

# Funding 4 yEU

## Focus on *SMEs*



Malta-EU Steering  
& Action Committee

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### The 7<sup>th</sup> Framework Programme (FP7)

The 7<sup>th</sup> Framework Programme for research and technological development is the main instrument for funding research in Europe and is also designed to respond to Europe's employment needs, competitiveness and quality of life.

Since small and medium enterprises (SMEs) make up a large part of Europe's economy, an increase in private funding of research and development is essential in helping Europe be-

come the most dynamic and competitive knowledge-based economy.

SMEs cannot afford to cut back on research but need to unlock their potential through research and technological development to help them survive and prosper in the long run. Many SMEs in Europe have international potential, and participating in European projects provides SMEs with an opportunity to learn about international markets

and build the trans-national connectivity to supply into these markets. FP7 also helps SMEs raise their international profile and provides access to new and different technologies.

FP7 brings all research related EU initiatives together and is a pillar of the European Research Area (ERA). The Programme has a total budget of over € 50 billion and will run till 2013.

*The 7th Framework Programme for research and technological development is the European Union's chief instrument for funding research. The Programme has a total budget of over €50 billion and will run for 7 years till 2013.*



### What are the main initiatives for SMEs in FP7?

Complementary pillars of SME support in FP7		
Optimised participation of SMEs	Dedicated scheme with special emphasis on SMEs	Budget for the SMEs specific measures
Cooperation	People	Capacities
Research Performing SMEs Thematic Areas	Research Performing SMEs Industry-Academia Partnerships and Pathways Initial Training Networks	SMEs outsourcing research Bottom-up approach

Project proposals are selected from proposals submitted following a Call and SMEs are actively encouraged to take part in all research actions. Financial support is provided for trans-national research for and by SMEs wishing to innovate and improve their competitiveness.

Four specific programmes compromise the major building blocks of FP7, three of which have direct relevance to SMEs:

- Cooperation** Programme which promotes collaborative research;
- People** Programme which aims to develop human potential; and
- Capacities** Programme which aims to strengthen research capacity

In addition, just like any other organisation, research teams from SMEs can compete in the fourth **Ideas** Programme. This programme supports investigator driven research carried out across all scientific and technological fields, by individual teams competing at European level.

#### In this Issue:

THE 7TH FRAMEWORK PROGRAMME (FP7)P	1
WHAT ARE THE MAIN INITIATIVES FOR SMES IN FP7	1
COOPERATION	2
PEOPLE	2
CAPACITIES	3
DOES MY ORGANISATION QUALIFY AS A SME?	4
WATER BEE- JUST ADD H2O	4
GETTING SUPPORT	5

## Cooperation

*The Cooperation Programme is the heart of FP7 and represents two thirds of the overall FP7 budget – over € 32 billion*



The Cooperation Programme is the heart of FP7 and represents two thirds of the overall FP7 budget – over €32 billion. The programme aims to facilitate collaborative research across Europe and beyond, through trans-national consortiums. Cooperation is subdivided into 10 themes, each operationally autonomous and each with its own dedicated SME strategy. 15% of the funding available in Cooperation should go to SMEs.

The major initiatives that favour the participation of SMEs include a selection of SME-relevant topics, SME dedicated calls and a budget earmarked for SME participation. Special attention is to be paid

to ensure the adequate participation of SMEs in particular knowledge-intensive SMEs in trans-national cooperation.

The 10 research themes include:

- Health
- Food, agriculture and fisheries, and biotechnology
- Information and Communication Technologies
- Nanosciences, nanotechnologies, materials and new production technologies
- Energy
- Environment (including climate change)
- Transport (including aeronautics)
- Socio-economic sci-

ences and the humanities

- Space
- Security

Areas of particular interest to SMEs are identified in individual thematic work programmes. Financial and administrative procedures have also been simplified and funding rates for the R&D activities of SMEs are funded up to 75%. In addition, SMEs may also benefit from a transitional rate of 60% for indirect costs for research projects.

Furthermore, the principle of collective financial responsibility has been replaced with a guarantee fund covering the financial risks of defaulting project participants.

## People

*The Marie Curie Actions (People Programme) are focused on training, mobility and career development of researchers*



The *Marie Curie Actions* (People Programme) are focused on training, mobility and career development of researchers. They are open to researchers at all stages of their career and research institutions both in the public and private sectors.

Two of the *Marie Curie Actions* promote SME-Academic collaborations by focusing on giving researchers the adequate skills and opportunities to SME growth. Well trained entrepreneurial-minded and mobile researchers are key to this

successful collaboration.

The two actions – Industry Academia Partnerships and Pathways (IAPP) and Initial Training Networks (ITN) promote S&T transfer and create win-win a situation for SMEs and academic groups, and fund the recruitment of staff, networking activities and research costs.

Industry-Academia Partnerships and Pathways – these are partnerships between public research organisations and private commercial enterprises based on a common re-

search project and aim to increase the exchange of skills between the two sectors.

