

Do you know which
European Research Programmes
are most suitable for your
Small and Medium-Sized Enterprise (SME)?

Is your Enterprise an SME?



Introduction

The Brochure

This brochure is a publication of the “Transnational Cooperation of the European Network of SME NCPs” (TransCoSME) project based on information collected from publications of the European Commission (EC). It is addressed to European Small and Medium-sized Enterprises (SMEs) with the aim of:

- a. encouraging SMEs to participate in research activities and mainly in projects funded under the Seventh Framework Programme for Research and Technological Development of European Union (FP7), and
- b. providing information to SMEs on specific European research Programmes suitable for their needs and research capacities.

The TransCoSME Project

The “Transnational Cooperation of the European Network of SME NCPs” project (www.ncp-sme.net) is funded by the EC under the “Coordination and Support Actions” scheme of the “Research for the benefit of SMEs” Activity of the “Capacities” Programme of FP7. The TransCoSME is aimed at the support of the European network of National Contact Points (NCPs) for SMEs in performing their duty to promote and support the participation of SMEs in proposals of FP7. The objectives of TransCoSME are to train the SME NCPs, to increase the efficiency of their work and to enhance the networking between them, in order to deliver better quality of services to the European SMEs.

SME National Contact Points (NCPs)

SME NCPs provide information and guidance to SMEs wishing to participate in FP7 programmes. They are able to offer personalised support in the proposer's own language and should be the first contact when an SME prepares a proposal.

The NCPs are usually national structures set up and financed by the governments of the 27 EU Member States and the states associated to the FP7.

A complete list of SME NCPs can be found at: <http://www.ncp-sme.net/national-and-eu-contacts>

The Seventh Framework Programme for Research and Technological Development of European Union (FP7)

The Seventh Framework Programme for Research and Technological Development (FP7) is the European Union's main instrument for funding research. It will last seven years (2007-2013) and has a total budget of over EUR 50 billion.

FP7 provides financial support for transnational research for research institutions, universities and enterprises, including SMEs wishing to innovate and improve their competitiveness, by enhancing their investment in research activities.

Four specific programmes comprise the main block of FP7, three of which have direct relevance for SMEs. These are:

1. the Cooperation Programme which will promote collaborative research in ten specific thematic areas;
2. the "Industry - Academia Partnerships and Pathways" (IAPP) Action of the People Programme which will develop human potential; and
3. the "Research for the benefit of SMEs" Activity of the Capacities Programme which will strengthen research capacity. The Activity includes five different Actions targeting SMEs:

- Research for SMEs
- Research for SME Associations
- EraSME
- CORNET
- EUROSTARS

Participation in the above Programmes and Actions may include companies, research centres, organisations or individuals, legally established in the 27 Member States (EU-27), the associated countries, the candidate countries and the third countries (http://cordis.europa.eu/fp7/who_en.html#countries).

This includes SMEs and SME associations, provided that the conditions as laid down in the Rules for Participation of the research initiative in question have been met.

The financial support goes towards grants to researchers to co-finance research, technological development and demonstration projects. Project proposals are submitted on the basis of Calls for Proposals which undergo an evaluation process. The selected proposals then receive a grant.

The above Programmes and Actions target different categories of SMEs.

SME Categories in FP7

Small and medium-sized enterprises taking part in transnational research may be divided into two broad categories:

- a. Research-Performing SMEs which have the ability to conduct research 'in-house'.
- b. Research-Acquiring SMEs: SMEs with low research capacity which need to outsource to a university or research performing organisation.

**Do you know which FP7 Programmes are most suitable for your SME?
Take the "SMEs Qualifying for Research" Test**

The following self-assessment was developed by TransCoSME in order to provide information on specific research funding Actions/Programmes suitable to the research capacity of the SME taking the Test. Therefore, the Test is addressed to entrepreneurs and executive officers of SMEs who are invited (after they answer all the questions) to follow the suggestions provided in the next page of the brochure.

If there is any doubt whether your company is an SME, please take the "SME Definition" Test first www.ncp-sme.net/tools/sme-definition.

