

Info

*FP7 and the CIP
what's in for SMEs?*

What is the Seventh Framework Programme (FP7)?

EU funded research activities are structured in programmes which run for several years, the so-called **Framework Programmes for Research and Development**. The Sixth Framework Programme (FP6) ran from 2002-2006 and will be replaced by the Seventh Framework Programme (FP7) which covers the years 2007-2013 (aligned with the financial perspectives, the EU's multi-annual budget). While the details of FP7 are currently still under discussion, the broad outlines have been fixed. Most importantly, FP7 will be organised in four specific programmes:



Source: K. Stratmann, A. Schlochtermeier: *What to expect from FP 7*, EU Bureau of the BMBF, 2006.

Cooperation

Support will be given to research activities in a trans-national context. Nine thematic areas have been identified:

1. Health
2. Food, agriculture and biotechnology
3. Information and communication technologies
4. Nanosciences and nanotechnologies, materials and new production technologies
5. Energy
6. Environment (including climate change)
7. Transport (including aeronautics)
8. Socio-economic sciences and the humanities
9. Security and Space

Additionally, the EURATOM programme covers fusion energy research, nuclear fission and radiation protection.

Ideas

In order to strengthen the excellence of the European science base an autonomous European Research Council will be created to support "frontier research" (basic research).

People

Career prospects and mobility for researchers will be reinforced (Marie Curie Actions).

Capacities

The research and innovation capacity throughout Europe will be enhanced through supporting research infrastructure, regional clusters, international co-operation and other actions.

As in FP6, projects undertaken by consortia of European partners will be at the core of FP7. Concerning the available funding, original suggestions by the Commission and the Parliament to double the budget for FP7 as compared to FP6 were rejected by the Council. The exact amount available is therefore still unclear; a recent proposal mentions 50 billion Euro (plus 2 billion Euros for EURATOM).

How can SMEs benefit?

The participation of Small and Medium Sized Enterprises (SMEs) in EU research will be optimised across all the four specific programmes. As in FP6, they can become part of a consortium within the thematic areas specified in the **cooperation programme**. The Commission will take the research needs and potential of SMEs into account in the development of its annual work programme¹, which will highlight topics of particular interest to SMEs. Furthermore, 15 percent of the budget in this area will be allocated to SMEs. The European Commission also promises to *improve financial and administrative procedures* and promises more flexibility in choosing the appropriate financial scheme.

¹ Every year the Commission publishes a work programme which sets out the annual priorities for which funding will be made available through several calls for proposals.

SMEs will also be able to participate in the **ideas programme** on basic research as well as in the **people programme** (Marie Curie Actions). Within the latter they are a particular target group for the *industry-academia partnerships and pathways action* which aims at sharing knowledge between these two sectors. In this context, EU funds can be used for staff secondments, hosting of external experts, organisation of workshops and conferences as well as a contribution for small equipment in the case of SMEs.

Last but not least, “strengthening innovative capacities of SMEs and their ability to benefit from research” is an explicit task within the **capacities programme**. The idea is to help SMEs in outsourcing necessary research to external RTD performers (universities or research centres). In addition, research intensive SMEs may also participate as providers of research services. The take-up and effective exploitation of the research results achieved will also be supported.

SMEs are supposed to be involved in so-called Joint Technology Initiatives, long term public-private partnerships, as well. The **overall support rate (co-financing) is likely to be increased** to up to 75 percent (previously 50 percent).

The impact of these new support measures on the Information Society Technology (IST) programme and its’ SME support (of which EPRI-start is a part) is currently not clear. It seems that the regulations for FP7 are still being developed and SME relevant issues may be clarified in the first annual work programme for FP7. However, it is highly uncertain at what point in time this annual work programme will materialise, since it depends on high-level agreement on FP7 as a whole, which is not concluded yet.

The Competitiveness and Innovation Programme (CIP)

The so-called Competitiveness and Innovation Programme (CIP) is a bundle of measures to support the Lisbon agenda, with its goals of increased competitiveness and growth. The CIP has a budget of approximately 3.6 billion Euros (much smaller than FP7). The three specific programmes in the CIP framework are:

- Entrepreneurship and Innovation Programme
- ICT Policy Support Programme
- Intelligent Energy-Europe Programme

For the field of IST, the **ICT Policy Support Programme** is the most relevant activity, since it replaces the previous e-TEN, Modinis and e-Content programmes. The Policy Support Programme will primarily

- underpin regulatory and research actions of the Commission in the area of convergence

- provide a bridge between research investment and wide adoption, by providing a testing ground for pan-European electronic services in both the public and private sectors
- reinforce European cultural and linguistic identities by support for the production and distribution of European digital content
- assist the development of an open and inclusive European Information Society through stimulating innovative approaches to inclusion, quality of life and public services.

