

**FIFTH FRAMEWORK PROGRAMME OF THE EUROPEAN COMMUNITY  
FOR RESEARCH, TECHNOLOGICAL DEVELOPMENT  
AND DEMONSTRATION ACTIVITIES**

**PROPOSAL FOR FINANCIAL SUPPORT FROM THE EC FOR**

**SME Specific Measures**

**Cooperative Research (CRAFT)**

**CALL SME/1999-1**

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## SUMMARY OF CRAFT

### Characteristics of CRAFT

- Solving problems common to a group of SMEs
- Centred on the needs of SMEs with inadequate R&D means
- SMEs assign third parties to carry out all or part of the RTD work
- Ownership and exploitation of the RTD results lie with the SMEs

### Participants<sup>1</sup> in a CRAFT Project

#### **SME Proposers**

- each SME proposer must fulfil all the criteria of an *Eligible SME* (See Glossary)
- must include at least three SMEs that:
  - come from at least two different Member States (or from at least one Member State and an Associated State (see Glossary)), and
  - are not affiliated (see Glossary) to each other

#### **RTD Performers**

- organisations with RTD means adequate to carry out research at the request of the SME Proposers
- must not be affiliated to any SME Proposer
- are subcontractors<sup>2</sup> to the SME Proposers
- must be from a Member State or an Associated State<sup>3</sup>

### Duration

1 to 2 years

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<sup>1</sup> Although in this information brochure and application forms the term “participant” is used in its generic sense, it should be clearly understood that RTD Performers are not participants in the legal sense as defined in the rules for participation and for dissemination (OJ No L26, 1.2.1999, p.46).

<sup>2</sup> See CRAFT model contract for more details. It can be consulted on the SME website (<http://www.cordis.lu/sme>).

<sup>3</sup> In very exceptional circumstances, organisations from countries which are not Member States or Associated States may be allowed to participate as RTD Performers if their participation is clearly in the interest of the Community policies and gives added value to the project. Any decision to this effect is at the discretion of the European Commission on a case by case basis.

## Thematic priorities

CRAFT projects can address any thematic priority as long as it is in line with the general objectives of at least one thematic programme under the Fifth EC RTD Framework Programme (1998-2002):

- *Quality of life and management of living resources*
- *User-friendly information society*
- *Competitive and sustainable growth*
- *Energy, environment and sustainable development*

Full descriptions of these priorities are given in the workprogrammes of each thematic programme available at <http://www.cordis.lu/fp5/src/programmes.htm>.

## Project Costs

**Total Eligible Cost** (*see Glossary*)

0.3 to 2 million euro

### **SME Proposers**

- up to 40% of their combined contributions may be from a single partner or affiliates
- up to 60% of their combined contributions may be from proposers of the same country
- have to pay the RTD Performers 100 % of the contractually agreed costs of their work

### **RTD Performers**

- must account for at least 40% of the total estimated eligible cost of the project
- must account for at least 50% of the project's personnel time

## Project Funding

- EC contribution is 50% of the total actual eligible cost of the project (excluding the costs related to SME Proposers from third States).
- EC contribution has priority use for payment of RTD Performers.
- EC contribution to individual SME Proposers cannot exceed 50% of their eligible costs.
- SME Proposers must fund all project costs that are not covered by the EC contribution.

## Payment of the EC Contribution

- The EC contribution is made available through an advanced payment at contract signature (up to 40%), followed by periodic instalments.
- All EC contributions are paid to the SME Co-ordinator (*see Glossary*)
- The SME Co-ordinator must forward any EC contributions to the other participants without delay and according to the contractual agreements.

## GENERAL CONDITIONS

Two principal types of participants must be involved in CRAFT proposals: “SME Proposers” and their “RTD Performers”.

### SME Proposers / SME Co-ordinator

The SME Proposers must nominate a SME Co-ordinator who will sign the contract with the EC on behalf of all SME Proposers. The SME Co-ordinator is responsible for project management from the proposal stage, through the contract negotiation stage and eventually to the project implementation stage. Additional responsibilities include acting as a liaison with the Commission for all administrative, financial and technical matters as well as distributing the EC contribution. Therefore, the SME Co-ordinator should have the appropriate management expertise and time available, as well as the technical expertise to direct the project. Co-ordination costs can be charged exclusively by the SME Co-ordinator<sup>4</sup>.

### RTD Performers

RTD Performers are organisations which must have adequate R&D means to carry out the required research on behalf of the SME Proposers. Examples of possible RTD Performers are universities, research organisations, industrial companies, etc. RTD Performers must be located in a Member State or an Associated State and can not be affiliated with any of the participants<sup>4</sup>. Projects which include RTD Performers from different countries are encouraged.

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<sup>4</sup> See footnote 45 for more details

## ELIGIBILITY CRITERIA

The proposal forms must be duly completed according to the instructions provided.

