



**EUROPEAN COMMISSION**

Directorate-General for Communications Networks, Content and Technology

Net Futures  
**Net Innovation**

## **Frequently Asked Questions Third call Future Internet Public-Private Partnership, Objective 1.8 “Expansion of Use Cases”**

**Disclaimer:**

This document aims to give answers to the most frequently asked questions related to Objective 1.8 of Call 3 of the Future Internet Public-Private Partnership. It does not replace the Work Programme text, which is the official reference for the call.

**Version history**

1.0	09 August 2013	First version of the FAQ document
2.0	13 August 2013	Added A1 (2-step approach) and A4-A5 (participation by natural persons)
2.1	26 September 2013	Further precisions and additions
3.0	28 November 2013	Added B8 (equity mechanism), B9 (competitions and prizes) and B10 (cost category of the subgrants)

## **A. PARTICIPATION TO FI-PPP CALL 3, OBJECTIVE 1.8**

### **A.1. How can organisations apply for funding of the 3rd call?**

The call is structured in two steps: in the first step, consortia need to submit proposals to the European Commission and up to 20 consortia will be selected. These consortia will consist of organisations with connections to SMEs and web entrepreneurs. Examples of such organisations are start-up accelerators, crowd-funding platforms, and venture capitalists, co-working spaces, regional funding organisations, SME associations and technology companies. The goal of these projects is to define open calls for distributing grants to SMEs and Web entrepreneurs. SMEs and start-ups could apply to fulfil this goal, but are NOT targeted in this first step. The deadline for this call is 10 December 2013.

After 10 December 2013, the submitted proposals will be evaluated and the best 20 (or less) will enter into negotiations with the Commission for a contract. Projects will start around May 2014 at the earliest.

In the second step, the selected projects (up to 20) will launch open calls for SMEs and startups as part of their work to be carried out. Only then, SMEs and startups could submit proposals to one (or perhaps more) of these open calls, in accordance with the requirements defined by these projects. The first open calls are expected to be launched 3-4 months after the 20 projects start.

The following links provide more information related to step 1:

- Overview page: [http://cordis.europa.eu/fp7/ict/netinnovation/call3\\_en.html](http://cordis.europa.eu/fp7/ict/netinnovation/call3_en.html)
- Work programme: <http://cordis.europa.eu/fp7/ict/netinnovation/docs/wp2011-13.pdf>
- Call documents (including instructions on how to apply for step 1):  
<https://ec.europa.eu/research/participants/portal/page/cooperation?callIdentifier=FP7-2013-ICT-FI>

For step 2, the 20 selected projects will announce their calls via their own means and via Commission websites. Obviously, no information is yet available for this.

### **A.2. What is the minimum number of legal entities in a CP-CSA proposal?**

The minimum are the following:

- (a) at least three legal entities must participate, each of which must be established in a Member State or associated country, and no two of which may be established in the same Member State or associated country;
- (b) all three legal entities must be independent of each other.

### **A.3. What is Special Clause 42?**

It's a clause which will be included in all grant agreements selected under FI-PPP call 3 – Objective 1.8. The precise text of special clause 42 can be found in the file “List of all special clauses applicable to FP7 model grant agreement” at: [ftp://ftp.cordis.europa.eu/pub/fp7/docs/fp7-ga-clauses-v9\\_en.pdf](ftp://ftp.cordis.europa.eu/pub/fp7/docs/fp7-ga-clauses-v9_en.pdf)

The purpose of the clause is to set the conditions under which beneficiaries can give financial support (i.e. ‘sub-grant’) to small and medium-sized enterprises (SMEs) and web entrepreneurs in order to achieve the objective of the call.

The clause states that where the implementation of the action (i.e. the project) requires giving financial support to third parties, the beneficiaries shall give such financial support in accordance with the conditions specified in Annex I, which shall at least contain:

- the maximum amount to be granted to a third party. Please note that the EUR 60.000 limit mentioned in Special Clause 42 does not apply because the primary aim of these grants is the financial support to third parties,
- the criteria for determining the exact amount,
- a fixed and exhaustive list of the different types of activities for which a third party may receive financial support,
- the definition of the persons or categories of persons which may receive financial support,
- the criteria for awarding financial support.

The beneficiaries shall ensure that the conditions applicable to them under Articles II.3 (n), II.9, II.12, II.22, II.23, II.42, and Part C of Annex II – General conditions are also applicable to the third parties receiving financial support.

