified after contract signature. The mechanism to add new SME partners to the consortium would be defined in the contract and may involve the publication by the consortium of a competitive call.

### **3.5 EXTENSION OF RUNNING PROJECTS**

The Rules for Participation allow the Commission to increase the Community financial contribution to an indirect action already under way in order to expand their scope to cover new activities, which may involve new partners. This will be done by way of a call for proposals and subsequent evaluation according to the normal procedures. This possibility could be an excellent way to introduce SMEs into running IP and NoE of the Sixth Framework Programme, particularly to help ensure exploitation and up-take of results.

### **3.6 SPECIFIC SUPPORT ACTIONS OF THE PRIORITY THEMATIC AREAS**

All Priority Thematic Areas will be expected to stimulate, encourage and facilitate the participation of SMEs and SME Groupings/Associations from the industrial sectors concerned to IP/NoE via Specific Support Actions. Specific Support Actions will involve for example conferences, seminars, studies and analyses, working groups and expert groups, operational support and dissemination, information and communication activities, or a combination of these, as appropriate in each case.

The implementation of these Support Actions will rely in part on the specific information and assistance structures, including the network of National Contact Points.

### **3.7 ECONOMIC AND TECHNOLOGICAL INTELLIGENCE**

Economic and Technological Intelligence is one of the activities envisaged within the Research and Innovation part of the “Structuring” Specific Programme. In the knowledge-based economy, Economic and Technological Intelligence is a vital component of competitive research and innovation strategies. In the Sixth Framework Programme this activity will build on the experience gained under the previous Framework Programmes and they will be implemented via Specific Support Actions and Co-ordination Actions.

Each Economic and Technological Intelligence activity should address a specific research theme or industrial sector. In the first call projects should concentrate on:

- the participation of SMEs/SME Groupings in the Sixth Framework Programme, particularly in Integrated Projects and Networks of Excellence;
- facilitating the creation of groupings or clusters of SMEs that have similar innovation needs;
- the promotion of trans-regional co-operation between SMEs;
- the stimulation of networks of industrial incubators.

These projects may include technology audits to identify SME needs and direct them towards the most appropriate instruments in the Framework Programme, and actions to create bridges between the innovation players (notably SMEs, researcher-entrepreneurs and investors). The identification and dissemination of best practice will be encouraged.

The projects will be carried out mainly by intermediaries (e.g. SME National Contact Points, industrial federations or associations, networks and associations of research performers, professional associations, chambers of commerce) working with/for the innovation players as well as organisations with expertise in Economic and Technological Intelligence.

Typically, the total costs of each project will be within the range of 0.2 to 2 M€ The duration of a project will be determined by the time necessary to obtain its objectives.

In addition, typical duration might be expected to be 1 to 3 years. Only exceptionally and in duly justified cases will the duration exceed 3 years.

#### **4. HORIZONTAL RESEARCH ACTIVITIES INVOLVING SMEs**

Two specific schemes for SMEs, in the form of actions on Co-operative and Collective Research, will be implemented. These will be addressing primarily the large community of SMEs with a capacity to innovate, but with inadequate research capabilities.

Proposals may be submitted in any research subject across the whole field of science and technology covered by Article 163 of the EC Treaty.

##### **4.1 CO-OPERATIVE RESEARCH (“CRAFT”)**

###### *4.1.1 Definition*

Co-operative Research is a scheme whereby a number of SMEs from different countries, having specific problems or needs, assign a significant part of the required scientific and technological research activities to RTD performers. These activities may also be carried out by innovative and high-tech SMEs in co-operation with research centres and universities.

The Co-operative Research scheme is an evolution of the CRAFT scheme used in earlier Framework Programmes.

Projects are relatively short term; duration must be at least one year and with a maximum of two years. and may address any research topic or field, being based on the specific needs and problems of the SMEs concerned.

Other enterprises and end-users will be able to participate in Co-operative Research Projects, under conditions ensuring they do not assume a dominant role.

The Intellectual Property Rights of the results belong exclusively to the SME participants. The RTD performers and the other enterprises and end-users will not have any ownership of the Intellectual Property Rights derived from the project but may benefit from early access to and preferential use of the results.

