EU-RUSSIA COOPERATION. MUTUAL BENEFITS FOR SMEs IN FRAMEWORK PROGRAMS.

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Abstract
The purpose of this research is to provide Russian SMEs, as prospective participants of the framework programs and EU members of the consortia with information on their benefits from mutual cooperation.

Since 1994 European Commission is funding EU Framework programs for Research and Technological Development. These programs have considerably progressed with the launch of the Sixth Framework Program (FP6) in 2002 and its successor FP7 in 2007. Objectives of these programs include aspects such as the increase of international competitiveness while promoting research activities, diversity and improvement scientific and technological bases of industry.

Neither of the parties can get EU funding unless they are a part of the international consortia of partners. Projects that bring together scientists and researchers from different cultures and background have an advantage over the ones with the similar partners.

The study of the Russian potential and the benefits it brings to the consortia has been conducted with the help of The Foundation for Assistance to Small Innovative Enterprises (FASIE) and National Contact Point (NCP) activities in Russia. It includes the quantitative research on SME innovation potential in the country; distribution of information on funds, programs, etc; provides information on NCP activity and feedback; gives an opportunity to see why EU members are interested in Russia's participation.

Keywords
SME; NCP; EU-Russia cooperation; Framework program; European funds; innovation

Miscellaneous
Appendices: Guide to FP7, 7 pp; Guide to CORDIS, 4 pp

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INTRODUCTION

Relations between Russian Federation and European Union (EU) have been following rather different paths throughout the years. While EU has grown from an economical coalition to a political union with common policy and currency, Russia has gone through a transformation from an authoritarian to a democratic system and still aims to become an equal partner.

Both sides play a significant role in the world's economy and relations. As confirmed by the UN Security Council Russia still holds a great power and belongs to the Great 8, stays the biggest energy supplier in EU while the latter provides a market for around 50% of Russia's exports.

It's not the membership of Russia in EU the entities are aiming at but the strategic partnership, which has been confirmed in numerous speeches and summits. Still Russia is considered to be quite a difficult partner and EU lacks a clear position towards this country.

When the European Union released its European Neighborhood Policy (ENP), Russia argued that being treated like any other neighbors would destroy the strategic character of the relationship therefore chose not to join. As a result, Russia and the European Union agreed to create four Common Spaces for cooperation in different spheres funded by the European Neighborhood and Partnership Instrument (ENPI), which also funds the ENP.

The main document supporting the four Common Spaces – the Road Map – was released in the Moscow Summit in 2005, where the goals and strategies towards the implementation were established. The implementation itself has been discussed in the London Summit which was held the same year.

The purpose of this work is to show both sides Russia and EU that they can benefit from mutual cooperation. Russian SMEs can take out a lot of information concerning the framework programs and become aware of on-going projects, while EC can see that Russian members of consortium are able to participate in the EU programs with

the restriction of not being a coordinator. The points gained by the consortium due to participation of Russia can lead to further funding of the projects.

1. EU – RUSSIA. HISTORICAL OVERVIEW

1.1 The Partnership and Cooperation Agreement (PCA)

After the collapse of USSR in 1991 and the release of new Constitution of RF in 1993, Russia started searching for its place in the world and in Europe.

In June 1994 Russia and EU began their negotiations on Partnership and Cooperation Agreement (PCA). Numerous summits were held to analyze the agreement from the perspectives of both sides.

The mission of PCA entitled to provide the framework for political and economic relations between EU and Russia, offer prospective for future deeper integration (common economic space, free trade area), establish political dialogue between EU and Russia, set the basis for the trade and economic relations, develop social, scientific technological and cultural cooperation, bring Russia closer to legal framework of the single market and the WTO.

Initially PCA was signed and began its operation on the 1 December, 1997. It then set out the common objectives and was agreed to be in force till 2007 when it could be further extended unless either parties withdraws from the agreement. The PCA was later introduced to new EU member states of 2004: Czech Republic, Cyprus, Estonia, Hungary, Latvia, Lithuania, Malta, Slovakia, Slovenia and Poland.

The current PCA is based on the shared principles and objectives and covers areas as education, trade, legislative cooperation, business and finance, nuclear and space, environment, culture, transport and prevention of illegal activities.

In case of a dispute each party holds a right to withdraw from an agreement. Being a part of PCA agreement each party is also responsible for participation in regular summits of Heads of the Governments; Permanent Partnership Council (PPC) held at ministerial level; expert meetings at senior officials and expert level (which has not been held since 2004); Political dialogue Ministers meetings; participation in Parliamentary Cooperation Committee.

The "Common Strategy" internal approach was used between Russia and EU over the 1999-2004. Further the Communication policy on improving relations between parties has been established in same 2004. Since the current PCA has now reached to the end of its 10 years period both parties are now working on principles for the new agreement, which will take into account the changes all countries of the agreement went through over the last number of years and continue to support cooperation policy.

1.2 EU-Russia Common Spaces.

In 2000 Russia and EU have set up a "thematic dialogue" covering areas, such as energy, space, science, technology cooperation. This same year the High Level Group was established to study and develop a new concept between the parties – the common European economic space. As both EU and Russia were aiming at benefits from the concept, they both established its strategic goals.

Strategic goals of EU for Common Economic Space (CES) are:

1. Russia becoming a prosperous market for EU exports and investment;
2. Russia being a reliable source of EU energy supply;
3. Russia being stable, predictive, and cooperative partner for security in Europe;
4. Any threats from the Russian side concerning the security will require continuos engagement;
5. More cooperation is expected in nuclear safety, fight against crime, drug trafficking, illegal activities, environmental issues.

Strategic concerns of Russia towards the Common Economic Space (CES) are:

1. Getting EU support for economy modernization;
2. EU assistance for integration into world's economy, including WTO;
3. Regaining respect of the position of Russia as economic power;
4. Finding Russia's place in international division of labor.

The concept of four economic spaces was accepted on the St. Petersburg Summit in 2003, in terms of PCA agreement aiming at improvement of relations between the parties and their dependence on each other. The Summit has decided to create the following economic spaces: common economic space; a common space of freedom, security and justice; space of cooperation in external security; common space in research, education and culture.
A new Summit, following the St. Petersburg Summit, was held in Moscow in 2005 where the single package of Road Maps was established as an instrument of developing the common spaces. The goals and strategies towards the implementation of the common spaces were mentioned in a new document.

In 2005 and following 2006, further Summits were held in London and in Sochi, and focused on practical implementation on the Road Maps document.

1.2.1 The Common Economic Space

The Common Economic Space grew out of the idea of Common European Economic Space. This common space is following the long-term goal of bringing down the barriers on trade and investment and promoting reforms on non-discrimination and good governance.

1.2.2 The Common Space of Freedom, Security and Justice

The Common Space of Freedom, Security and Justice mainly covers the legal issues like fight against illegal activities, crime, terrorism; trafficking drugs, money laundering, etc.
In terms of the PCA and implementation of the Road Map this economic space is of high importance, therefore the Justice and Home Affairs Permanent Partnership Council (PPC) is organizing regular meetings to bring together experts and discuss terrorism, cyber-crime and documental security. New identification cards are to be launched in Europe and further in Russia to create a computer-based database and work on prevention of illegal immigration. Visa dialogue is still and on-going matter with the aim of visa-free travel regime.

1.2.3 Common Space on External Security

The Road Map has identified five priority areas in the common space on external security, which include: dialogue and cooperation on international scene; fight against terrorism; prevention of distribution of weapons of mass destruction (WMD); civil protection. Frozen conflicts in some former Soviet Republics (Transnistria, Abkhazia, South Ossetia, Nagorno-Karabakh) are of high danger and importance to the common space.

1.2.4 Common Space on Research, Education and Culture

The world has gone through an intellectual revolution, where knowledge is key and speed is its characteristic, a number of trends could be seen nowadays:

Trend 1: We have entered the age of trans-disciplinary research and development, and parties that had hardly heard of each other are now involved in intense collaboration

Trend 2: Rivalry between universities has turned into competition

Trend 3: Industry and universities are involved in a deep process of collaboration

The aim of this common space is to support the research and common interest; cultural and support cooperation; create European Research Area; promote European framework programs on research and development. Examples of such activities: International Association for the Promotion of Cooperation with Scientists from New Independent States of the Former Soviet Union (INTAS); Trans-European Mobility Scheme for University studies (TEMPUS); ERASMUS Mundus Exchange programs, which are of high importance to help strengthen combined economic and intellectual capacities while at the same time foster people-to-people ties and better understanding among societies.

1.3 The Northern Dimension

The Northern Dimension covers the area of the Baltic Countries, including Norway and Iceland.