### SME Proposers

A minimum of three non-affiliated eligible SMEs from at least two different Member States (or from at least one Member State and an Associated State) is required. Each SME proposer must be an eligible SME.

### RTD Performers

Must not be affiliated to any SME proposer. They must normally be from a Member State or an Associated State. In very exceptional circumstances, organisations from third countries may be allowed to participate as RTD Performers if their participation is clearly in the interest of the Community policies and gives added value to the project (e.g. by the unavailability of similar skills in the European Union). Any decision to this effect is at the discretion of the European Commission on a case by case basis.

### Cooperative research character

At least 40% of the total estimated eligible cost (*see Glossary*) of the project (and at least 50% of the total required effort in person/months) must correspond to work carried out by the RTD Performers on behalf of the SME Proposers.

### Cost and Duration

- Total estimated eligible cost of the project: 0.3 to 2.0 million euro.
- Project duration: 1 to 2 years.

### EC Contribution

- EC contribution: up to 50% of the total actual eligible cost.
- EC contribution to individual SME Proposers: no more than 50% of their eligible costs.

### International Balance

- No more than 60% of the Total Proposers' Contribution from a single country.
- No more than 40% of the Total Proposers' Contribution from a single partner or affiliates.



**Proposals which do not respect the eligibility criteria will be considered ineligible and will not be evaluated.**

## EVALUATION CRITERIA

The Commission will ensure a confidential, fair and equitable evaluation of proposals based on the evaluation criteria set out in the annex "Evaluation Guidelines for the SME Specific Measures". The evaluation will be carried out under the responsibility and co-ordination of the Commission, assisted by external independent experts chosen by the Commission. All proposals compete for selection on equal terms (e.g. no distinction will be made whether or not the proposal has been prepared via an Exploratory Award).

## SPECIFIC CONTRACTUAL CONDITIONS

A summary of the procedures and principles for European Commission RTD CRAFT contracts is set out in Annex II of the CRAFT Model Contract<sup>5</sup>. Partners in a CRAFT project should particularly note the following arrangements.

### Signature of contract with the European Commission

The European Commission will conclude the contract with the SME Co-ordinator (on behalf of all SME Proposers). Arrangements should be made for formal written authorisations which enable the SME Co-ordinator to contractually commit the participants/contractors who will not directly sign this contract with the Commission.

### Consortium Agreement

It is strongly recommended that all the participants enter into a Consortium Agreement<sup>6</sup> before signing a contract with the European Commission. Such an agreement deals with specific arrangements beyond the degree to which they are covered by the contract with the European Commission, e.g. division of responsibilities (technical and administrative), reporting procedures, steering and management committees, meeting frequency and minute-taking arrangements, decision-making procedures, arrangements for cash payment to RTD Performers, intellectual property rights, publication of results, exploitation plans, partner default, provisions for replacing partners, etc. While this is not a requirement, it is particularly useful in helping to ensure the smooth running of a project, especially when it is close to completion, and in sorting out the distribution of rights and obligations of all parties. Note that the Consortium Agreement may not conflict with the European Commission contract, which will prevail in the event of such a conflict.

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<sup>5</sup> The CRAFT model contract can be consulted on the SME website (<http://www.cordis.lu/sme>), Consortium Agreement guidelines, on the IPR helpdesk website (<http://www.ipr-helpdesk.org>).

## Protection of Knowledge and Exploitation of Results

The research results arising from the projects are the property of the SME contractors. Exploitation of results by the SME contractors (i.e. further development work) or commercialisation of them, wherever applicable, is expected to commence immediately after the completion of the project, in order to lead to commercial benefits in the short or medium term.

## Project Technical Advisors (PTAs)

The European Commission may appoint a PTA to individual Cooperative Research projects. The PTA's role is to assist the Commission in the monitoring of the project and in particular to ensure the compatibility of the actual research work undertaken with the requirements specified by SMEs. The PTA is contracted and paid by the Commission. The PTA works under strict confidentiality and has no vested interest other than ensuring that the SMEs' project objectives are met.

## ELIGIBILITY CHECKLIST<sup>6</sup>

If your CRAFT proposal is to be accepted as eligible, you **must** be able to answer yes to **all** of the following questions.

Put a check (✓) in the box if the answer is yes.

### PROPOSAL FORMS

1. Have you and your participants duly completed and signed the application forms (part A)?
2. Did you complete the proposal description (part B) according to the instructions provided?