The articles mentioned above can be found in the FP7 Grant Agreement - Annex II General Conditions at [ftp://ftp.cordis.europa.eu/pub/ftp7/docs/ftp7-ga-annex2-v7\\_en.pdf](ftp://ftp.cordis.europa.eu/pub/ftp7/docs/ftp7-ga-annex2-v7_en.pdf)

#### **A.4. Can a natural person participate as beneficiary in a project of the 3<sup>rd</sup> call?**

Natural persons can, according to the Rules for Participation<sup>1</sup>, be a beneficiary; however they cannot be the coordinator.

#### **A.5. If as result of the 3<sup>rd</sup> open call, a natural person is a beneficiary of one of the projects, how should this natural person claim costs?**

1. Personnel costs:
  - a) If the natural person does not receive a salary, as accounted in his/her books, a flat-rate to cover the value of his contribution to the project, based on the allowances used in the People Specific Programme (Marie Curie flat-rates) applies directly, except for those who have a previously approved Certification of average personnel costs (COMAV).
  - b) When submitting personnel costs in Form C, the beneficiary will calculate those by applying the hourly rate resulting from the formula to the actual hours worked in the project. The total number of hours claimed for the project in a year cannot be higher than the standard number of productive hours per physical person (1,575).
  - c) The resulting figure should appear in the Form C under the cost category "lump-sum/flat-rate-scale of unit declared". If the tool does not allow for the introduction of this flat-rate under the cost category "lump-sum/flat-rate-scale of unit declared", the beneficiary should declare the flat-rate under "personnel costs" and explain that they are using this flat-rate option in the project report.
2. Indirect costs:
  - a) The standard flat-rate for calculating indirect costs for physical persons is 20%.

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<sup>1</sup> <http://eur-lex.europa.eu/LexUriServ/LexUriServ.do?uri=OJ:L:2006:391:0001:0018:EN:PDF>

- b) Please note that for CSAs, the reimbursement of indirect eligible costs may reach a maximum of 7% of the direct eligible costs (this 7% is not a flat-rate, but a maximum reimbursement rate).
- 3. Other costs:
  - a) Natural persons can claim other costs, as provided in the Call for Proposals and according to the rules applicable to each funding scheme.
- 4. Certificate on the Financial Statements (CFS) rules (audit certificate):
  - a) The normal CFS rules apply as revised by Commission Decision C(2011)174<sup>2</sup> (new point 4.c) of Form D<sup>3</sup>.

**A.6. For the purpose of identification of the minimum requirements for participants in the project, how should we identify the nationality of the natural person?**

The address of the habitual residence of a natural person counts for determining the country.

In case a proposal with natural persons would be selected, the Commission would make some checks during the negotiation phase. To determine the habitual residence, we would then require documents issued by the country where the natural person has his/her habitual residence, so they can serve as proof that the natural person really has the habitual residence there according to national applicable legislation (passport may only proof the nationality, but not the residence, while Identity card or VAT, Value Added Tax, document will proof, rather, the residence).

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<sup>2</sup> [ftp://ftp.cordis.europa.eu/pub/fp7/docs/c-2011-174-final\\_en.pdf](ftp://ftp.cordis.europa.eu/pub/fp7/docs/c-2011-174-final_en.pdf)

<sup>3</sup> [ftp://ftp.cordis.europa.eu/pub/fp7/docs/fp7-ga-annex7d-v5\\_en.pdf](ftp://ftp.cordis.europa.eu/pub/fp7/docs/fp7-ga-annex7d-v5_en.pdf)

## **B. OPEN CALLS FOR PROPOSALS BY BENEFICIARIES OF OBJECTIVE 1.8 GRANT AGREEMENTS**

### **B.1. Who are the targets of the open calls? What is an SME? What is a web entrepreneur?**

The targets of the open calls are SMEs, web entrepreneurs, or other small and innovative ICT players<sup>4</sup>.

Small and Medium-sized Enterprises (SMEs) are defined in the Commission Recommendation 2003/361/EC at

<http://eur-lex.europa.eu/LexUriServ/LexUriServ.do?uri=OJ:L:2003:124:0036:0041:en:PDF>

You can consult the SME user guide<sup>5</sup> at

[http://ec.europa.eu/enterprise/policies/sme/files/sme\\_definition/sme\\_user\\_guide\\_en.pdf](http://ec.europa.eu/enterprise/policies/sme/files/sme_definition/sme_user_guide_en.pdf)

There is no legal definition of “web entrepreneurs” at European Union level. It is commonly understood that web entrepreneurs are entrepreneurs of an Internet-based business. Web entrepreneurs constitute a specific category of entrepreneurs, who create new digital services and products that use the web as an indispensable component of their business.