FIGURE 1. The Northern Dimension on the map

The Northern Dimension Initiative was developed in order to enhance co-operation and complimentary of EU and Member States programs in Northern Europe, the Baltic Sea region and Russia. The partners recognize their responsibility for the prosperity of Northern Europe, its sustainable development and the well-being of its population as well as their geographic proximity, economic interdependence, and common cultural heritage. They are committed to cooperate actively on the basis of good equal partnership, common responsibility and transparency, committed to facing common challenges and reaping together the benefits of one of the most dynamically developing areas of the world.

The Northern Dimension supports the existing multilateral co-operation within the Northern Regional Councils and aims to maximize their synergies as well as those of all other Northern Dimension participants and actors: stakeholders, regional organizations, local and regional authorities, the academic and business communities, and civil society.

The Northern Dimension focuses on the same areas of cooperation as stated in the Road Maps, also including environment, nuclear safety and natural resources (which could be applied to the Nordic countries) and social welfare and health.

2. SMEs IN EU AND RUSSIA

2.1 SME Definition in EU

Small and medium enterprises (SMEs) or small and medium businesses (SMBs) are companies whose number of employees, turnover and size of the balance sheet fall below certain limits, where:

- Number of employees is corresponding to the number of annual working units (AWU), to say the number of full-time workers employed during one year

with part time and seasonal workers being fractions of AWU. The reference year to be considered is that of the last approved accounting period;

- The turnover and balance sheet total thresholds are those of the last approved 12-month accounting period. In case of newly-established enterprises whose accounts have not yet been approved, the thresholds to apply shall be derived from a reliable estimate made in the course of the financial year. Turnover should not include value added tax (VAT) or other indirect taxes. The annual balance sheet total refers to the value of the company's main assets.

Each country in the EU had their own interpretation of an SME until recently. Nowadays the most common interpretation categorizes companies with less then 50 employees as small and those with less then 250 as medium. Business enterprises of fewer than 10 employees often class as SOHO (for Small office/home office). Since the concept of an SME has been studied and agreed to be of high importance to the economy of European Union and the rest of the world standard definition is crucial.

According to the statistical research conducted in the recent years, the following numbers are of much help identifying the business size:

- *Micro firm: 0-9 employees;*
- *Small firm: 0-49 employees (includes micro);*
- *Medium firm: 50-249 employees;*
- *Large firm: over 250 employees*

Department for Business, Enterprise and Regulatory Reform (BERR)

In most economies, smaller enterprises are much greater in number. In the EU, SMEs comprise approximately 99% of all firms and employ between them about 75 million people.

Considered to be one of the principal driving forces in economic development, SMEs stimulate private ownership and entrepreneurial skills, they are flexible and can adapt

quickly to changing market demand and supply situations, they generate employment, help diversify economic activity and make a significant contribution to exports and trade. SMEs also play an important role in innovation and high-tech business, due to their flexibility and creativity many of them became large businesses.

Recognizing the importance of SMEs in the current economy, EU legislation is trying to address a number of support policies, which has lead to quite a few difficulties not having the actual definition approved by all states.

In May 2003 EU Commission has adopted Recommendation on the subject of SME definition which came into force in January 2005 and has been used ever since, being of particular help to state aid, Structural Funds and framework programs. The Recommendation itself is mainly addressed to Member States, the European Investment Bank and the European Investment Fund it aims at promoting enterprises and innovation, improving access to capital and research.

1. ***Small and Medium enterprises, hereinafter referred to as SMEs, are defined as enterprises which:***
    a. *Have fewer than 250 employees, and*
    b. *Have either:*
        i. *An annual turnover not exceeding ECU 40 million, or*
        ii. *An annual balance-sheet total not exceeding ECU 27 million,*
    c. *Conform to the criterion of independence as defined in paragraph 3.*

2. ***Where it is necessary to distinguish between small and medium-sized enterprises, the "small enterprise" is defined as enterprise which:***
    a. *Has fewer than 50 employees and*
    b. *Has either:*
        i. *An annual turnover not exceeding ECU 7 million, or*
        ii. *An annual balance-sheet total not exceeding ECU 5 million,*
    c. *Conform to the criterion of independence as defined in paragraph 3.*

3. ***Independent enterprises are those which are not owned as to 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 or a small enterprise, whichever may apply. This threshold maybe exceeded in the following two cases:***

a. *If the enterprise hold by public investment corporations, venture capital companies or institutional investors, provided no control is exercised either individually or jointly,*
b. *If the capital is spread in such a way that it is not possible to determine by whom it is held and if the enterprise 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 definitions of an SME or a small enterprise, whichever may apply.*

Recommendation 2003/361/EC, SME Definition

2.2 SME in Russia

In the countries in transition such as Russia the definition of SME is in the process of development. Statisticians in the transition economies do not like to deal with SME because they prefer to deal with the transformation of statistical systems on a large scale.

In Russia the definition of an SME is rather inconsistent. According to the Law on SME promotion as of 14 June 1995, the criteria for small-sized enterprises was considered as the following:

- industry - up 100 employees;
- construction - up to 200 employees;
- science and science service - up to 60 employees;
- retail sales - up to 15 employees;

which in the recent years was further updated to the following figures:

- < 100 employees in industry and construction:
- < 60 employees in agriculture;
- < 60 employees in science;
- < 50 employees in wholesale trade;
- < 30 employees in retail trade and household services; and
- < 50 employees in other production and non-production spheres

The importance of SMEs has increased in the last few years. The share of the private sector in the total economy, the share of the SME sector in GDP, and the share of SME employees in total employment are significant.

According to Goskomstat (Russian federal statistics agency), 13 million people were employed in SMEs in the year 2006, which represents only 20% of the Russian workforce while in the EU SMEs contribute 90% to the overall employment.

Furthermore, SMEs are unevenly distributed in Russia. Around 50% of SMEs are established in Moscow, and 22% are located in St. Petersburg.

Around 43% of the Russian SMEs are registered in the Central region (Moscow included), and 24% - in the Northwest region *(more information on the regions below).* Therefore, more then half of all SMEs are to be found in and around Russia's two largest cities. The share of SMEs in the Russian GDP is 14%.

The information is distributed unevenly as well, for example SMEs in Siberia region do not know about existing programs or benefits and do not apply for any grants or support simply because of the lack of information.

Moreover if such information does appear people find it hard to trust agencies or organizations who organize such programs. Cooperation in the innovation area is very new in Russia and people need to understand that EU members of the consortium in, to say the FP7, benefit as much as the Russian parties.

To help Russian innovative enterprises participate in EU Framework programs as other EU members but with a restriction to being a coordinator, INTAS (International Association for the Promotion of Cooperation with Scientists from the New Independent States of the Former Soviet Union) has established National and Regional Contact Points (NCPs/RCPs) in Russia and signed an agreement with FASIE on establishing an office with experienced staff who could provide SMEs will all needed information and support. *(more information further)*

2.2.1 Innovation enterprises in Russia

Three periods can be established in the science and innovation policy of Russia in the last fifteen years:

1. 1991-1995: orientation to forms of administrating science and scientific potential
2. 1996-2001: development of new elements of National Innovation System (NIS)
3. from 2002: development of the system approach

During the first period (crisis period) – new concept on state funding was accepted in legislation, including The Foundation for Assistance to Small Innovative Enterprises (FASIE), therefore the new forms of enterprises started to be formed.

During the second period tendencies of the commercial use of research results were formed. After the crisis of 1998 in Russia, new macroeconomic conditions have appeared, proving to be beneficial for the innovation department of the enterprises, especially those ones aiming at the Russian market. Russian enterprises became more successful and competitive compared to the foreign ones operating in the country.

FASIE was the first and the only foundation in Russia to finance development of the elements of innovation infrastructure, the Innovation Technology Centers (ITCs). The term NIS – National Innovation Systems – has occurred meaning a number of structures supporting innovation process.

During the third period inefficiency of the Russian economy left the government with no choice but to begin the reforms in the science sector and development of the National Innovation System. The preparation of the legislation documents began in 2002-2003, the main ones were accepted in 2005, the 4th part of the Civil Code has been released to regulate author's rights, intellectual property, leaving the documents on national funds in the stage of development.

The difference between the science and innovation can be seen in FIGURE 2. The goal is for these "black boxes" not to become completely black: it is crucial to establish connection between the two and put them in a certain sphere or environment – infrastructure which would help to develop the innovation system.