A consortium is made up of at least one research organisation from the public sector and one enterprise from the private sector. Participating organisations must be from at least two different Member States or Associated Countries. Proposals from all areas of scientific and technological research are accepted. The funding covered by this scheme includes:

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- Costs related to staff secondments between the 2 sectors within the partnership;
- Costs related to the temporary hosting of experienced researchers recruited from outside the partnership;
- Networking costs and organisation of workshops and conferences;
- Research equipment (for SMEs only) up to 10% of the EC contribution for the SME participant.

Initial Training Network – these are networks of academic and private organisations which collaborate to train early stage researchers in order to improve their research and entrepreneurial skills, help them join established research teams and enhance their career prospects in both the public and private sectors.

Such networks are comprised of at least three participants who propose a coherent research training programme from all scientific and technological areas. The funding covered by this action includes:

- Costs related to the recruitment of researchers to be trained;
- Training and networking costs, organisation of joint activities and conferences.



## Capacities

The Capacities Programme is divided into six areas:

- Research infrastructures;
- Research for the benefit of SMEs;
- Regions of knowledge;
- Research potential of convergence regions;
- Science in Society;
- Support to the coherent development of policies;
- International cooperation.

The area Research for the benefit of SMEs is specifically aimed at small and medium sized enterprises and their associations who wish to outsource their research. It is intended to strengthen the innovative capacities of SMEs and their contribution to the development of new tech-

nology based products and markets. This will be facilitated by helping SMEs outsource research activities, increase their research efforts, acquire technological know how, extend their networks and better exploit research results.

The 2 main funding schemes are Research for SMEs and Research for SME Associations.

Research for SMEs – supports small groups of innovative SMEs in solving common or complementary technological problems and acquiring technological know-how. Projects must fit into the overall business and innovation needs of the SMEs which may subcontract research to RTD performers in order to acquire the necessary technological

knowledge.

SMEs are the direct beneficiaries of the project as they invest in the RTD project and subcontract most of the research and demonstration activities to RTD performers and in return receive the technological know-how they need to develop new or improve existing products, systems, processes or services.

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.

Research for SME Associations – aims at developing technical solutions to problems common to a large number of SMEs in specific industrial sectors

*Capacities*  
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or segments of the value chain through research that could not be addressed under Research for SMEs. 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 envi-

ronmental protection. Projects must be driven by the SME associations which may subcontract research to RTD performers in order to acquire technological knowledge for their members. Projects must also render clear exploitation potential economic benefits for the SMEs

members of the association involved.

Research for SMEs Associations also adopts a bottom-up approach thus projects may address any research topic across all scientific and technological areas.

## Does my organisation qualify as an SME?

	Is the organisation an enterprise, i.e. engaged in economic activity?	
	Does it have fewer than 250 employees?	
	Does it have an annual turnover not exceeding EUR 50 million? Or does it have a balance sheet total not exceeding EUR 43 million?	
	Is it autonomous?	



## Water-Bee – Just add H<sub>2</sub>O

*Successful Story in the Agricultural Sector:  
Water-Bee Just add H<sub>2</sub>O*

In what is now termed as the digital age, agriculture is often portrayed as a necessity based on traditional techniques passed on from one generation to another. It cannot be denied that the activity is an integral part of any economy with the EU's Common Agricultural Policy being (CAP) one of the main aid components. Yet efficient and reliable systems within the farming industry are still being sought due to the need for

coordinated action to address the effects of Climate Change.

Research and Development's contribution to any sector lies in the improvement of existing methods complemented by the development and realisation of new technologies. Funded under the 7<sup>th</sup> Framework Programme for Research, the 2-year Water-Bee project attempts to reap the progress registered in crop

modelling, wireless technology (dubbed *ZigBee*) and its integration into soil sensors.

The soil sensors which are planted at different depths underneath the soil measure water content at root level. Along with other environmental indicators, the data is processed by dedicated software that in turn controls the irrigation system utilised.

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to the various development processes of the project by means of financial aid under the **Research for SMEs** funding strand. Keep with existing R&D models employed by multinational firms, the University of Warwick and the University of Cyprus play a pivotal role within the operation. The involvement of SMEs, including the Maltese firm

Chadwick Mushrooms, is also crucial given that the eventual industrial application of the mechanism under development.

As a result, the project can benefit from a holistic approach as R & D is complemented by a market-based blueprint due to the multi-faceted nature of the consortium. Although the EU's funding instrument

is pivotal to the successful implementation of such projects, collaboration between actors from various industries is as crucial in forwarding the objectives and priorities at industry and Union level.

Further information on the Water-Bee R & D initiative and the consortium partners is available on: <http://www.water-bee.eu/>



## Getting Support

The network of National Contact Points is the main structure to provide guidance, practical information and assistance on all aspects of participation in FP7.

The Malta Council for Science & Technology (MCST) as the National Contact Point Organisation for FP7 provides practical information and assistance on all aspects of participation in FP7. Our network of National Contact Points provides personalised support and advice from proposal stage to project management.

For more information kindly contact Ms. Anthea Fabri at the MCST on [anthea.fabri@gov.mt](mailto:anthea.fabri@gov.mt)

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