"SMEs Qualifying for Research" Test		
QUESTIONS	YES	NO
1. Does your company aim at the continuous improvement of its products / services according to the customer's needs?		
2. Is one of your company's objectives the entry into new markets with innovative / competitive products?		
3. Is Research and Technological Development (RTD) an important factor for the sustainability and the further development of your company?		
4. Are your company's processes and/or products based on its own innovations?		
5. Are your company's production methods and technologies more advanced than the competitors in your country?		
6. Would your company appreciate the funded assistance of an experienced research organisation, in order: <ul style="list-style-type: none"> • to improve a process / product, or • develop a new product, or • solve a specific issue? 		
7. Does your company have any sort of collaboration with foreign companies / organisations (customers, suppliers etc)?		
8. Does your company employ people with foreign language skills?		
9. Does your company employ university degree holders?		
10. Does your company employ at least 1 full-time equivalent PhD holder dedicated to RTD activities?		
11. Does your company dedicate 10% or more of its total full-time equivalent employees to RTD activities?		
12. Does your company spend more than 10% of its annual turnover to RTD?		

Suggestions

A. If 11 or more "YES" answers were given, the company is considered as a Research-Performing SME (has the ability to conduct in-house research) and it is advised to examine the possibility to participate in the following Programmes:

- 1.Cooperation Programme: the appropriate thematic area
- 2.People Programme: Industry - Academia Partnerships and Pathways (IAPP) Action
- 3.EUREKA Programme: EUROSTARS*

The company can also participate in the Actions of the Capacities Programme listed below either as a Research-Performing or as a Research-Acquiring SME.

* Please consult your SME NCP whether your country/region participates in the programme.

B. If 7-10 "YES" answers were given, the company is considered as a Research-Acquiring SME (SME with low research capacity which needs to outsource to a university or research performing organisation) and it is advised to examine the possibility of participating in the following Actions of the Capacities Programme:

- 1.Research for SMEs
- 2.Research for SME Associations
- 3.EraSME*
- 4.CORNET*

* Please consult your SME NCP whether your country/region participates in the project

C. If 6 or less "YES" answers were given, the company is probably not in the right position to participate in the European Framework Programme for Research and Technological Development. It is advised to seek opportunities offered in national or regional SME support programmes.

In any case the company is advised to consult the respective NCP for SMEs

FP7 Programmes/Actions for Research Performing SMEs

1. Cooperation Programme:

The Cooperation Programme is at the heart of FP7 and represents two thirds of the overall budget. It is intended to facilitate collaborative research across Europe through transnational consortiums of industry. Research is carried out under 10 themes, each of which has its own dedicated SME strategy. It is foreseen that at least 15% of the funding available under the Cooperation Programme goes to SMEs. The major initiatives that favour the involvement of SMEs include selection of SME - relevant topics, SME dedicated Calls, a budget earmarked for SMEs within specific Calls, and coordination and support actions. It should be noted that SME participation is not uniform across the themes. Particular attention has been paid to ensure enhanced SME participation within the various Calls for Proposals, particularly with regard to knowledge intensive SMEs. Research in the interest of SMEs is promoted with an explicit reference to the expected impact upon SMEs. The expected results of these projects must be of interest and potential benefit to SMEs, and the consortia should have a significant share of the requested EC funding going to SMEs.

Areas of particular interest to SMEs have been identified in individual work programmes. Financial and administrative procedures have been simplified and funding rates for the R&D activities of SMEs have been increased to 75% from 50% in FP6. The 10 research themes include:

1. Health
2. Food, agriculture and fisheries, and biotechnology
3. Information and Communication Technologies (ICT)
4. Nanosciences, Nanotechnologies, Materials and new Production technologies (NMP)
5. Energy
6. Environment (including climate change)
7. Transport (including aeronautics)
8. Socio-economic sciences and the humanities
9. Space
10. Security

For further information: http://cordis.europa.eu/fp7/cooperation/home_en.html

2. “Industry-Academia Partnerships and Pathways” (IAPP) Action of People Programme

The Marie Curie Actions (People Programme in FP7) are focused on training, mobility and career development of researchers. They are open to individual researchers at all stages of their career and research institutions both in the public and the private sector. One of the Actions, the “Industry-Academia Partnerships and Pathways” (IAPP) scheme aims specifically at establishing long-term research cooperation between the public and the private sector based on a common research project.