###### *4.1.2 Participants*

**SME Participants:** There must be at least three independent SME (see Annex 2) participants from two different Member States or Associated States, of which at least one shall be established in a Member State or an Associated Candidate Country. In addition, each SME participant must fulfil all the criteria of an *Eligible SME*. To be considered as an eligible SME, for the purpose of the activity, the legal entity must comply with the SME definition set out in the Commission Recommendation 96/280/EC (see Annex 1) and is not a research centre, research institute, contract research organisation or consultancy firm.

**RTD Performers:** There must be at least two RTD performers from different Member States or Associated States, of which at least one shall be established in a Member State or Associated Candidate Country. They are organisations with RTD means adequate to carry out research at the request of the SME participants. Examples of RTD performers are universities, research organisations, industrial companies, etc. They must be independent of any other participant (see Annex 2). It should be noted that, in FP6, RTD performers will be participants and not subcontractors as they were in FP5.

**Other enterprises and end-users:** are legal entities with a particular interest in solving specific problems or needs of the SMEs involved and may participate in the project by making a contribution to its costs. They must be independent from any SME participant or RTD performer (see Annex 2) and will be able to participate under conditions ensuring they do not assume a dominant role, and have access to the results at the level of their exploitation

**Overall nationality balance:** within the consortium overall, participants must be established in at least three different Member States or Associated States, of which at least two must be Member States or Associated Candidate Countries.

Co-operation with organisations in INCO<sup>1</sup> targeted countries is encouraged.

#### *4.1.3 Activities*

Co-operative Research Projects may include the following types of activities:

**Research and innovation-related activities.** Research activities will be targeted at well-defined and precisely focused research objectives and will aim at achieving concrete results in terms of applicable new knowledge either to improve or develop new products, processes or services or to meet other needs of SMEs. Innovation-related activities should include activities related to the protection of knowledge, activities to promote the exploitation of the results, and may include specific dissemination activities.

**Consortium management.** The co-ordinator must be one of the SME participants or one of the RTD performers. The co-ordinator should have the appropriate management expertise and time available, as well as the technical expertise to direct the project. Consortium management tasks will include:

- co-ordination at consortium level of the technical activities of the project;
- the overall legal, contractual, ethical, financial and administrative management of the consortium;
- co-ordination at consortium level of knowledge management and other innovation-related activities. The co-ordinator should ensure that SMEs take the necessary steps to protect and exploit the results.

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<sup>1</sup> INCO (International Co-operation) targeted countries are: Developing Countries (ACP: African, Caribbean & Pacific; Asia and Latin America); Mediterranean Partner Countries; Russia and the New Independent States and Western Balkan Countries

#### *4.1.4 Financial regime*

The financial regime for Co-operative Research Projects will be built on the following concepts:

- a “grant to the budget”, acting as a ceiling for the Community contribution;
- where the support will be paid as a contribution to costs incurred;
- according to maximum rates of support specified in the contract for different types of activity within the project.

The grant to the budget will be negotiated on the basis of: (a) the estimated eligible costs of carrying out the various activities in the project; (b) the appropriate cost model for each of the participants; and (c) the rates of Community support for each activity. The maximum amount of the grant will be fixed in the contract.

Such a regime will have many similarities to the current financial regime for CRAFT projects in FP5, though with several marked simplifications, with increased financial security both for the Community and the consortium, and with increased autonomy for the consortium.

##### *4.1.4.1 Eligible costs*

Costs incurred in the project should be between 0.5 and 2 M€

Costs may be charged to the contract provided that they fulfil the following conditions:

- they are actual, economic and necessary for the implementation of the project; and
- they are determined in accordance with the usual accounting principles of each participant; and
- they are incurred during the duration of the project, except when otherwise provided for in the contract; and
- they are recorded in the accounts of the participant or, when provided for in the contract in the case of resources made available by third parties on the basis of a prior agreement, in the corresponding accounts of those third parties; and
- they exclude any indirect taxes, duties, interest, costs incurred in respect of another Community project, and do not give rise to profit.

The costs chargeable to the project will be calculated by the participants taking into consideration their individual cost models (see 4.1.4.2).

*(Note: As each participant will be expected to follow its own accounting conventions, there will be no pre-defined cost categories as there were for CRAFT projects in FP5.)*

In addition, the Commission will issue **financial guidelines** both to inform participants of how eligible costs may be identified and charged to the project and to propose good financial practices. Participants will be invited to follow these guidelines when establishing their proposed budget for the project and when preparing

financial reports. On the other hand, the Commission services will observe these guidelines in all their dealings with the project, as will any auditor appointed by the Commission.