The only enterprises that are eligible for the open calls are SMEs. Natural persons may apply as well.

### **B.2. Is it possible to restrict the open calls to SMEs or web entrepreneurs in a certain region or country?**

The open calls must be open to all SMEs and web entrepreneurs (as established in the Rules for Participation<sup>6</sup>). Phase 3 projects therefore cannot restrict participation to open calls to SMEs or web entrepreneurs from a certain country or region.

However, phase 3 projects might require certain skills and competences and might use this as a selection criterion, if properly announced in the open call.

### **B.3. What are SMEs and web entrepreneurs expected to produce for the sub-grant they may receive?**

For example, the minimum requirements might be:

- Innovative and technologically challenging services and applications with a minimum level of functional complexity agreed beforehand and which validate GEs and/or use case platforms.

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<sup>4</sup> In the remainder of this document, the term ‘SMEs and web entrepreneurs’ is used for convenience reasons. Nevertheless, ‘other small and innovative ICT players’ are possible targets of open calls as well.

<sup>5</sup> This SME User Guide serves as a general orientation for entrepreneurs when applying the new SME definition. It does not have any legal value and does not bind the Commission in any way.

<sup>6</sup> Regulation (EC) No 1906/2006 of the European Parliament and of the Council of 18 December 2006 laying down the rules for the participation of undertakings, research centres and universities in actions under the Seventh Framework Programme and for the dissemination of research results (2007-2013) <http://ec.europa.eu/research/participants/portal/download?docId=30349>

- A report that describes the work done, the effort employed, and the applications/ services developed.
- A financial statement which details the cost and the requested sub-grant.

**B.4. What are the requirements regarding reporting to the European Commission by beneficiaries of the FI-PPP 3<sup>rd</sup> call grant agreements?**

Usual FP7 reporting will apply. Please have a look at the Guidance Notes on project reporting: [ftp://ftp.cordis.europa.eu/pub/fp7/docs/project-reporting\\_en.pdf](ftp://ftp.cordis.europa.eu/pub/fp7/docs/project-reporting_en.pdf)

Regarding the open calls, at least the following deliverables might be requested by the European Commission services for approval:

- Before the launch of the call: a call fiche and possible accompanying documents / web pages. The call fiche will be published via Commission websites, so that interested SMEs and web entrepreneurs find out about the open call.
- Before the submission date of the call: a list of independent experts for the evaluation of submitted proposals.
- Before awarding sub-grants: a report on the call and its outcome.

**B.5. How should the beneficiaries of the FI-PPP 3<sup>rd</sup> call grant agreements run the evaluation of their open calls?**

The principles of the evaluation process selecting the SMEs and web entrepreneurs for funding under this scheme should adhere to those of the FP7 evaluation standards. Notably the impartiality and assurance that no conflicts of interest exist must be guaranteed by the beneficiaries of the grant agreement. Experts in the evaluation act in their own capacity.

For more information on the FP7 evaluation standards please have a look at [ftp://ftp.cordis.europa.eu/pub/fp7/docs/fp7-evrules\\_en.pdf](ftp://ftp.cordis.europa.eu/pub/fp7/docs/fp7-evrules_en.pdf)

**B.6. Who is the owner of the Intellectual Property Rights (IPRs) of the services and applications developed under the 3<sup>rd</sup> call?**

The IPRs of the results by SMEs and Web entrepreneurs rest with them as stated in the Work Programme 2013. The provisions regarding Intellectual Property Rights laid down in the grant agreement are applicable to them as well (Part C of FP7 Grant Agreement - Annex II General Conditions, [ftp://ftp.cordis.europa.eu/pub/fp7/docs/fp7-ga-annex2-v7\\_en.pdf](ftp://ftp.cordis.europa.eu/pub/fp7/docs/fp7-ga-annex2-v7_en.pdf)).