Who can apply?

- Research organisations from the public sector (university, research centre), and
- Private sector organisations (any size Research-Performing SME, spin-off, big industry).

A typical consortium consists of one research organisation from the public sector and one from the private sector, but there is no pre-defined maximum number of participants. The different participating organisations should be either from (a) at least two different Member States or (b) an associated country and a Member State.

How does it work?

Proposals are submitted, then evaluated against a series of predetermined criteria by international peer review and finally are selected for funding, typically for four years. Proposals from all areas of research are welcome, there are no thematic priorities. All projects, however, are expected to include staff exchange, normally in both directions (private and public sector).

What does the funding cover?

Funding is provided mainly for staff exchange, recruitment, and networking activities but there is also a contribution to research costs and equipment costs for SMEs.

For further information: http://cordis.europa.eu/fp7/people/industry-academia_en.html

3. Eurostars

The EUROSTARS Programme is offered by EUREKA, an intergovernmental initiative established in 1985, aimed at enhancing European competitiveness through support to businesses, research centres and universities which carry out pan-European projects for developing innovative products, processes and services.

Who can apply?

Research-Performing SMEs from the thirty-one participating countries (in the EUROSTARS programme a Research-Performing SME dedicates at least 10% of its turnover or full-time equivalent to research activities).

The projects should involve at least one other partner (SME, large enterprise, university or research organisation) from another EUROSTARS member country.

How does it work?

EUROSTARS is aimed at Research-Performing SMEs that wish to collaborate internationally. The projects should be initiated and led by one of these SMEs and last no longer than three years. Within two years of completion the resulting product, process or service of the research should be ready for market introduction.

What does the funding cover?

EUROSTARS supports research executed by SMEs by offering combined national and European funding for their activities, allowing them to compete internationally and become leaders in their particular area of business.

For further information: <http://www.eurostars-eureka.eu>

FP7 Programmes/Actions for Research-Acquiring SMEs

Capacities Programme

The Capacities Programme is divided into six broad areas. One of these, “Research for the benefit of SMEs”, is aimed specifically at small and medium-sized enterprises (SMEs) and their associations who wish to outsource their research. It is intended to strengthen the innovation capacities of SMEs and help develop new products and markets. Outsourcing will allow SMEs to increase their research efforts, acquire technological know-how, extend business networks and improve the exploitation of research results.

Research-Acquiring SMEs can receive EU’s support as individual SMEs through the “Research for SMEs” Action or as SME associations through the “Research for SME Associations” Action. In addition, individual SMEs can also receive support through national funding programmes via the EraSME project and SME associations via the CORNET project; both projects are under the ERA-NET scheme of FP7.

4. Research for SMEs

“Research for SMEs” Action supports small groups of innovative SMEs in solving technological problems and acquiring technological knowhow. Projects must fit into the overall business and innovation needs of the SMEs, who are given the opportunity to subcontract (outsource) research to Research-Performers in order to acquire the necessary technological knowledge. Projects must render clear exploitation potential and economic benefits for the SMEs involved.

Who can apply?

SMEs that need to ‘acquire’ research by outsourcing, such as:

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

Projects are intended to create new knowledge or produce results with clear potential to improve or develop new products, processes or services for the SMEs taking part.

Projects require participants from the following categories:

- At least three independent SMEs, established in three different Member States or associated countries.
- At least two Research-Performers (including Research-Performing SMEs) from any country which must be independent from any other participant.

Other enterprises and end-users may participate by making a particular contribution to the project. The SME participants may entrust the coordination to a Research-Performer or a partner in the consortium specialised in professional project management.

How does it work?

The SME participants are the direct beneficiaries of the project. They invest in the Research and Technological Development (RTD) project and outsource most of the research and demonstration activities to Research-Performers. In return they receive the technological know-how needed to develop new or to improve existing products, systems, processes or services.

The relationship between the SMEs and the Research-Performers under this programme is therefore a “customer-seller” relationship. The idea is to allow SMEs to further develop their activities by buying knowledge from Research-Performers who sell their expertise and work.

It is important to note that “Research for SMEs” is a bottom-up scheme: the projects may address any research topic across the entire field of science and technology.

What does the funding cover?