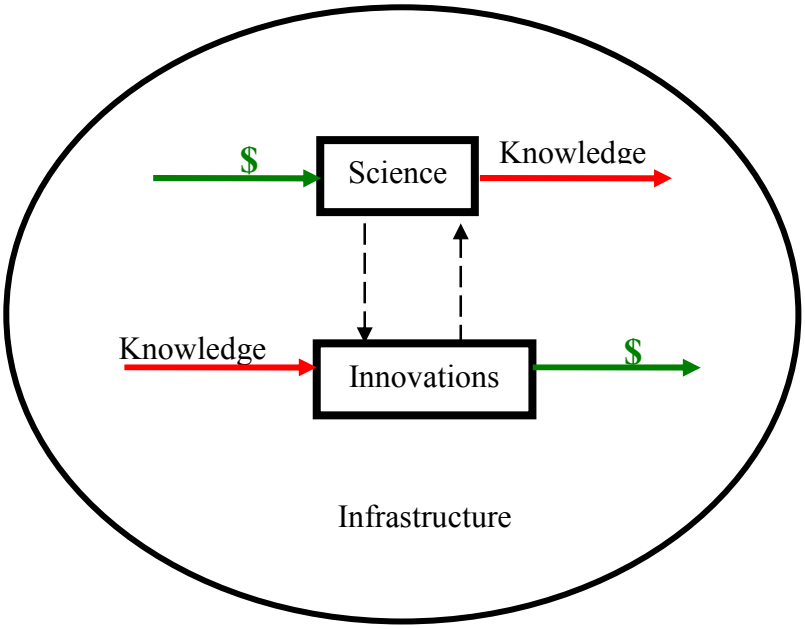

FIGURE 2. Innovation system.

Each element of the system is of big importance, and it is crucial to find instruments to help all participants/members of the innovation system communicate, and not only in Russia, but around the world as well.

In 2004 FASIE began a number of programs aiming at SME communication and cooperation, with the help science parks and organizations and medium sized and larger businesses.

SMEs play a significant role in the innovation development, and according to Goskomstat these enterprises are number two in the country when comes to all innovation activity. Specializing in niche markets and being better at commercializing

new innovative products, as in comparison to larger firms, SMEs are more likely to go on a risk.

First science-oriented SMEs were found in Russia in the beginning 1990s. Establishing such enterprises without any government support held a lot of responsibility. Some of these enterprises became world famous and some were not able to survive in Russian economy.

Chaos of the 1990s has given an opportunity for such businesses to open: availability of ownerless but working gaging and technological equipment; hyperinflation, when loans taken beginning of the year were given back in 1/10 worth the price end of the year; excess profit of export operations due to the same matter.

The situation is changed nowadays. On one hand, there are no financial sources to start up a business, as there were in the 1990s, whereas on the other the government is now on the side of a small innovation business.

2.3 SME support in Russia

There is a number of Business Services in Russia nowadays such as the Federal Fund for Support of Small Entrepreneurship, the Russian Association for the Development of Small Sized Enterprises, the Foundation for Assistance to New Independent States (FASIE), and the Russian Agency for Development of Small and Medium-sized Business are devoted to the development of SMEs.

The agencies offer financial services for examining investment projects; expert financial advice; auditing; and accounting. They provide information about business partners, about the regions business climate, about law, taxation, accounting rules, and the preparation of reports.

They take part in the preparation of contracts and documentation, give legal support in negotiations, and registration. They organize courses and seminars on how to run a business in Russia.

2.3.1 About FASIE

Foundation for Assistance to Small Innovative Enterprises (FASIE) is non-commercial state organization set up by the government of Russian Federation (*resolution No 65 of February 3, 1994*).

FASIE operates only with business of high-tech or innovation profile, being a state organization it is responsible for implementation of government policy for development and support of SMEs, offering financial and informational support and creating and developing an infrastructure for SMEs.

FASIE as a state organization is participant of creating legislative acts and laws towards the SMEs. Over 4000 enterprises have applied to FASIE over the years, and more then 2000 have received funding.

FASIE was appointed as National Contact Point (NCP) for SME in order to ensure equal access to the Sixth Framework Program (FP6) structures and instruments, and continued its work with the launch of the Seventh Framework Program (FP7). The tasks of this NPC are to provide appropriate information and assistance to potential SME participants.

SME NPC in Russia offers a local port of call for SMEs and provides a wide range of support services aimed at promoting SME participation in the Framework Programs (raising awareness, giving advice, providing training, helping with proposal preparation, conducting partner search, etc.).

2.3.2 About INTAS

INTAS, the International Association for the promotion of co-operation with scientists from the New Independent States of the former Soviet Union (NIS), was established in 1993. This project of the European Community aimed at promoting scientific activities and cooperation between NIS and EU.

INTAS goals and objectives were achieved through educational and research grants, collaborative research projects, innovation grants, support for scientific infrastructures in NIS, trainings, seminars and other activities.

2.3.3 INTAS and FASIE Agreement

The *"EuroInnovation"* Company has been set up within the agreement between FASIE and INTAS for organizing an National Contact Point for Small and Medium Sized Enterprises (SME NCP) office with the aim to provide informational support for small and medium innovative companies and carry out activities related to international projects.

The project is aimed at promoting the involvement of Russian RTD and SME communities in the field of specific research activities for SMEs of the Sixth/Seventh European Framework Programs for Research of the European Community (FP6/FP7) and, where it is appropriate, in INTAS programs. The main objectives of the project are as follows:

- To inform potential RTD and SME participants in Russia about FP6/FP7- SMEs and INTAS activities in order to facilitate international cooperation and get better involvement of Russian institutions of this field into the European Research Area (ERA) and FP6/FP7 activities.

- To provide RTD and SME communities with all round help, advice and assistance for successful participation in FP6/FP7-SMEs and INTAS programs relevant to this field and to ensure good practice of advice to regional and local intermediaries.

- To organize training events aiming both to facilitate Russian participation in FP6/FP7 and INTAS programs relevant to FP6/FP7-SMEs and to train regional and local intermediaries in order to help them to act effectively as information multipliers.

- To inform the EC and INTAS on the FP6/FP7- SMEs activities in Russia where their presence is necessary or desirable as well as on the international scientific FP6/FP7- SMEs related events, where the participation of European researchers is welcome.

- To inform the EC and INTAS on the matters relevant to the FP6/FP7-SMEs or INTAS supported activities in this field such as changes in legislation relevant to FP6/FP7 or INTAS activities, changes in organization of this scientific sector in Russia and problems faced by Russian RTD institutions in participating in the FP6/FP7 or INTAS.

- To develop a strategy of regional coverage of Russian scientific community in the field of FP6/FP7-SMEs.

All international contracts represent Russian side with two organizations:

Foundation for Assistance to Small Innovative Enterprises (FASIE) as the "*Co-ordinator*", responsible for the execution and the overall management of the Project, and EuroInnovation as the "*Contractor*", responsible for the execution and the financial management of the Project.

2.3.4 EuroInnovation as SME NCP

The EuroInnovation office has been established in 2003 bringing together new members of staff to work on proposed missions. Each candidate for the job has been considered according to the following criteria:

- Ability to speak English and/or other foreign languages
- Business Education
- Experience of working in/for organizations in EU
- Experience of work with Innovations

All the staff members are regularly participating in trainings, info meetings, seminars and etc in order to become more informed and qualified in rendering assistance and advice on FP6/FP7 and INTAS activities.

The last events organized by EuroInnovation include: International Conference “EU-Russia cooperation: Priorities for and technology 2007-2013”; International Conference: “Bringing closer Russian and European ICT community: FP7 opportunities in ICT area”; NIS-NEST Workshop on FP7 participation and proposal preparation.

The main tasks of "EuroInnovation" include**:**

Informing and awareness raising about ERA, FP6/FP7 and international S&T co-operation:

- Circulating general and specific documentation about the INTAS programs and the European Community’s RTD programs, in particular FP6/FP7, including the aims, conditions for participation, possibilities and conditions for submission of proposals to INTAS and FP6/FP7 activities and for joining already established FP6/FP7 project consortia.

- Organizing promotional activities such as info-days, seminars, conferences, newsletters, web-sites, fairs, etc., where appropriate in liaison with INTAS, the relevant European Commission services, or other EU-supported information projects (such as those supported by the European Commission's FP6/FP7 Specific Support Actions).

- Enhancing knowledge transfer in research fields targeted by FP6/FP7 and/or by INTAS

- Explaining the scope and modalities of all relevant programs and instruments of FP6/FP7, paying particular attention to the new instruments (Integrated Projects (IP), Networks of Excellence (NoE), NEST).

- Elucidating administrative procedures and contractual issues (e.g. role & responsibilities of participants in a consortium, reimbursement rules, rights & obligations of contractors, respect of ethical principles, intellectual property rights, etc.)

- Raising awareness about the European Community objectives of increasing the participation of women in the Framework Programs and of strengthening the link between science and ethics and between science and civil society.

