

Research for the Benefits of SMEs

- It is a Capacities Programme managed by the Research Executive Agency (REA)
- Overall objective is to strengthen the innovative capacity of European SMEs by helping them to outsource research
- Projects may address any research topic across the entire field of science and technology, but must fit into the overall business strategy of the SME
- SME activities characterised by large numbers of relatively small grants

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Participants

RTD performer

Hybrid function:

- Subcontractor, providing research to the SME
Customer-seller relationship:
SME buys from the RTD performer RTD and/or Demonstration activities on market conditions; the costs are the price they pay for the acquisition of ownership (IPR) and/or user rights (licences), not the actual costs and hence not to be verified by auditors and
- Beneficiary, who can claim some costs directly or could keep ownership of research results and sell licenses to SMEs

SME

- Responsible for outcome/results of the project (e.g. quality of RTD performer service)
- Invests into the project (co-finance)
- Outsources research (the transaction=subcontracting)
- Owner of the results of the project

Coordinator (SME or other type of entity)

- Professional project manager
 - Monitoring compliance of partners with their obligations
 - Management of Community financial contribution

Research for the Benefits of SMEs: how to get things right

Relevant financial provisions

- General conditions in Annex II, e.g. no charging of VAT or no indirect costs on RTD transaction, **but also**
- Specific provisions in Annex III, e.g. III.4
 - The SME claims the costs for RTD and/or Demonstration activities to the REA, i.e. the RTD performer costs
 - The RTD performer claims only the costs for Management and/or Other activities to the REA

Transaction with RTD performer: how to get things right

SME's cost claim to REA in the form C in the ideal case where the SME will pay the RTD performer invoice

- RTD invoice should be addressed to the SME
- RTD invoice amount and description should be reconcilable with Annex I
- RTD invoice should be recorded in the accounts of the SME in accordance with the national accounting rules

If the RTD performer invoice is paid directly by the **Coordinator**, the following conditions must be fulfilled **in addition** to the above:

Transaction with RTD performer: how to get things right

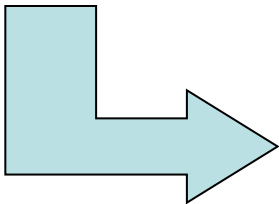
Remember: if the RTD performer invoice is paid directly by the Coordinator:



- The SME should explicitly approve and instruct the Coordinator to pay the invoice
- the invoice should be recorded in the accounts of the SME in accordance with the national accounting rules in order to allow the auditors to trace the costs charged

Transaction with RTD performer: errors detected during audits

- RTD performer invoices not recorded in the accounts of the SME at all or during the relevant reporting period
- No explicit approval and instruction for payment on the part of the SME, when invoice paid by Coordinator



High impact, as some 75% of the total grant are related to a transaction

Research for the Benefits of SMEs : additional information sources

- Cordis (http://cordis.europa.eu/fp7/find-doc_en.html)
 - REA model Grant Agreements (and Annexes II-VII)
 - Work Programmes 2007-2012
 - Guide to Financial Issues relating to FP7 Indirect Actions
 - Etc.
- Commission webpage (http://ec.europa.eu/research/sme-techweb/index_en.cfm)
 - SME TechWeb