### SME PROPOSERS

3. Are all SME Proposers eligible SMEs (*See Glossary*):
  - i. less than 250 employees
  - ii. no more than EUR 40 million annual turnover or no more than EUR 27 million balance sheet total
  - iii. less than 25% of the organisation is owned by one enterprise or jointly by several enterprises falling outside the definition of an SME (except public investment corporations, venture capital companies and institutional investors, provided no control is exercised either individually or jointly)
  - iv. is not a research centre, research institute, contract research organisation or a consultant (*see Glossary*).
4. Do the SME Co-ordinator and at least two other SME Proposers satisfy each of the following criteria :
  - i. not affiliated to each other
  - ii. from at least two different Member States (or from at least one Member State and an Associated State)

### RTD PERFORMERS

5. Does each RTD Performer meet the following criteria :
  - i. independent from all participants (i.e. non-affiliated)
  - ii. from a Member State or an Associated State
6. Do the RTD Performers account for :
  - i. at least 40% of the total estimated eligible cost of the project?
  - ii. at least 50% of the project's personnel time?

### COST AND DURATION

7. Does your CRAFT proposal respect :
  - i. cost limits : 0.3 – 2.0 million euro
  - ii. time limits: 1 – 2 years

### EC CONTRIBUTION

8. EC contribution is no more than 50% of the total actual eligible cost
9. EC contribution allocated to any SME Proposer does not exceed 50% of its eligible costs
10. EC and SME contributions are sufficient to pay for all RTD Performers' costs

### INTERNATIONAL BALANCE

11. Max 60% of the Proposers' Contribution from a single country
12. Max 40% of the Proposers' Contribution from a single partner or affiliates



**If the answer to any of the above questions is NO, the proposal is ineligible.**

<sup>6</sup> To help you in checking the eligibility of your proposal, you can use the table on form B4 included in this booklet or the electronic calculation tool (the "CRAFT calculator"), which can be downloaded from the SME website (<http://www.cordis.lu/sme/src/helptool.htm>).



**AUTO EVALUATION CHECKLIST**

Each of the 5 main evaluation criteria should be assessed with a mark from 0 (not addressed) to 5 (excellent); for calculating the overall score, an equal weighting is applied to each of the 5 main evaluation criteria; selected projects will normally score highly (i.e. an average of 4 or 5) in all categories; an average score of less than 3 in any one category is considered weak and the proposal is unlikely to be selected. More details on the evaluation procedure and criteria can be found in the annex "Evaluation Guidelines for the SME Specific Measures".

**1. Scientific/Technological quality and innovation** 0 1 2 3 4 5

- The **quality** of the research proposed and its contribution to the general objectives of the **relevant thematic programme**
- The originality, **degree of innovation** and progress beyond the state of the art, taking into account the level of risk associated with the project
- The **adequacy** of the chosen approach, methodology and work plan for achieving the scientific and technological objectives

**2. Community added value and contribution to EU policies** 0 1 2 3 4 5

- The **European dimension of the problem**. The extent to which the project would contribute to solving problems at the European level and that the expected impact of carrying out the work at European level would be greater than the sum of the impacts of national projects
- The **European added value for the consortium** - the need to establish a critical mass in human and financial terms and the combination of complementary expertise and resources available Europe-wide in different organisations
- The project's contribution to the implementation or the evolution of one or more **EU policies** (including "horizontal" policies, such as towards SMEs, etc.) or addressing problems connected with standardisation and regulation

**3. Contribution to Community social objectives** 0 1 2 3 4 5

- The contribution of the project to improving the **quality of life and health and safety** (including working conditions), taking into account ethical issues where relevant
- The contribution of the project to improving **employment** prospects and the level of skills in Europe
- The contribution of the project to **preserving and/or enhancing the environment** and natural resources

**AUTO EVALUATION CHECKLIST (continued)**

**4. Economic development and S&T prospects** 0 1 2 3 4 5  

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- The possible contribution to growth, in particular the **usefulness and range of applications** and quality of the **exploitation plans**, including the credibility of the partners to carry out the exploitation activities for the RTD results arising from the proposed project and/or the wider economic impact of the project
- The **strategic impact** of the proposed project and its potential to improve competitiveness and the development of applications markets for the partners and the users of the RTD results
- The contribution to European technological progress and in particular the **dissemination strategies** for the expected results, choice of target groups, etc.

**5. Management, partnership and resources** 0 1 2 3 4 5  

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- The **quality of the management and project approach** proposed, in particular the appropriateness, clarity, consistency, efficiency and completeness of the proposed tasks, the scheduling arrangements (with milestones) and the management structure. In addition, the tools to be used for monitoring project progress, including the quality of specified indicators of impact and performance, and ensuring good communication within the project consortium
- The **quality of the partnership** and involvement of users when appropriate, in particular, the scientific/technical competence and expertise and the roles and functions within the consortium and the complementarity of the partners
- The **appropriateness of the resources** - the manpower effort for each partner and task, the quality and/or level and/or type of manpower allocated, durables, consumables, travel and any other resources to be used. In addition, the resources not reflected in the budget (e.g. facilities to carry out the research and the expertise of key personnel)