- Increasing international contacts and collaborations with RTD organizations in EU member states and FP6/FP7-associated countries, in particular through brokerage events or through advertising its own country's S&T capacities internationally, for instance by means of internet-accessible data-bases of relevant domestic RTD units ("mapping").

Advice, assistance and training:

- Assisting in partner search activities, notably by creating internet-accessible databases of R&D organizations, disseminating FP6/FP7 and other relevant calls for expressions of interest and calls for proposals, and using and

encouraging the use of tools such as the CORDIS website and the INTAS Catalogue of Projects.

- Assisting organizations with a view to facilitating their participation in FP6/FP7.

- Answering queries about FP6/FP7 and INTAS calls for proposals and other funding opportunities.

- Organizing training sessions on EU RTD programs for national, regional and local intermediaries and information multipliers to ensure comprehensive outreach and good quality of advice.

- Informing relevant domestic S&T stakeholders, including S&T policy-makers, of the principles of FP6/FP7, for instance with regard to co-funding of projects.

- Organizing training seminars for specific target groups (SMEs, industry, universities, professional organizations, women in science, etc.) or on specific topics (FP6/FP7 contractual aspects, modalities for participation, research areas covered by specific FP6/FP7 programs, ethical principles, etc.)

- Advising participants of consortia in IP, NoE or other FP6/FP7 instruments on setting up appropriate management structures.

- Assisting in implementing INTAS activities including its calls for proposals for research projects, networks, Young Scientists Fellowships, and accompanying measures, informing about and stimulating the use of the INTAS electronic library (e-Library).

- Where appropriate, assisting the European Commission in assuring transparency and equal access to calls for new partners in on-going IP, NoE, or other instruments.

Sign-posting:

- Giving researchers information about relevant regulatory, legislative and cultural differences impacting on international S&T cooperation.

- Informing INTAS and the European Commission on matters that may be relevant to INTAS or FP6/FP7 supported activities, such as developments or changes in legislation relevant to INTAS or FP6/FP7 activities (for instances new tax, customs or currency regulations, etc.)

- Informing INTAS and the European Commission about any other developments relevant to INTAS or FP6/FP7 activities (for instance, changes in the organization or administration of the science sector).

- Informing INTAS and the European Commission about planned NCP activities and events for which the contribution or the participation of INTAS or European Commission staff would be desirable or necessary.

- Providing feedback to the European Commission and to INTAS on any problems and difficulties encountered by NIS organizations in participating in the Framework Program or other European Community RTD instruments.

Advisory Service for potential applicants and project participants:

SME NCP and national network of info points and multipliers in Russia provide assistance and consultancy service about FP6/FP7 to potential applicants of FP6/FP7 calls in proposal writing, partner search, IPR, tax regulations, activity and financial reports.

At the stage of writing proposal NCP SME assist in collecting relevant information.

The *greatest problem* for SME NCP is to assist applicants in partner search. EuroInnovation does it using contacts in EU NCP network and other sources. But still many requests can't be fulfilled.

Continuous consultancy and advisory service for potential applicants of FP7 calls, participants of FP6 calls is accomplished via e-mails, phone calls, personal contacts.

Mapping centres for scientific expertise and excellence:

NCP SME contact high-tech SMEs and RTD organizations all over Russia using and national network of info points and multipliers to provide them with information about FP6/FP7 in order to explain the purpose of creating database. Relevant information is being collected, processed and translated it into English constantly.

After the database structure was developed; entries of high-tech SMEs, RTD organizations of Russia are constantly added into the database. The database provides full contact information and represents all regions of Russia.

Mapping centres of scientific expertise and excellence the following cities are indicated:
Barnaul, Ufa, Belgorod, Bryansk, Vladimir, Voronezh, Saint-Petersburg, Krasnodar, Kursk, Nizhniy Novgorod, Novgorod, Novosibirsk, Vladivostok, Novocherkassk, Ryazan, Samara, Saratov, Ekaterinburg, Smolensk, Kazan, Tver, Tambov, Tomsk, Tula, Tuymen, Ulianovsk, Khabarovsk, Cheboksary, Yaroslavl

The database is available on SME NCP website upon request and can be used with the purpose of partner search.

According to the rules of information gathering the database can't be published by NCP SME.

Information materials on FP6/FP7 and/or INTAS:

Information about FP6/FP7 and participation of SMEs in FP7 is presented in both English and Russian on EuroInnovation website at http://www.fp7-sme.ru. Newsletters in Russian were issued and distributed by e-mail and through the website to registered subscribers.

Information materials were selected from the informational portals of CORDIS, main documents concerning ERA, FP7 and translated into Russian.

By means of dissemination of translated materials via website and newsletters NCP SME increases Russian stakeholders' awareness of FP7, ERA and other related issues on a wider scale and brings Russian SMEs in participation in FP7.

TABLE 1. NCP Co-coordinator and SME NCP Contacts in Russia

NCP co-coordinator in Russia
Mr. Alexei ZHELTKOV Department for International Cooperation - Ministry of Science & Education Bryusov Pereulok 11 - Moscow 103905 – Russia Tel: 007 495 629 7441 Fax: 007 495 230 28 23 or 230 26 60 E-mail: zheltkov@minstp.ru
SME NCPs in Russia
Dr. Mikhail SHUBIN Deputy Director Foundation for Assistance to Small Innovative Enterprises (FASIE) 49 Leninsky prospect - Moscow 119991 – Russia Tel: 007 495 132 35 09 Fax: 007 495 132 89 93 *E-mail:* mshubin@asvt.ru *Website:* www.fasie.ru ***Mr. Mikhail KOMKOV***

Manager

EuroInnovation

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Tel/Fax: 007 484 399 4638

E-mail: euroinnovation@obninsk.ru *Website:* www.fp7-sme.ru

3. POTENTIAL FOR ENHANCED COOPERATION BETWEEN EU AND RUSSIAN SMEs

3.1 Background on joint EU-Russian interest

Since 1994 European Commission has been funding European Framework programs.

The first framework programs have not received world's recognition, covering mostly the European Area and supporting researchers and scientists from the EU.

Although with the world's growth of diversity and understanding of the importance in knowledge-based cooperation between countries with big scientific potential, the European Commission started to change its policy.

After signing the Partnership and Cooperation Agreement between Russia and EU in December 1997, the sides negotiated and followed the common strategy and came to the agreement of creating the four common spaces in 2005-2006.

In 2000 the European Research Area (ERA) was created with the goal of attracting young talents to pursue careers in Europe, invest in European research, develop strong links with international partners and create jobs.

ERA also became a main objective for the framework programs. Successfully completed in 2006, the Sixth Framework Program was funded by EC and has received

a budget of 17.5 billion euros. It targeted at diversity and international competitiveness.

"Following the principle of subsidiarity, projects have to be transnational. In other words: only consortia of partners from different member and associated countries can apply; for mobility and training actions the fellows typically have to go to a country different from their country of origin or residence. Activities that can better be carried out at national or regional level, i.e. without co-operation across borders will not be eligible under the Framework Program"

The Sixth Framework Program (FP6) at glance, FP6 Fact Sheet

With the success of FP6 – the Seventh Framework Program has been extended up to six years and started its activity in 2007, expecting to be completed in 2013.

The European partners realize that attracting scientists from third world countries, like Russia will not only give an opportunity to exchange knowledge, ideas, approach to work and etc but also raise the chances of receiving the funds. The common perception of Russians and their ways of doing business leads to a number of questions and even fears:

- How do we find partners in Russia who are interested in cooperation?
- Can these companies be trusted?
- Can Russian partner become a coordinator?
- In case we try to negotiate with them, would they speak languages? Etc

Information that EU partners do not have includes such facts as:

1. Russian businesses are able to participate in the program but with a restriction of being coordinator of the project, therefore cannot receive any funds directly and/or make any decisions about financial distribution of funds between the members of the consortia.
2. The NCP activity in Russia was established a few years ago under the guidance of INTAS and has successfully created networks with the Regional Contact Points (RCP) and has database of companies

interested in international cooperation with whom EU members can get in touch with

On the other hand the Russian companies are not aware of the opportunities within EU framework programs, if such information appears for example in the region of Siberia the question of trust will arise as well as fear of going on a risk of cooperation which is completely different to how people are used to work; lack of sources of information in Russian.

Objectives:

Providing both sides with such information is crucial and may lead to a number of successful projects. This research intends to:

- show the development of the EU and Russia cooperation strategies over the years
- familiarize with the common spaces concept and its goals
- analyze the innovation potential of Russian enterprises
- analyze NCP activity in Russia with the help of questionnaire
- provide benefits from cooperation for each side

With such information available in a form of a guide, the research seeks to encourage partner search and international cooperation.