The European Community will provide financial support to the project which covers only part of the total costs. The SME participants will therefore have to contribute with their own resources, in cash or in kind, to the project. The EC contribution is based on upper funding limits for individual activities:

- Research and technological development activities: maximum of 75%
- Demonstration activities: maximum of 50%
- Management and other activities (training, dissemination): maximum of 100%

The maximum EC contribution to the project is limited to 110% of the total amount of the subcontracting to the Research-Performers.

Recommendations for resources and duration

The size of the consortium should typically be between five and ten participants. The overall budget of the project should typically be between EUR 0.5 million to EUR 1.5 million and the duration of the project should normally be between one and two years. If a project deviates from these recommendations, a justification is required.

Intellectual Property Rights (IPR)

By default, the full ownership of all project results (“foreground”) and IPR is given to the SMEs. The consortium may, however, reach a different agreement in its own best interest, as long as the SMEs are provided with all the Rights that are required for their intended use and exploitation of the project results.

Partner Search System

The web-page of the SME NCP network hosts the Partner Search System for the ‘Research for the benefit of SMEs’ Activity which was developed by the TransCoSME project. Partner Searches are submitted by Proposers who wish to submit a project proposal and are in the process of building their consortium looking either for partners and/or for a coordinator in case they do not want to coordinate the project themselves. Proposers may be from any country covered by the SME NCP Network whereas potential partners from any part of the world may express their interest to participate in a proposal through the System.

For further information: <http://www.ncp-sme.net>

5. Research for SME Associations (SME-AGs)

“Research for SME Associations” aims at developing technical solutions to problems, common to a large number of SMEs, in specific industrial sectors or segments of the value chain through research that could not be addressed under “Research for SMEs” Action.

Projects can, for example, aim 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, who are given the opportunity to subcontract research to Research-Performers in order to acquire the necessary technological knowledge for their members.

Projects must render clear exploitation potential and economic benefits for the SME members of the associations involved.

Who can apply?

SME associations that are normally best placed to appreciate or identify the common technical problems of their members.

Projects under “Research for SME Associations” require participants from the following categories:

- At least three independent SME Association/Groupings (SME-AGs), established in three different Member States or associated countries, or one European SME Association/Grouping. SME-AGs are legal persons, composed mostly of and representing the interests of SMEs (e.g. industrial associations, national or regional industrial associations and chambers of industry and commerce).
- At least two Research-Performers (including Research-Performing SMEs) from any country, which must be independent from any other participant.
- 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.

Other enterprises and end-users (including SMEs) may participate by making a particular contribution to the project. The SME-AGs may entrust the coordination to a Research-Performer or a partner in the consortium specialised in professional project management.

How does it work?

The SME Associations and their members are the direct beneficiaries of the project. They invest in the RTD project and outsource most of the research and demonstration activities to Research-Performers and receive in return the technological know-how they need. The relationship between the SME Associations, who act on behalf of their members and the RTD-Performers under this programme, is therefore a “customer-seller” relationship.

The projects may address any research topic across the entire field of science and technology (a bottom-up approach).

What does the funding cover?

The European Community will provide financial support to the project which covers only part of the total costs. The SME-AGs will therefore have to contribute with their own resources to the project. The EC contribution is based on upper funding limits for individual activities:

- Research and technological development activities: maximum of 75%
- Demonstration activities: maximum of 50%
- Management and other activities: maximum of 100%

The maximum EC contribution to the project is limited to 110% of the total amount of the subcontracting to the Research - Performers.

Recommendations for resources and duration

The size of the consortium should typically be between 10 and 15 participants. In addition, the SME end users group should be limited to two to five members. The overall budget of the project should typically be between EUR 1.5 million to EUR 4.0 million and the duration of the project should normally be between two and three years. If a project deviates from these recommendations, a justification is required.

Intellectual Property Rights

By default, the full ownership of all project results ("foreground") and IPR is given to the SME Associations.

Partner Search System

The web-page of the SME NCP network hosts the Partner Search System for the 'Research for the benefit of SMEs' Activity. Partner Searches are submitted by Proposers who wish to submit a project proposal and are in the process of building their consortium looking either for partners and/or for a coordinator in case they do not want to coordinate the project themselves.