Regional funding for SMEs is available through the JEREMIE programme (see EPRI-start newsletter No 2), an action that runs parallel to the CIP.

The CIP and SMEs

Fostering the competitiveness of SMEs is a general goal of the CIP. Moreover, SMEs are a particular target group in the **entrepreneurship and innovation programme**, which includes both high-tech SMEs and traditional micro- and family firms, covering the industrial and services sector. The programme consists of two SME related actions: firstly, providing access to finance and secondly encouraging SME co-operation. The financial instruments consist of

- *the High Growth and Innovative SME Facility (GIF)*

contributes to the establishment and financing of SMEs and the reduction of the equity and risk capital market gap

- *the SME Guarantee (SMEG) Facility*

provides counter- or co-guarantees for guarantee schemes as well as direct guarantees (including debt financing, micro credits etc)

- *the Capacity Building Scheme (CBS)*

improves the investment and technology expertise of funds investing in SMEs, enhancing the credit appraisal procedure for SME lending

Furthermore, information, feedback and business cooperation services, as well as innovation, technology and knowledge transfer services will be supported, as will be services supporting SME participation in the framework programme.

Funds are dispensed through the European Investment Fond (EIF). However, this fond does not invest in SMEs directly but works through intermediaries.

FP7 and CIP

The CIP is not part of FP7 or *vice versa*. Rather the two programmes run in parallel and in the same time frame (2007-2013), but will be mutually complementary and reinforcing, including their support for SMEs.

Concerning research, the CIP will focus on **downstream aspects** (closer to market) and the innovation process, promoting innovation support services for technology transfer and use, projects for the implementation and market take-up of technologies, including ICT. One concrete example is the Galileo Project, where innovative SMEs could develop applications for the Galileo satellite positioning system for logistics, transport, safety or security services.

FP7, by contrast, will be focused more on trans-national cooperation in RTD, on mobility, and on the technological innovation needs of industry.

New opportunities for SMEs

While FP7 and CIP do not go all the way in removing barriers for SME participation (as analysed by the EPRI-start project) these two new actions do offer considerable opportunities for SMEs. Some of the details are still unclear at the present moment but one thing that is certain is that SME support remains high on the policy agenda and will, hopefully, translate into real benefits for small and medium sized organisations on the ground.

Further information

General EU-websites

- **Cordis: Towards FP7 (EU Website)**
<http://cordis.europa.eu/fp7/>
gives a comprehensive overview of FP 7. Besides giving an introduction to the conceptual design of FP 7 the website also sketches the current status of the debate by providing information on the viewpoints of European and national stakeholders.
- **CORIDS Roadmap towards FP7**
<http://cordis.europa.eu/fp7/roadmap-2006.htm>
is part of the website above and informs on the timelines and future steps towards the implementation of FP 7.
- **Competitiveness and Innovation Programme (CIP)**
http://ec.europa.eu/enterprise/enterprise_policy/cip/index_en.htm
official information source of the DG Enterprise and Industry on the CIP.
- **Europe's Information Society Portal**
http://ec.europa.eu/information_society/index_en.htm
thematic portal covering all EU policies and EU activities related to the Information Society.

EU-websites targeted at SME

- **The Commission's SME techweb**
<http://sme.cordis.lu/home/index.cfm>
provides information and resources for technology-oriented companies with fewer than 250 employees wishing to innovate and internationalise. Since the 'SME techweb' is an initiative of FP 6 the service might become obsolete under FP 7.
- **JEREMIE**
<http://www.eif.europa.eu/jeremie/>
official information source of the European Investment Fund on the JEREMIE action for enhancing SME access to finance in the European Regions.
- **EU SME Envoy**
http://ec.europa.eu/enterprise/smes/sme_envoy_en.htm
provides a rationale and contact details of the SME Envoy whose function is to better integrate the SME dimension in EU policies. The SME Envoy can get involved in Commission projects wherever these affect SMEs and can act as a bridge between SME organisations and Commission departments.
- **European Charter for Small Enterprises**
http://ec.europa.eu/enterprise//enterprise_policy/charter/index_en.htm
download section of the "European Charter for Small Enterprises" and a brochure on "2006 good practice selection".

Funding opportunities & brokering services

- **EU-Funding opportunities at a glance**
http://ec.europa.eu/information_society/newsroom/cf/news.cfm?redirection=1&item_type=fo
enlists all currently open calls related to the Information Society
- **IDEAL-IST partner brokering service**
<http://www.ideal-ist.net/>
under FP 6 this Commission-funded project offered a very successful service for partner brokering. The project will be continued as "Idealist7fp". A website is not yet available.

This document will be available on the EPRI-start website (www.epri.start.org) in the download section

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