Methods:

These main categories are to be investigated through data collection from various resources like internet, libraries and other resources (FASIE, St. Petersburg School of Management). Feedback has been collected during seminars organized with EuroInnovation in Moscow. The SME NCP activity in Russia has been studied with the help of created questionnaire and its distribution among different companies in different parts of the country.

Time Scale:

The timescale of completing the given research is between December 2007 and March 2008.

TABLE 2. Research Timescale

2007/2008	1st week	2nd week	3rd week	4th week
December	Choice of the topic; meetings and discussion with EuroInnovation Ltd	Trip to Jyvaskyla, meeting with tutor; creating the plan	Gathering information about EU and Russia common strategies, policies; Road Maps and the CES concept	Gathering information on SME in Europe and Russia; statistics and definitions
January	SME information; Contacting Goskomstat for statistical information in Russia	Contacting FASIE for information on innovation potential in Russia	Analyzing innovation enterprises in Russia	Gathering information on INTAS, NCP, FASIE and INTAS agreement
February	Contacting EuroInnovation for information on its activities and roles	Creating the SME NCP activity feedback questionnaire	Distributing questionnaire among regional multipliers on EuroInnovation database	Working on research of benefits EU and Russia get from participation in programs
March	Putting together information on FP7 and CORDIS for the Appendix	Collecting feedback from the questionnaire	Analyzing data, putting together all the information	Arranging the work

3.2 Analysis of innovation potential of Federal regions of Russia (in accordance to FASIE)

There are seven Federal regions in Russian Federation:

I – Central region

II – Northwestern region

III – South region

IV – Volga region

V – Ural region

VI – Siberia region

VII – Far East region

FIGURE 3. The Map of Federal Regions of RF

Central and Northwestern regions are the most developed in the country because of the capital cities Moscow and St. Petersburg.

A statistical research has been conducted with help of former projects/seminars/activities carried out by FASIE and the information FASIE holds concerning the number of enterprises and their activities in the regions of Russia. The research has shown:

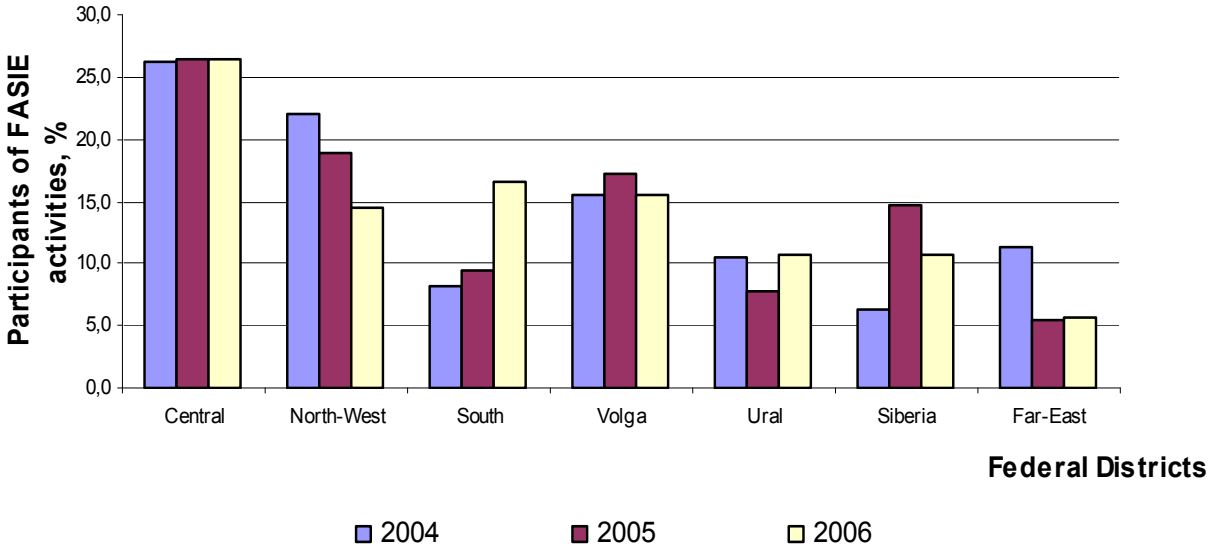

FIGURE 4. Distribution of participants of FASIE activities in 2004, 2005, 2006 in Federal Districts of RF

that almost 50% of all the projects/activities were organized between Central and Northwest regions. The character of distribution has not changed considerably over the years.

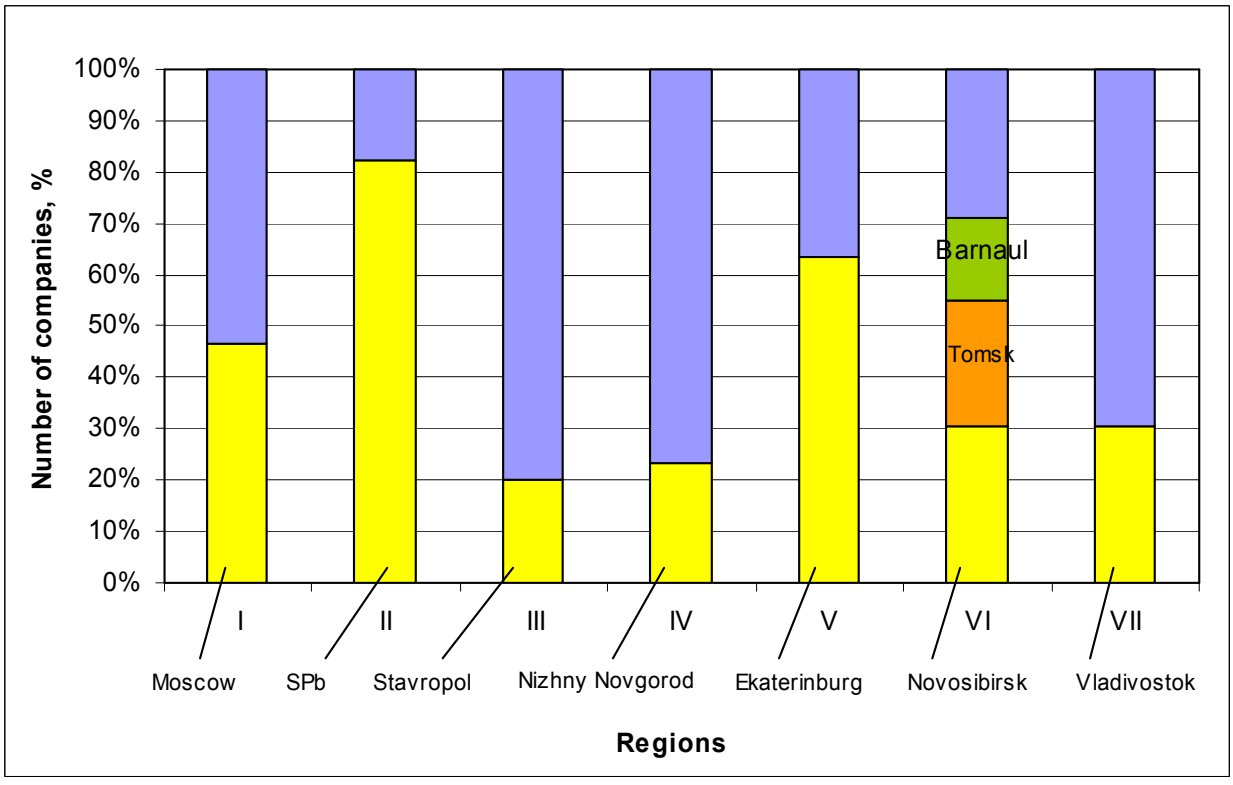

FIGURE 5. Distribution of companies in Federal Regions

The most significant role – 80% play the Northwestern region, where the number of big cities, apart from St. Petersburg, is considerably small.

3.3 Analysis of innovation potential of enterprises with different patterns of ownership (in accordance to FASIE)

FASIE activities and projects are aimed at all kinds of enterprises who deal with innovation.