#### 4.1.4.2 Cost models

There will be a single family of three closely related cost models:

- **FC**: a full-cost model in which all actual direct and indirect costs may be charged to the contract;
- **FCF**: a simplified variant of the full-cost model, in which all actual direct costs may be charged to the contract, together with a flat-rate of 20% of all these direct costs, excluding subcontracts, which will be deemed to cover all related indirect costs;
- **ACF**: an additional-cost model, covering all actual direct costs that are additional to the recurring costs of a participant (with the exception of consortium management, for which recurring costs would also be eligible), together with a flat-rate of 20% of all these direct costs, excluding subcontracts, which will be deemed to cover all related indirect costs.

The FC model will be open to all participants, except for international organisations, physical persons and those public bodies obliged to use the additional-cost model. The FCF model will be an option available only to SMEs.

The ACF model will be the only model available to international organisations and physical persons as well as to those public bodies obliged to use this model. It will also be an option open to any public body free to choose its cost model.

Where an organisation has a choice of models, it may choose only one for all its participations in those indirect actions of FP6 where these models are relevant. SMEs who initially chose the FCF model may, however, in a later contract change to FC; changes from FC to FCF will not be possible.

*(Note: The same basic cost methodologies will be used for all FP6 instruments that are implemented through a grant to the budget. This will generate a significant simplification for contractors compared to FP5, where different instruments sometimes used fundamentally different cost methodologies).*

#### 4.1.4.3 Rates of Community support

The maximum rates of Community contribution for each of the two types of activities described above (see section 4.1.3) will be:

- 50% for the research and the innovation-related activities of the project;
- 100% for the management of the consortium.

The model contract will specify which consortium management costs will be eligible for support at the 100% rate. Such costs will include the costs of obtaining audit

certificates. Up to 7% of the Community contribution may be used to support these costs.

#### *4.1.4.4 Conditions applicable to the costs of the RTD performers*

The RTD performers must account for at least 40% of the total eligible costs for research and innovation-related activities of the project. Furthermore, they should receive 100% of their total eligible costs for the research and innovation-related activities incurred during the project within a ceiling to be agreed by the consortium.

## **4.2 COLLECTIVE RESEARCH**

### *4.2.1 Definition*

Collective Research is a scheme where RTD performers undertake research activities on behalf of Industrial Associations or Groupings in order to expand the knowledge base of large communities of SMEs and thus improve their general standard of competitiveness. Collective Research Projects aim to support SMEs through the Industrial Associations/Groupings to which they belong. Collective Research Projects may address pre-normative research issues, technological problems related to the development and implementation of legislation, and technological problems of whole industrial sectors that could not possibly be addressed by Co-operative Research Projects. The dissemination of results to large communities of SMEs and training of staff from SMEs and Industrial Associations/Groupings will be expected to be major components of these projects.

Collective Research Projects will be substantial projects of two to three years duration, conducted on a European basis. A project of longer duration could be accepted if it is necessary to deliver its objectives and when duly justified.

The Intellectual Property Rights of the results belong exclusively to the Industrial Associations/Groupings. The RTD performers and the SME core group will not have any ownership of the Intellectual Property Rights derived from the project but may benefit from early access to and preferential use of the results.

### *4.2.2 Participants*

In a Collective Research project there must be at least:

- two independent **Industrial Associations / Groupings** (see annex 2 for the definition of *independence*) established in two different Member States or Associated State, of which at least one shall be established in a Member State or Associated Candidate Country,

*or*

- one **European Industrial Association / Grouping** established in a Member State or Associated State according to its national law and which is made up of a minimum of two independent legal entities (see annex 2) established in two

different Member States or Associated Countries, of which at least one shall be established in a Member State or Associated Candidate Country.

Industrial Associations/Groupings are enterprise groupings, meaning any legal entity made up, directly or indirectly, for the most part of SMEs and representing their interests. Examples of these are sectoral industrial associations, regional industrial associations, chambers of commerce, etc.