**B.7. Suppose an SME or web entrepreneur participates in an open call, is selected, and receives pre-financing. Suppose that organisation goes bankrupt. What happens?**

The proposers implementing the granting of financial support to third parties need to offer adequate guarantees as regards the recovery of amounts due to the Commission. Indeed, in the event of a recovery order at the end of a project, the Commission will exclusively turn to the beneficiaries of the EU grant (i.e. the signatories of the grant agreement between the EC and the consortium), who then may be asked to reimburse amounts which they have transferred (subgranted) as financial support. Therefore

proposers implementing the granting of financial support are advised to install adequate procedures to monitor the third parties performance in light of limiting the financial risk to the necessary. A **thorough** assessment of the operational and financial capacity of the proposers will therefore be carried out.

**B8. In addition to the subgrant, I want to distribute additional funding and/or in-kind contributions (e.g. mentoring services, not charged to the project) to SMEs and web entrepreneurs. These additional contributions will be provided by certain beneficiaries in the consortium, which – in exchange – will take a share in the SME / web entrepreneur / startup. Taking a share in startups follows the typical way of working of my company. Is this allowed?**

Mechanisms to distribute funds to subgrantees must be transparent, free of conflict of interest, non-discriminatory, and must assure equal treatment for all. Those mechanisms can take different forms. The proposed equity mechanism is considered as a standard mechanism in the market. The services or financial support provided by the beneficiaries should be an additional contribution from these beneficiaries on top of the EC grant that they will distribute.

**B9. I want to distribute the subgrants to SMEs and web entrepreneurs via competitions and prizes. Is this allowed?**

A: Mechanisms to distribute funds to subgrantees must be transparent, free of conflict of interest, non-discriminatory, and must assure equal treatment for all. Those mechanisms can take different forms. The competition and prizes mechanism is a possible, allowed form.

Beneficiaries may give prizes provided that the minimum content of the rules of the contest is strictly defined in the proposal. The rules of the contest shall at least lay down the conditions for participation including the exclusion criteria, the award criteria, the amount of the prize and the payment arrangements. Prizes may not be awarded directly without a contest.

**B10. Under what cost category should I put the subgrants in part A of the proposal?**

Under the “Coordination” type of activity.



## **C. USING RESULTS FROM PHASE 1 AND 2**

### **C.1. Are the SMEs and web entrepreneurs required using the results of the FI-PPP or can they use other technology in the market?**

One of the objectives of the FI-PPP's third phase is to develop "highly innovative, infrastructure based, data-rich services and applications, building on, and extending, the large scale trials [i.e. the use case platforms] and the core platform functionalities [i.e. the generic enabler implementations]". The third phase supports the take-up of the FI-PPP technologies (notably GE implementations and phase 2 use case platforms) and validates their usefulness in real developments. This will allow the FI-PPP technologies to be further developed into marketable components and to train SMEs and web entrepreneurs on sophisticated technologies for innovative services and applications.

Any service and application that an SME or web entrepreneur will develop under the third phase of the PPP should use the FI-PPP technologies above.

The open calls will evaluate the extent to which the GEs and use case platforms are going to be used when developing applications and services and take this into account in the evaluation of the open calls as a major criterion. Preference should be given to open call proposals that maximise the use of the technology developed under the programme.

### **C.2. Can you give an example of a Generic Enabler?**

For examples of generic enabler *implementations*, please have a look at <http://catalogue.fi-ware.eu/>

For examples of generic enabler *specifications*, please have a look at: [http://forge.fi-ware.eu/plugins/mediawiki/wiki/fiware/index.php/Summary\\_of\\_FI-WARE\\_Open\\_Specifications](http://forge.fi-ware.eu/plugins/mediawiki/wiki/fiware/index.php/Summary_of_FI-WARE_Open_Specifications)

### **C.3. How will the robustness of the technology (in particular, of generic enablers) be ensured?**

One of the major roles of the phase 2 use case projects (FITMAN, FIspace, FINESCE, FI-STAR and FI-CONTENT 2) is to validate and test the robustness of the generic enablers. This should ensure that when SMEs and web entrepreneurs access the technologies, they are at a mature level in terms of quality and functionality.

### **C.4. What are the terms and conditions for using the generic enablers?**

Status as of beginning of August 2013: The generic enablers are defined and their implementation is developed by the FI-WARE project (<http://www.fi-ware.eu>). The FI-WARE Catalogue (<http://catalogue.fi-ware.eu>) defines the terms and conditions for access and use of each GE implementation, however only for a limited set so far. Per GE implementation, the Catalogue defines the terms and conditions for three categories, namely

- use within the FI-PPP,
- use within the Open Innovation Lab, and
- use outside the FI-PPP and beyond the lifetime of the PPP.