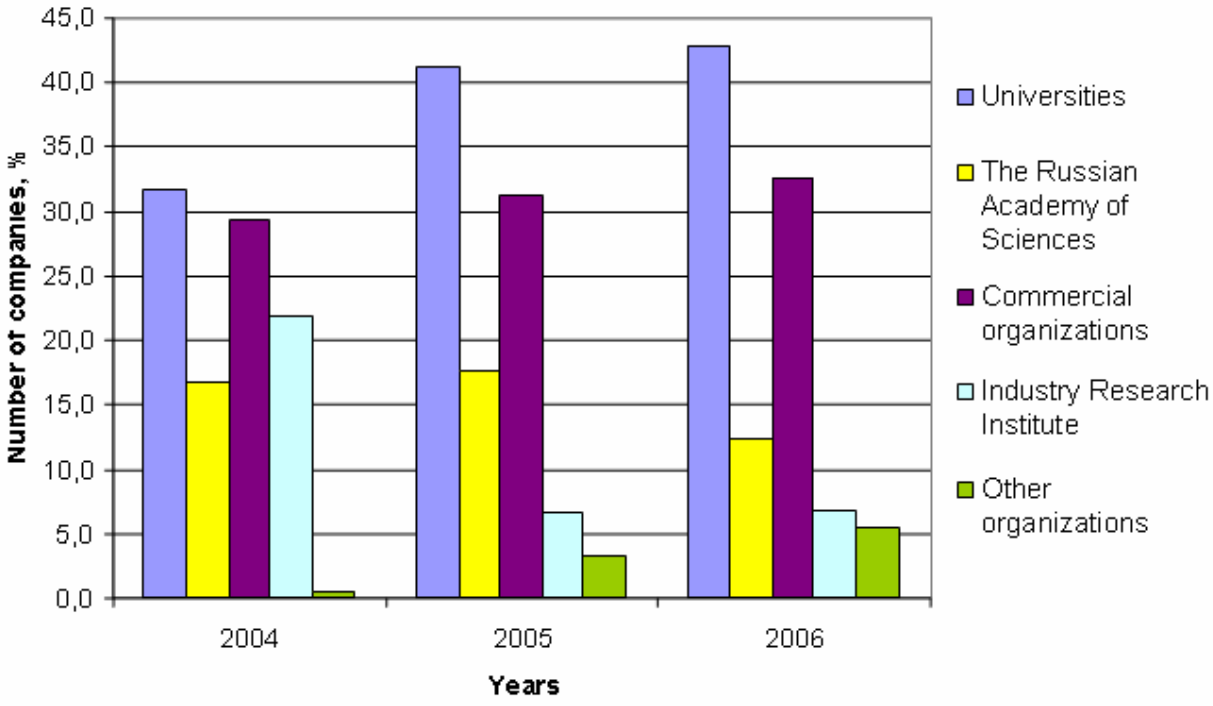

FIGURE 6. Distribution of innovation potential in enterprises with different patterns of ownership

The highest participant numbers are universities and commercial organizations. Percentage of participation the Russian Academy of Science is rather low.

Main goals of universities are to provide education, where the practical part is based on initiative and could be carried out with the help of commercial organizations. For Russian Academy of Science the main area of operation is fundamental scientific research, which is supported by high participation in international projects.

3.4 SME NCP activity questionnaire

To a clearer picture about importance of SME NCP awareness and its activities and/or other SME activities the following questionnaire has been prepared:

Questionnaire/Feedback about SME NCP awareness and activities

1. Have you ever heard of INTAS?
2. Have you ever heard of FASIE?
3. Have you ever heard of EuroInnovation?
4. Have you ever heard of National Contact Points?
5. Have you ever used services of the National Contact Point?
6. Have you ever heard of EU framework programs (FP6/FP7)?
7. Have you ever thought of participating in EU framework programs or get funds or financial support from abroad?
8. If so, were you successful / was it easy to find information?
9. Have you ever participated in seminars/workshops related to framework programs?
10. If so, how did you hear about them?
11. If not, would you like to participate?
12. Do you know anything about opportunities for Russian SMEs in EU programs?
13. Do you think SMEs get enough government support in Russia?
14. Being an SME what main problems do you face with regards to conducting research / carrying out projects / search of cooperation?
15. What do you think could be improved with regards to NCP activity?
16. Do you read any magazines/newspapers/etc targeted SMEs in Russia?

17. Would you like to receive more publicity on opportunities SMEs have in EU?
18. Which sources of information would you trust better if you had a choice?
19. In which language would you prefer to receive this information?
20. Feedback

This questionnaire has been sent out to different regional multipliers from EuroInnovation database, who have then distributed it to companies in the local areas. Representatives of twenty nine companies of different regions of Russian Federation have answered the questionnaire, the list of these companies include:

TABLE 3. List of companies interviewed

1	Altaiskiy Regional Fund for Assisting Innovative Enterprises	Barnaul
2	"Edison" Innovation Agency of the Bashkortastan Republic	Ufa
3	"Transfer" ITC of Belgorod	Belgorod
4	Research Center in Bryansk	Bryansk
5	ITC in Vladimir	Vladimir
6	"Renacord" Regional Research Coordination Center	Voronezh
7	ZAO "ILIP"	Saint-Petersburg
8	Interregional Center for Servicing SMEs	Krasnodar
9	Innovation Center at the Kursk Chamber of Commerce and Industry	Kursk
10	Innovation Technology Center at the Nizhegorodskiy State University	Nizhniy Novgorod
11	NCT in Novgorod	Novgorod
12	"Novosibirsk" ITC	Novosibirsk
13	Fund of Financial Support for SMEs in Primorskiy Kray	Vladivostok

14	“InTech-Don” RI ITC	Novocherkassk
15	Regional Fund for Assisting Innovating Enterprises in the Ryazan Region	Ryazan
16	The State Venture Fund for Supporting Innovatinve Enterprises in the Samara Region	Samara
17	Affiliate of the Machine Building Institute	Saratov
18	“Rosna” RIC	Ekaterinburg
19	“Promtechexpo”	Smolensk
20	KNIAT ITC	Kazan
21	InnoCenter of Tver	Tver
22	“Technoecos”	Tambov
23	Center for Supporting Innovations	Tomsk
24	Tula Regional League for RTD and Innovation Development (“Tula-Interch” League)	Tula
25	“Tyumenskiy Science Park” Association	Tuymen
26	Non commercial Partnership of “Ulianovskiy Innovation Center BINK”	Ulianovsk
27	Research Center DVO RAS in Khabarovsk	Khabarovsk
28	“Educational Business Center”	Cheboksary
29	“YarECOS invest”Ltd	Yaroslavl

Challenges faced while gathering the questionnaire feedback:

- Recognition of the questionnaire importance and potential benefits the company could face with obtaining such information:
    - Some places which have been contacted have at once refused to provide any feedback on such topic

- Lack of motivation to answer the questionnaire:
    - Some places preferred the questionnaire to be left at their office for a while and be contacted later and of course in this case the questionnaire never gets answered due to the “lack of time”

- Language barrier
    - People not able to perceive this information in English would not be able to read CORDIS and/or participate in a framework program

3.5 Results of the research

3.5.1 SME NCP questionnaire results

The data collected from the questionnaire has shown that half of the companies who gave their feedback (15 out of 29) are familiar with INTAS and its activities mainly through FASIE and internet, the rest (14) have not heard of INTAS before.

All the companies interviewed are familiar with FASIE and/or been involved with its activities previously. One third of the companies (20) have heard about the EuroInnovation but not everyone knows under what conditions this company was established (why FASIE decided to maintain a separate office).

Half (15) of the companies have heard about the SME NCP concept and its activities. Since EuroInnovation is only working with innovation area and partner search in the same area, companies who have heard about EuroInnovation and who operate in a different area have never received any information on SME NCP activity.

Only 10 out of these 15 companies have used the services of SME NCP, mainly the help with partner search.

Half (15) of the companies interviewed have seen/read/received publicity on FP6 and/or FP7. One third (10) has successfully participated in FP6 and received funding for the project, same third of the group has participated in numerous seminars and workshops organized through EuroInnovation, FASIE and CORDIS. Information about these events was delivered to companies through direct calls, website posts and the blog. Those ones not able to participate due to lack of information would like to have an opportunity to do so next time when such event is being organized.

20 companies believe that SMEs receive enough government support in Russia. The main problem SMEs are facing with regard to participation in Framework programs is finding an interested partner in EU, also there isn't enough information on call for proposals in Russian and most organizations believe that more seminars and workshops on how to participate should be organized with power point presentation and prospectus/brochure in Russian.

Only 5 companies read information published about SME/government support/international funding opportunities in newspapers and magazines. Such information is very hard to find this area is rather new in the country and most of information is only published on the internet, there are no magazines specializing in small business activities. Newsletters and FASIE website are the sources found most reliable nowadays but the demand for SME/small business specialized publications remains very high

The language remains a barrier in the country since only those able to speak, read CORDIS and carry out project together with international consortia of partners are able to participate in the Framework Programs. Nevertheless the number of those speaking English in the country is growing fast, understanding the necessity of it. Still if faced with a choice Russians prefer doing business in their mother tongue and receiving all the information and prospectuses in Russian, on which NCP needs to work better.

Overall research has shown that Central, Northwestern, Ural, Siberia and Volga regions are among mostly informed about SME NCP activities and are among the participants of the seminars and workshops. Whereas Far East and South regions are less developed and need more attention from SME NCP.