In addition, there must be the following:

- at least two **RTD performers** from different Member States or Associated States, of which at least one shall be established in a Member State or Associated Candidate Country. They are organisations with RTD means adequate to carry out research at the request of the Industrial Associations/Groupings and which must be independent of them (see annex 2). Examples of RTD performers are universities, research organisations, industrial companies, etc;

*and*

- a “**SME core group**” of at least two eligible SMEs from two different Member States or Associated States, of which at least one shall be established in a Member State or Associated Candidate Country. The SME core group should contribute to the project, from its definition phase to the dissemination of the results obtained and will benefit from the use of these results. To be considered as an eligible SME participant, the legal entity must comply with the SME definition set out in the Commission Recommendation 96/280/EC (see Annex 1) and is not a research centre, research institute, contract research organisation or consultancy firm.

**Overall nationality balance:** Within the consortium overall, participants will be established in at least three different Member States or Associated States, of which at least two must be Member States or Associated Candidate Countries.

Co-operation with organisations in INCO<sup>2</sup> targeted countries is encouraged.

#### *4.2.3 Activities*

Collective Research Projects may include the following types of activities:

**Research and innovation-related activities.** Research activities will be targeted at well-defined and precisely focused research objectives and could cover, for example:

- research aimed at reinforcing the technological basis of particular sector(s);
- development of “technological tools” (e.g. diagnosis, safety equipment);
- pre-normative research (research to provide a scientific base for European norms and standards);
- research aimed at addressing common problems/challenges (e.g. to meet regulatory requirements, such as health & safety at work legislation, environmental performance).

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<sup>2</sup> INCO (International Co-operation) targeted countries are: Developing Countries (ACP: African, Caribbean & Pacific; Asia and Latin America); Mediterranean Partner Countries; Russia and the New Independent States and Western Balkan Countries

Innovation-related activities should include activities related to the protection and dissemination of knowledge, socio-economic studies of the impact of that knowledge and activities to promote the exploitation of results. These activities are interrelated and should be conceived and implemented in a coherent way. More specifically, they could include:

- intellectual property protection: protection of the knowledge resulting from the project, including patent searches, filling of patent (or other IPR) applications, etc;
- dissemination activities to large communities of SMEs: publications, conferences, workshops and web-based activities aiming at disseminating the knowledge and technology produced;
- studies on socio-economic aspects: assessment of the expected socio-economic impact of the knowledge and technology generated, as well as analysis of the factors that would influence their exploitation (e.g. standardisation, ethical and regulatory aspects, etc.);
- activities promoting the exploitation of the results: development of the plan for the use and dissemination of the knowledge produced; transfer of best practices for the early use and exploitation of technologies; take-up activities to promote the early or broad application of state-of-the-art technologies. Take-up activities include the assessment, trial and validation of promising, but not fully established, technologies and solutions.

**Consortium management.** Collective Research Projects will require particular attention by the consortium to overall management and co-ordination issues. The co-ordinator of the project must be one of the Industrial Association/Groupings or one of the RTD performers. The Co-ordinator should have the appropriate management expertise and time available, as well as the technical expertise to direct the project. Management tasks will include:

- co-ordination at consortium level of the technical activities of the project;
- the overall legal, contractual, ethical, financial and administrative management of the consortium;
- co-ordination at consortium level of knowledge management and other innovation-related activities. If the co-ordinator is an RTD performer he/she should ensure that Industrial Associations/Groupings take the necessary steps to protect and exploit the results.

**Training activities:** Collective Research Projects are likely to provide an excellent vehicle for the advanced training of executives and technical staff of SMEs and Industrial Associations/Groupings on the knowledge produced within the project.

#### *4.2.4 Financial regime*

The financial regime for Collective Research Projects will be built on the following concepts:

- a “grant to the budget”, acting as a ceiling for the Community contribution;
- where the support will be paid as a contribution to costs incurred;
- according to maximum rates of support specified in the contract for different types of activity within the project.

The grant to the budget will be negotiated on the basis of: (a) the estimated eligible costs of carrying out the various activities in the project; (b) the appropriate cost model for each of the participants; and (c) the rates of Community support for each activity. The maximum amount of the grant will be fixed in the contract.

Such a regime will have many similarities to the current financial regime for collective projects in FP5, though with several marked simplifications, with increased financial security both for the Community and the consortium, and with increased autonomy for the consortium.

#### *4.2.4.1 Eligible costs*

Costs incurred in the project will typically be between 2 and 5 M€. Exceptionally, a higher budget can be accepted, if it is duly justified.

Costs charged to the contract must fulfil the same conditions as for Co-operative Research (see section 4.1.4.1).