Please note that the third category is most relevant to SMEs and web entrepreneurs who want to submit proposals to the open calls.

The FI-WARE consortium will specify the terms and conditions of all GE implementations by September 2013.

Please check regularly the FI-WARE catalogue and/or contact FI-WARE representatives directly.

**C.5. What are the terms and conditions for using the use case platforms delivered by the on-going phase 2 use case projects?**

The on-going phase 2 use case projects (<http://www.fi-ppp.eu/projects/>) are building use case platforms to develop innovative applications and services in different domain areas. The phase 2 use case projects will specify the platforms and the terms and conditions of use by September 2013. The actual delivery of the platforms will be in June 2014 at the latest.

Specifications of the use case platforms should be in time for phase 3 proposers to take into account in their proposals. Delivery of the use case platforms should be in time for use by phase 3 projects.

**C.6. Are these terms and conditions defined by the European Commission?**

The European Commission has not defined specific terms and conditions to the beneficiaries owning the implementations of the generic enablers and use case platforms, except the condition that these technologies will be freely available within the FI-PPP. During the third phase, a number of generic enabler implementations will become available under open source licences.

**C.7. Is the sustainability of the technology developed in the PPP, e.g. availability and technical support, guaranteed beyond the end of the Future Internet PPP (2016)?**

The FI-PPP programme needs to define the commercial model to maintain and guarantee the availability and sustainability of the technology developed in the programme.

The sustainability beyond the FI-PPP is a major topic of the integrating project that will be selected under FI-PPP call 3 – Objective 1.9 “Technology Foundation Extension and Usage”. It should be noted that ultimately sustainability is a shared responsibility in the FI-PPP and cannot be delegated to one project.

For individual technologies (GEs and use case platforms) indications about the sustainability beyond the FI-PPP need to be given by September 2013 in the form of terms and conditions as mentioned above.

## **D. VARIOUS**

### **D.1. Where can I find information about the FI-PPP use case projects?**

There are links between the two phases, and 3 out of the 5 use case trials in phase 2 have their origin in phase 1 use case projects.

There were 8 uses cases in the FI-PPP's first phase in the areas of environment (ENVIROFI), smart energy (FINSENY), safety in smart cities (SafeCity), mobility in smart cities (Instant Mobility), smart agri-food (SmartAgriFood), content and media (FI-Content), logistics (Finest) and smart cities (Outsmart).

In phase 2, two new use cases in the area of eHealth (FI-STAR) and manufacturing (FITMAN) were selected. The other three use cases are 'descendants' from the first phase on business collaboration (FIspace: SmartAgriFood and Finest), smart energy (FINESCE: from FINSENY) and FI-Content 2 (follow-up of FI-Content).

More information is available at <http://www.fi-ppp.eu/projects/>.

### **D.2. Does funding received under the FP7 3rd call of the FI-PPP (grant and sub-grants to SMEs and web entrepreneurs) has to be listed in the de-minimis report of a company?**

The undertaking does not have to list financing from the RTD Framework Programme ("FP") in the "de minimis" declaration required by the Member State. The FP contribution is not "de minimis" support. However, if a Member State (i.e. its national, local or another public authority) intends to support a project already financed from the FP, it has to ascertain itself that the combined Member State and FP funding for the same eligible costs does not exceed the maximum ceilings allowed by the appropriate State aid rules. In practical terms, the Member State should calculate how much it would theoretically be allowed to pay to the project under the State aid rules if no FP funding was available. In a second step, the actual FP contribution should be subtracted from this theoretical amount. If the difference is positive, this is the additional funding that the Member State is still allowed to contribute, for example as "de minimis" support. If the difference is negative or zero, there is no space for additional funding. The de minimis Regulation can be found here:

[http://ec.europa.eu/competition/state\\_aid/legislation/block.html](http://ec.europa.eu/competition/state_aid/legislation/block.html), reference is made to Article 2(5) and 3(1).

Similar cumulative rules are foreseen in the Community framework for State aid for research and development and innovation, which can be found at the following website: [http://ec.europa.eu/competition/state\\_aid/legislation/horizontal.html](http://ec.europa.eu/competition/state_aid/legislation/horizontal.html), reference is made to section 8, 1st and 3rd paragraph.

Please be advised that the State aid rules are currently under review. See: [http://ec.europa.eu/competition/state\\_aid/modernisation/index\\_en.html](http://ec.europa.eu/competition/state_aid/modernisation/index_en.html).