3.5.2 Benefits for Russian SMEs in EU Framework Programs

The overall research has shown that SME sector in Russia is growing fast and has a lot of innovation potential. Nowadays Russian SMEs receive much more government support than a few years ago. FASIE has been responsible for many projects and joint activities aiming at cooperation locally and internationally.

Since an SME NCP (EuroInnovation) has been established in Russia with the help of INTAS a lot more opportunities opened up. The biggest problems faces by Russian SMEs, such as partner search, lack of financial support, lack of information in Russian about the opportunities framework programs hold do not seem impossible to solve anymore.

Benefits Russian SMEs receive if participating in the EU Framework Program:

- Cooperation with international partners of the consortia
- EU funding
- Knowledge exchange
- Experience
- Building awareness on other opportunities available through the EU and/or FASIE

3.5.3 Benefits for EU parties in Framework programs

EU members of the consortia have long been aware of the fact that cooperating with a country like Russia would increase the chances of receiving the EU funds. Not only that, but Russia has a huge scientific, technical and innovation potential.

USSR has invested a lot of money in fundamental science. Together with few other developed democracies it was a world leader in research and the use of outer space, rocket production, nuclear energy and other areas which Russia has inherited. With development of market economy and entrepreneurship Russian businesses became more dynamic and competitive and can bring a significant contribution to international projects.

The benefits received by the EU members include:

- Improving chances to receive the funding
- Knowledge exchange
- Experience exchange
- Working with Russia may open up opportunities for further cooperation upon the end of the project
- Building awareness about Russian ways of doing business

3.6 Discussion

From the EU perspective Russia is the most important neighboring country and one of the most important partner countries on the global scale.

That is why providing Russian SMEs with information about opportunities they can have is my task.

To increase knowledge in the field and explain the necessity of creating Informational Guides for Russian SMEs the following steps were undertaken:

- studying the topic starting with the historical overview;
- summarizing the state of innovation activities in Russia;
- identifying 'good practice' of transnational access and joint infrastructures as well as barriers and threats;
- studying activity of Russian, European and international organizations

Two Informational Guides are created and presented in Appendices:

- Informational Guide on FP7 (Appendix 1);
- Informational Guide on CORDIS (Appendix 2).

These guides are prepared on Russian SME NCP request and will be used as brochures to disseminate information.

Much impact is expected from integrating the Russian SMEs into EU projects. It is considered to be of high priority for both sides:

- for EU members information on cooperation opportunities with Russian partners is extremely important.
- for Russian participants advice and support for future cooperation will enhance the Russian participation in EU programs.

Therefore having a guide is crucial for efficient partner search and increase in numbers of international projects.

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APPENDICES

GUIDE TO CORDIS (APPENDIX 1)

CORDIS, the Community Research and Development Information Service for Science, Research and Development, which was established in 1990 and has served an essential service for European research and innovation, is now the official source of information on the seventh framework program (FP7) calls for proposals; offers interactive web facilities, that links together researchers, policymakers, managers and key players in the field of research.

Main *mission* of CORDIS is:

- To facilitate participation in European Research activities;
- To enhance exploitation of research results with an emphasis on sectors crucial to Europe's competitiveness;
- To promote the dissemination of knowledge fostering the innovation performance of enterprise and the societal acceptance of new technology.

CORDIS is managed by the Office of the Official Publications of the European Communities (Publications Office) which is a publishing house of the European Union.

As a publisher, the Publications Office has a duty to offer the highest-quality service to its customers – the originating departments of the institutions and other bodies of the European Union – and to its public — the citizens of the European Union and people throughout the world who are interested in European affairs.

Therefore CORDIS is created as an information space, filled with a huge array of accurate and up-to-date data on European research and development activities and capacities. The use of the online services of CORDIS is free-of-charge and key web

pages and services are available in English, German, Spanish, Italian and Polish. At present, there are approximately:

- 350 000 database records
- 400 000 Web pages
- 60 000 downloadable documents

New information is added daily, and all information is regularly updated and reviewed until it is archived. It provides an interactive platform where information and knowledge can be exchanged, where partnerships can be formed, and where European research is turned into benefits for European citizens.

There is a number of Research and Technological Development (RTD) programs as well as other research-related programs and initiatives available for revision at CORDIS:

- *European Research Area*
    - The service provides a comprehensive view on the concept, the activities and further steps illustrating the lively debate initiated in January 2000. It also includes archive on the FP6 adoption.
- ***Seventh Framework Program Service (2007-2013)***
    - FP7 provides a gateway to the latest developments on the preparation of the Seventh Framework Program (FP7) and its essential features. It gives you the latest news and events on FP7 as well as the key milestones towards FP7
- *European Researcher Mobility Portal*
    - The European Researcher's Mobility Portal is a joint initiative of the European Commission and the 34 countries participating in the European Union's Seventh Framework Program for Research. It is a one-stop shop for researchers seeking to advance their careers and personal development by moving to other countries.
- *ERAWATCH*
    - ERAWATCH provides information on national research policies, structures, programs and organizations. The aim of this service is to

support policy making in the research field in Europe, by facilitating a better knowledge and understanding of national research systems, policies and the environments in which they operate

- *ERA-link*
    - Era-link is a networking tool for European researchers in the US. It provides information about research in Europe, European research policy, opportunities for research funding, for international collaboration and for trans-national mobility
- *eContent*
    - Information on this program (2001-2004) encouraging the development and use of European digital content on world networks and promoting linguistic diversity in the information society
- *Intelligent Manufacturing System (IMS)*
    - Industry-led, international Research and Development program established to develop the next generation of manufacturing and processing technologies. Companies and research institutions from Australia, the European Union and Norway, Switzerland, Canada, Republic of Korea, Japan and the United States of America participate in this program
- *CERIF: the Common European Research Information Format*
    - CERIF is a set of guidelines meant for everyone dealing with research information systems. The CERIF 2000 guidelines are developed by a group of experts from the EU Member States and Associated Member states, under the co-ordination of the European Commission.
- *EUREKA*
    - Pan-European framework for research and development cooperation through which industry and research institutes from 35 European countries and the European Union develop and exploit the technologies crucial to global competitiveness and a better quality of life
- ***International Association for the promotion of cooperation with scientists from the New Independent States of the former Soviet Union (INTAS)***
    - An independent association formed by the European Community, its Member States and like minded countries acting to preserve and

promote the valuable scientific potential of the New Independent States of the former Soviet Union (NIS) through East-West Scientific co-operation

- *TEN-Telecom*
    - Community action to support deployment and innovation applications and services based on Trans-European Telecommunications Networks
- *COST (Cooperation in the field of Scientific and Technical Research)*
    - Framework for scientific and technical cooperation, allowing the coordination of national research on a European level. COST Actions consist of basic and pre-competitive research as well as activities of public utility
- *Socio-economic research in the Life Sciences and the emerging Biosociety*
    - In February 2000 the Quality of Life Program launched the Biosociety web site to act as an interface between biotech research and socio-economic experts working in the Life sciences. It aims to provide information about the impact that new technologies have on people, society and markets.
- *International Energy Cooperation Program (SYNERGY)*
    - SYNERGY helps third countries formulate and implement their energy policy in fields of mutual interest. It also finances projects promoting industrial cooperation between the European Union and third countries in the energy sector.
- *Security of Telecommunications and Information Systems*
    - This site contains the results of actions in the field of Information Security which were conducted from 1996 to 1998 and are now complete. The results of some earlier work are also available.
- *Cohesion, Competitiveness and RTD and Innovation policies*
    - Site dedicated to the follow-up of the European Commission's Communication "Reinforcing cohesion and competitiveness through RTD and Innovation" [COM(1998) 275, 27/05/1998].

GUIDE TO THE SEVENTH FRAMEWORK PROGRAM (FP7) (APPENDIX 2)

The *Seventh Framework Program* for research and technological development (FP7) is the European Union's main instrument for funding research in Europe.

FP7 applies to the years 2007-2013 and is the natural successor to the *Sixth Framework Program* (FP6), as well as the result of years of consultation with the scientific community, research and policy making institutions, and other interested parties.

Running from 2007 to 2013, FP7 has a budget of **53.2 billion euros** over its seven-year lifespan, the largest funding allocation yet for such programs.

FP7 has some *key differences* to earlier EU research programs like FP6, FP5, FP4, including:

Increased budget – the FP7 budget represents a 63% increase from FP6 at current prices, which means additional resources for European research. It is also a strong political message to the EU Member States, which have committed themselves to increase research spending from 2% of GDP currently to 3% in 2010.