#### *4.2.4.2 Cost models*

Cost models are the same as for Co-operative Research (see section 4.1.4.2).

#### *4.2.4.3 Rates of Community support*

The maximum rates of Community contribution for each of the three types of activities described above (see section 4.2.3) will be:

- 50% for the research and the innovation-related activities of the project;
- 100% for the management of the consortium;
- 100% for training activities (excluding the personnel costs of those being trained).

The model contract will specify which consortium management costs will be eligible for support at the 100% rate. Such costs will include the costs of obtaining audit certificates. Up to 7% of the Community contribution may be used to support these costs.

#### *4.2.4.4 Conditions applicable to the costs of the RTD performers*

The RTD performers must account for at least 40% of the total eligible costs for the research and innovation-related activities of the project. Furthermore, they should receive 100% of their total eligible costs for the research and innovation-related activities incurred during the project within a ceiling to be agreed by the consortium.

#### *4.2.5 Two stage proposal submission*

The evaluation of Collective Research proposals will be done in two stages, in order to strengthen the evaluation, better target the projects and achieve more ambitious goals. In the first stage, an outline proposal providing the essential aspects of the proposed project is submitted and evaluated with the help of external experts. In the second stage, the submitters of outline proposals retained after the first stage will be invited to submit a full proposal that will also be evaluated with the help of external experts.

### **5. CALL INFORMATION**

#### **5.1 CO-OPERATIVE AND COLLECTIVE RESEARCH**

The budget appropriations for this Horizontal Research Activities involving SMEs will be 430 M€ of which about 395 M€ will be available to finance projects. The rest of the budget will be allocated to personnel and administration and to external support for the management of these Horizontal Research Activities (e.g. SME Website, Helpdesk, training of co-ordinators, monitoring of projects, etc.). This budget does not include any contribution from the Associated States.

Calls will be published on a periodic basis (according to the timetable, objectives and themes defined in the Work Programme). The first call was published on 17 December 2002. Its deadlines for submission of proposals are given in the following sections.

##### *5.1.1 Co-operative Research (“CRAFT”)*

The first call for proposals has two deadlines for submission of proposals: 29 April 2003 and 27 November 2003, with indicative budgets of 95 M€ and 60 M€ respectively. A basic set of criteria for evaluation of proposals for Co-operative Research Projects is included in ANNEX 3.

##### *5.1.2 Collective Research*

The first call for proposals, with an indicative budget of 40 M€, has a deadline for submission of outline proposals (first stage) on 6 March 2003. The deadline for submission of full proposals (second stage) will be detailed in the request sent by the Commission to the co-ordinators of the proposals that have successfully passed the first stage.

A basic set of criteria for evaluation of proposals for Collective Research Projects is included in ANNEX 3.

## **5.2 ECONOMIC AND TECHNOLOGICAL INTELLIGENCE**

The budget appropriations for Stepping Up Economic and Technological Intelligence activities will be approximately 35 M€

The first call for proposals is foreseen for January 2003. It will have a deadline for submission of proposals on 29 April 2003 (to be confirmed) and an indicative budget of 15 M€

A basic set of criteria for the evaluation of proposals for Economic and Technological Intelligence Projects is included in ANNEX 4.

## ANNEX 1

### SME definition

The SME definition set out in the Commission Recommendation 96/280/EC (OJ L107 of 30/04/1996 p.4-9)<sup>3</sup> is given below.

An **SME** is an enterprise which:

- has fewer than 250 employees;
- has either, an annual turnover not exceeding 40 M€ or an annual balance-sheet total not exceeding 27 M€
- conforms to the criteria of independence. An independent SME is an SME that is not owned for 25 % or more of the capital or the voting rights by one enterprise or jointly by several enterprises falling outside the definition of an SME. This threshold may be exceeded in the following two cases:
  - The SME is held by public investment corporations, venture capital companies or institutional investors, provided no control is exercised either individually or jointly, or
  - if the capital is spread in such a way that it is not possible to determine by whom it is held and if the SME declares that it can legitimately presume that it is not owned as to 25 % or more by one enterprise, or jointly by several enterprises, falling outside the definition of an SME.

It is possible that this definition will be revised during the course of FP6. If so, the Commission will modify the Work Programme and the future calls for proposals as appropriate, though this will not have a retroactive effect.