For further information: <http://www.ncp-sme.net>

6. EraSME

The EraSME project is an EU initiative covering research and innovation programmes from 17 countries/regions and funded by the FP7 under the ERA-NET scheme.

The objective of EraSME is to promote the cooperation between European SMEs without research and development capacities and research organisations, in order to help SMEs with innovative ideas to access resources they may not possess, such as equipment and knowledge.

Who can apply?

SMEs established in one of the participating countries/regions.

The participating countries/regions and other specific requirements should be checked in each Call for Proposals.

How does it work?

EraSME designs and regularly implements joint Calls for Proposals. Projects are funded by the respective national funding programmes and must be transnational, close-to-market and innovative. They must aim to develop new products, processes or services. The funded projects must be driven by SMEs able to demonstrate that they will be the main recipients or beneficiaries of the project's results.

Unless otherwise specified in the Call for Proposals, there is no thematic focus, meaning that projects can be in any scientific and technological field.

What does the funding cover?

Funding is based on the respective national/regional funding rules.

For further information: <http://www.era-sme.net>

7. CORNET

CORNET is an ERA-NET project and stands for Collective Research NETWORKing. It is a network for information exchange and collaboration between national and regional programmes and actions for collective research across Europe.

The objective is to promote close cooperation between the responsible national/regional ministries and agencies in the 18 participating countries and to create opportunities to set up transnational collective research with national/regional funding.

Collective research is performed for the benefit of a broad target group of firms, especially of SMEs. It is typically initiated by groupings of enterprises with common interests, such as associations, professional federations, clusters, and trade associations and usually carried out by specialised research institutes or technological centres which work on behalf of a particular industrial sector.

Who can apply?

Associations, federations, trade associations or other groups of enterprises with common objectives from the participating countries.

The participating countries/regions and other specific requirements should be checked in each Call for Proposals.

The formation of an SME User Committee is mandatory in CORNET's project. It is a group of SMEs in each country represented in the project that have a particular interest in the results of the project.

Although the SMEs are committed to participate in the Committee's meetings for monitoring the project's progress, they are not participants of the project and therefore, not eligible for funding.

How does it work?

Calls have no thematic focus, and associations, federations and trade associations in all industrial sectors who are interested in establishing trans-national consortia and submitting collective research proposals can apply.

What does the funding cover?

Funding is based on the respective national/regional funding rules. It basically supports research and development carried out by specialised centres for SME associations on behalf of their members, to address their 'pre-competitive needs' within a specific business sector. The results are then disseminated for effective exploitation. As an example, collective research could be used to improve health and safety standards or optimise the industrial process.

For further information: www.cornet-era.net

Is your Enterprise an SME? Take the SME Definition Test

Are you an SME according to the EU definition? This is a simple question that may require a complex answer. This is where a simple tool can help you.

Micro, small and medium-sized enterprises face particular difficulties which the EU and national legislation try to redress by granting various advantages to SMEs. A definition has been put forward by the European Commission in order to avoid distortions in the Single Market (see http://ec.europa.eu/enterprise/enterprise_policy/sme_definition/index_en.htm).

In order to classify the various companies according to their size, the SME definition takes into account financial ceilings and the number of staff (headcount):

Enterprise category	Headcount	Turnover	or	Balance sheet total
Medium-sized	< 250	≤ € 50 million		≤ € 43 million
Small	< 50	≤ € 10 million		≤ € 10 million
Micro	< 10	≤ € 2 million		≤ € 2 million

The difficulty, however, comes from the obligation to take into account the data of the partner and linked enterprises. When calculating its payroll, turnover and balance sheet figures:

- a partner enterprise must add to its own data the percentage of the payroll, turnover and balance sheet that corresponds to the shareholding.
- a linked enterprise must add to its own data the entire payroll, turnover and balance sheet of the other enterprise as well as a percentage of those of partner enterprises.

This is why a web-based test has been developed by the Walloon Region of Belgium and translated in various EU languages by the network of SME NCPs. By simply entering the relevant numbers in the application, you will receive an immediate feed back on the qualification of your company under EU definition.

This test is available online: www.ncp-sme.net/tools/sme-definition.

So, are you an SME?

Just take the test.

www.ncp-sme.net