Focus on themes – a strong focus on major research themes (e.g. health, ICTs, space, etc.) within the largest component of FP7 – Cooperation – makes the program more flexible and responsive to the needs of industry.

European Research Council (ERC) – the first pan-European agency for funding research, the newly created *European Research Council*, aims to fund more high-risk yet potentially high-gain European research at the scientific frontiers.

Regions of Knowledge – FP7 is establishing new *Regions of Knowledge* that bring together the various research partners within a region. Universities, research centers, multinational firms, regional authorities and SMEs can all link up and strengthen their research abilities and potential.

Risk-sharing finance – a new *Risk-sharing finance* facility is to enhance backing for private investors in research projects, improving access to loans from the European Investment Bank (EIB) for large European research actions.

Joint Technology Initiatives (JTIs) – a user-driven follow-up to the European Technology Platforms (ETPs), the JTIs are a new concept that brings together different partners to take on objectives that cannot be reached via the 'Calls for Proposals' approach. JTIs specifically address those areas of research activity where enhanced collaboration and considerable investment are essential to long-term success.

FP7 still retains the important elements of earlier Framework research programs. The same emphases remain on consortia of European partners, collaboration across borders, open coordination, flexibility and excellence of research.

The Seventh Framework Program (FP7) includes several specific programs:

• **Nuclear research (Euratom program) –** developing Europe's nuclear fission and fusion capabilities.

• **Cooperation –** fostering collaboration between industry and academia to gain leadership in key technology areas.

• **Ideas –** supporting basic research at the scientific frontiers (implemented by the European Research Council).

• **People –** supporting mobility and career development for researchers both within and outside Europe.

• **Capacities –** helping develop the capacities that Europe needs to be a thriving knowledge-based economy.

The priorities in FP7 are contained within these programs:

Nuclear research

This specific program comprises two parts – the first part focusing on nuclear fusion and the international ITER research facility which is to be constructed in Europe.

The objectives are to develop the knowledge base on nuclear fusion, and to realize the experimental ITER fusion reactor. ITER is set to be the biggest research project on Earth.

The second part of the program covers nuclear safety, waste management for nuclear fission facilities, and radiation protection. The Joint Research Centre's activities in this area include developing a European-level view on management and disposal of radioactive waste, maintaining safe operation of nuclear facilities, and supporting further research into nuclear power.

Cooperation program – the core of FP7

The core of FP7 and its largest component by far, the *Cooperation program* fosters collaborative research across Europe and other partner countries, according to several key thematic areas.

These themes are: health; food, agriculture and fisheries, and biotechnology; information and communications technologies; nanosciences, nanotechnologies, materials and new production technologies; energy; environment (including climate change); transport (including aeronautics); socio-economic sciences and the humanities; space and security.

This program also includes the new *Joint Technology Initiatives*, which are industry-driven, large-scale multi-financed actions, supported in certain cases by a mix of

public and private funding. Other highlights of this program include *Coordination of non-community research programs*, which aims to bring European national and regional research programs closer together (e.g. ERA-NET), and the Risk-sharing finance facility.

Special attention is also being paid to multi-disciplinary and cross-theme research, including joint calls for proposals between themes.

Ideas program – and the European Research Council (ERC)

The *Ideas program* is the first time an EU Framework research program has funded pure, investigative research at the frontiers of science and technology, independently of thematic priorities. As well as bringing such research closer to the conceptual source, this FP7 program is recognition of the value of basic research to society's economic and social welfare.

The *Ideas program* is unique and flexible in its approach to EU research, in that proposed research projects are judged on the basis of their excellence, as judged by peer review. It is being
implemented by the new *European Research Council* (ERC), which consists of a Scientific Council (to plan scientific strategy, establish the work program, quality control and information activities) and an implementing agency (administration, support for applicants, proposal eligibility, grant management and practical organization).

Research may be carried out in any area of science or technology, including engineering, socio-economic sciences and the humanities. Particular emphases are being placed on emerging and fast-growing fields at the frontiers of knowledge, and on cross-disciplinary research.

There is no obligation for cross-border partnerships.

People program – boosting European research careers

The *People program* provides significant support for research mobility and career development, both for researchers inside the European Union and externally. It is being implemented via a coherent set of Marie Curie actions, designed to help researchers build their skills and competences throughout their careers.

The program includes activities such as initial researcher training, support for lifelong training and development via trans-national European fellowships and other actions, and industry/academia partnerships. An international dimension with partners outside the EU is to further develop the careers of EU researchers, by creating international outgoing and incoming fellowships to foster collaboration with research groups outside Europe.

Capacities program – building the knowledge economy

The *Capacities program* is designed to help strengthen and optimize the knowledge capacities that Europe needs if it is to become a thriving knowledge-based economy.

By strengthening research abilities, innovation capacity and European competitiveness, the program is stimulating Europe's full research potential and knowledge resources. The program embraces six specific knowledge areas, including Research Infrastructures, *Research for the benefit of SMEs*, Regions of Knowledge, Research Potential, Science in Society and International Cooperation activities.

SMEs IN THE FP7: RESEARCH FOR THE BENEFIT OF SMEs

The aim of the research is to strengthen the 'innovation capacity' of small and medium-sized enterprises (SMEs) in Europe and their contribution to the development of new technology based products and markets. The program will help them outsource research, increase their research efforts, extend their networks, better exploit research

results and acquire technological know how, bridging the gap between research and innovation.

Representing 99% of all enterprises in Europe, SMEs contribute more than two thirds of European GDP and provide 75 million jobs in the private sector as mentioned previously. They are, therefore, key to implementation of the renewed Lisbon strategy for economic growth and employment.

To achieve the goals of 'Research for the benefit of SMEs', the following three groups of indirect actions are being implemented:

1. Supporting SMEs outsourcing research activities

This support aims at SMEs or SME associations in need of outsourcing research to providers of research services ('RTD performers') such as universities, research centers or other, more specialized SMEs.

It is to be implemented through two distinct schemes:

- *Research for SMEs* - targeting mainly low to medium technology SMEs with little or no research capability, but also high-tech SMEs who need to outsource research to complement their core research capability. Projects aim at creating new knowledge or producing results with clear potential to improve or develop new products, processes or services for the participating SMEs.

- *Research for SME associations* - targeting associations which act on behalf of their SME members to identify and address common technical problems and to promote the effective dissemination and take-up of results. Projects in this activity may address topics such as pre-normative research issues, technological problems related to the development and implementation of legislation, and technological problems of whole industrial sectors.

2. Developing and coordinating support to SMEs at national level

In the long-term perspective, it is expected that national and regional research programs for SMEs establish common objectives and evaluation methods for trans-national research cooperation with a significant added value to Community support for the benefits of SMEs.

a) Financial support, based on 'Article 169 initiatives';
b) Financial support to national schemes providing financial means ('exploratory awards') to SMEs or SME associations to prepare proposals;
c) ERA-NET projects will aim at the coordination of national or regional programs targeting SMEs in a similar way as 'Research for SMEs' and 'Research for SME associations';
d) A 'Coordination and support action' will be awarded to the network of National Contact Points (NCPs) appointed by EU Member States and Associated Countries for 'Research for the benefit of SMEs'.

3. Support measures

Additional measures will be launched to reinforce the impact of participation in SME-specific research projects and to closely monitor and assess participation in both FP6 and FP7:

a) 'Coordination and support actions' will be awarded to projects favoring and increasing the impact of actions undertaken under 'Research for the benefit of SMEs';
b) Studies will be undertaken at various stages of FP7 to analyze and assess the socio-economic impact on and needs of participants in 'Research for the benefit of SMEs'.

The European Commission will fund activities targeting SMEs by selecting project proposals submitted following the publication of a 'Call for proposals'.

The EU Member States have earmarked a total of **1336 million euros** for funding SME research support over the duration of FP7.

PARTICIPATION IN FP7

Participation in the Seventh Framework Program is open to a wide range of organizations and individuals. Universities, research centers, multinational corporations, SMEs, public administrations, even individuals, from anywhere in the world – all have the opportunity to participate in FP7.

Different participation rules apply depending on the research initiative in question. To be able to participate in the FP7 an individual/organization/SME should:

1. Have an idea or vision for a research project.

2. Consult the rules for FP7 research.

3. Seek out other EU partners or participants from abroad who share your vision and with which you can cooperate (*with the help of **National Contact Points (NCPs)***!).

4. Submit the application to the European Commission, according to the Call for Proposal deadlines and dedicated work program (emphases remain on ***consortia*** of European partners!)

5. The European Commission guarantees proper evaluation of your submission by 3-7 independent evaluators, who are experts in that field.

6. The Commission will notify of the evaluation results. If they are positive, contract negotiations will begin.

7. Contract signature and start of the project.