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<sup>3</sup> SME definition can be consulted on Eur-Lex (<http://europa.eu.int/eur-lex/>)

## **ANNEX 2**

### **Definition of independence**

The following definition of independence is given in the FP6 Rules for Participation:

#### **Independence**

1. Two legal entities shall be independent of one another for the purposes of this Regulation where there is no controlling relationship between them. A controlling relationship shall exist where one legal entity directly or indirectly controls the other or one legal entity is under the same direct or indirect control as the other. Control may result in particular from:
  - (a) direct or indirect holding of more than 50% of the nominal value of the issued share capital in a legal entity, or of a majority of voting rights of the shareholders or associates of that entity;
  - (b) direct or indirect holding in fact or in law of decision-making powers in a legal entity.
2. Direct or indirect holding of more than 50% of the nominal value of the issued share capital in a legal entity or a majority of voting rights of the shareholders or associates of the said entity by public investment corporations, institutional investors or venture-capital companies and funds shall not in itself constitute a controlling relationship.
3. Ownership or supervision of legal entities by the same public body shall not in itself give rise to a controlling relationship between them.

## ANNEX 3

### **A basic set of criteria for evaluation proposals for Horizontal Research Activities involving SMEs**

The following set of issues is intended to be a common basis for the evaluation of proposals for Horizontal Research Activities for SMEs (for (1) Co-operative Research Projects and for (2) Collective Research Projects).

#### **(1) For Co-operative Research Projects**

##### **1. Relevance to the objectives of Co-operative Research** (threshold score 4 out of 5)

The extent to which:

- the proposed project **addresses a specific scientific and/or technological problem or need** of a group of SMEs.

##### **2. S&T excellence** (threshold score 3 out of 5)

The extent to which:

- the project has **clearly defined and well focused objectives**;
- the objectives represent substantial **progress beyond the current state-of-the-art**;
- the **proposed S&T approach** is likely to enable the project to achieve its objectives in research and innovation.

##### **3. Potential impact** (threshold score 3 out of 5)

The extent to which:

- the proposed project has **an impact on the competitiveness of European SMEs and/or contributes to solving societal problems**;
- the proposal demonstrates a clear **added value** in carrying out the work at European level and takes account of research activities at national level and under European initiatives (e.g. Eureka);
- exploitation and, where relevant, dissemination plans are adequate to ensure **optimal use of the project results**.

##### **4. Quality of the consortium** (threshold score 3 out of 5)

The extent to which:

- the participation of **other enterprises and end-users**, if relevant, is **in the interest of the SME participants**;
- the **SMEs are well-suited and committed to the tasks** assigned to them and **to exploiting** the project results;
- the **RTD performers are of high quality** and there is **good complementarity** between them;
- there is a **balanced contribution** by the SMEs, other enterprises and end-users to the project.

## **5. Quality of the management** (threshold score 3 out of 5)

The extent to which:

- the **project management** is demonstrably of high quality;
- there is a satisfactory plan for the **management of knowledge**, of intellectual property and of other innovation-related activities.

## **6. Mobilisation of resources** (threshold score 3 out of 5)

The extent to which:

- the project foresees the **resources** (personnel, equipment, financial...) necessary for success;
- the **resources** are **convincingly integrated** to form a coherent project;
- the **financial plan is adequate**.

Overall threshold score 21 out of 30

## **(2) For Collective Research Projects**

### **1. Relevance to the objectives of Collective Research** (threshold score 4 out of 5)

The extent to which:

- the proposed project **addresses a specific scientific and/or technological problem or need** of large communities of SMEs.

### **2. S&T excellence** (threshold score 3 out of 5)

The extent to which:

- the project has **clearly defined and well focused objectives**;
- the objectives represent substantial **progress beyond the current state-of-the-art**;
- the **proposed S&T approach is** likely to enable the project to achieve its objectives in research and innovation.

### **3. Potential impact** (threshold score 3 out of 5)

The extent to which:

- the proposed project has an impact on **competitiveness of large communities of European SMEs** and/or contributes to **solving societal problems**;
- the proposal demonstrates a clear **added value** in carrying out the work at European level and takes account of research activities at national level and under European initiatives (e.g. Eureka);
- dissemination and training plans and, where relevant, exploitation plan are adequate to ensure **optimal use of the project results**.

#### **4. Quality of the consortium** (threshold score 3 out of 5)

The extent to which:

- the Industrial Associations/Groupings are committed to **disseminating the project results**, to the **training** of managers of SMEs and SMEs Associations/Groupings and, when appropriate, to **exploiting the project results**;
- the 'core group' of **SMEs** are **committed to exploiting** the project results;
- the **RTD performers are of high quality** and there is good **complementarity** between them.

#### **5. Quality of the management** (threshold score 3 out of 5)

The extent to which:

- the **project management** is demonstrably of high quality;
- there is a satisfactory plan for the **management of knowledge**, of intellectual property and of other innovation-related activities;
- the '**core group**' of **SMEs** associated to the project will **contribute** from the definition phase of the project to the dissemination of the results obtained.

#### **6. Mobilisation of resources** (threshold score 3 out of 5)

The extent to which:

- the project foresees the **resources** (personnel, equipment, financial...) necessary for success;
- the **resources** are **convincingly integrated** to form a coherent project;
- the **financial plan for the project is adequate**.

Overall threshold score 21 out of 30.

## ANNEX 4

### **A basic set of criteria for evaluation proposals for Economic and Technological Intelligence**

The following set of issues is intended to be a common basis for the evaluation of proposals for Economic and Technological Intelligence through (1) Specific Support Actions and for (2) Co-ordination Actions.

#### **(1) For Specific Support Actions**

##### **1. Relevance** (threshold score 4 out of 5)

The extent to which:

- the proposal addresses key issues to defined in the Work Programme/call, specific programmes or ERA, as appropriate.

##### **2. Quality of the support action** (threshold score 3 out of 5)

The extent to which:

- the proposed objectives are sound and the proposed approach, methodology and work plan are of a sufficiently high quality for achieving these objectives;
- the applicant(s) represent(s) a high level of competence in terms of professional qualifications and/or experience;
- the proposed activities are innovative and original (*if applicable*).

##### **3. Potential impact** (threshold score 3 out of 5)

The extent to which:

- the impact of the proposed work can only be achieved if carried out at European level;
- the Community support would have a substantial impact on the action and its scale, ambition and outcome;
- exploitation and/or dissemination plans are adequate to ensure **optimal use of the project results**, where possible beyond the participants in the project.

##### **4. Quality of the management** (threshold score 3 out of 5)

The extent to which:

- the management structure is credible in terms of professional qualifications, experience, track record and capacity to deliver.

##### **5. Mobilisation of resources** (threshold score 3 out of 5)

The extent to which:

- the project provides for the **resources** (personnel, equipment, financial...) necessary for success;
- the overall **financial plan** for the project is **adequate**.

Overall threshold score 17.5 out of 25.

## **(2) For Co-ordination Actions**

### **1. Relevance** (threshold score 3 out of 5)

The extent to which:

- the proposed project **addresses the objectives** of the Work Programme.

### **2. Quality of the co-ordination** (threshold score 4 out of 5)

The extent to which:

- the research actions/programmes to be coordinated are of **demonstrably high quality**;
- The **co-ordination mechanisms** proposed are sufficiently **robust** for ensuring the goals of the action.

### **3. Potential impact** (threshold score 3 out of 5)

The extent to which:

- the proposal demonstrates a clear **added value** in carrying out the work at European level and takes account of research activities at national level and under European initiatives (e.g. Eureka);
- the Community support would have a real impact on the action and its scale, ambition and outcome;
- the project mobilises a critical mass of resources in Europe.
- exploitation and/or dissemination plans are adequate to ensure **optimal use of the project results**, where possible beyond the participants in the project.

### **4. Quality of the consortium** (threshold score 3 out of 5)

The extent to which:

- the participants collectively constitute a **consortium of high quality**;
- the participants are **well-suited to the tasks** assigned to them;
- the project combines the **complementary expertise** of the participants to generate added value with respect to the individual participants' programmes.

### **5. Quality of the management** (threshold score 3 out of 5)

The extent to which:

- the **project management** is demonstrably of high quality;
- there is a satisfactory plan for the **management of knowledge**, of intellectual property and of other innovation-related activities.

### **6. Mobilisation of resources** (threshold score 3 out of 5)

The extent to which:

- the project provides for the **resources** (personnel, equipment, financial...) necessary for success;
- the **resources** are **convincingly integrated** to form a coherent project;
- the overall **financial plan** for the project is **adequate**.

Overall threshold score 21 out of 30.