

HORIZON 2020 INNOVATION IN SMES WORK PROGRAMME 2016-2017 INNOSUP-1-2016:

CLUSTER FACILITATED PROJECTS FOR NEW INDUSTRIAL VALUE CHAINS

QUESTIONS & ANSWERS HORIZON2020 INNOVATION IN SMES ENQUIRY SERVICE HELPDESK

QUESTIONS AND ANSWERS UNDER INNOSUP-1-2016 START AT QUESTION 37

QUESTIONS AND ANSWERS 1-36 ARE FROM THE 2015 CALL (also relevant for 2016 call)

VERSION 30/08/2016

Q1. (Outside question) I have found a presentation on the H2020 INNOSUP-1 call that you gave last month in Madrid, and I was hoping you could help clarify some aspects of the call. Should someone else be responsible for this call within the European Commission, I would be grateful if you could direct me to the right person. My organisation xxx is an expert group specialised in eco-innovation support, and we work with several SMEs and clusters. We are therefore naturally interested in this call. However, the way SMEs should be involved (and receive the 75% of the budget) is not very clear to us. Do these 75% cover only individual SMEs, or could it include also some cluster organisations representing SMEs?

A1. Many thanks for your interest in the H2020 INNOSUP -1 call for "Cluster facilitated projects for new industrial value chains". Please note that any questions for clarifications concerning the Horizon2020 call should be submitted through the [Research Enquiry Service](http://ec.europa.eu/research/index.cfm?pg=enquiries) at <http://ec.europa.eu/research/index.cfm?pg=enquiries>

In the meantime, I would like to point you, however, to further information that is or will be made publicly available with regards to the call:

I trust that you have seen already the Horizon2020 work programme for Innovation in SMEs, where our new action for "Cluster facilitated projects for new industrial value chains" (INNOSUP-1-2015) features can be found at <http://ec.europa.eu/programmes/horizon2020/en/h2020-section/innovation-smes>. The direct link to the updated work programme is https://ec.europa.eu/research/participants/data/ref/h2020/wp/2014_2015/main/h2020-wp1415-sme_en.pdf and the relevant pages are 10-12 and 24-26.

In addition, PowerPoint slides and video recording (e.g. from timing 7:00:23) of my presentations on the measure at the "SMEs in Horizon2020: European Commission Information Days on October 18 and November 2013 are publicly available at http://ec.europa.eu/research/sme-techweb/index_en.cfm?pg=h2020_event

Please also note though that we are also currently preparing a background note to the INNOSUP-1-2015 call - as announced in the work programme - that will provide more information to applicants. We expect that the background note will be available in September under the "Topic Conditions & Documents" section for this call under the Participant's Portal.

You may also wish to visit the EU Cluster Portal: <http://ec.europa.eu/growth/smes/cluster/> for further background documents on clusters and emerging industries. The background note on the INNOSUP-1-2015 will also be available through the Portal.

Q2. We are interested in applying for the INNOSUP-1-2015 call. The current version of the Works Programme says that a background note to the call will be provided to applicants. Would it be possible to know WHEN this note will be published?

A2. The background note to the INNO SUP-1-2015 call - as announced in the work programme will be available by September 2014 under the "Topic Conditions & Documents" section for this call. You may also wish to visit the EU Cluster Portal at <http://ec.europa.eu/growth/smes/cluster/> for further background documents on clusters and emerging industries, where the background note on the INNOSUP-1-2015 will also be made available.

Q3. I have a question about INNO SUP-1-2015: How is the budget divided? In the documents we know the total budget but without any details. May you tell me more about it?

A3. The maximum total budget for the INNOSUP -1-2015 call for "Cluster facilitated projects for new industrial value chains" in 2015 is 24.9 million as indicated in the conditions for this call on page 23 in the work programme 2014-2015 that is available at https://ec.europa.eu/research/participants/data/ref/h2020/wp/2014_2015/main/h2020-wp1415-msca_en.pdf

Please note that the work programme on page 11 also states the following sentence: *"The Commission considers that proposal requesting a contribution from the EU of between EUR 2.5 and 5 million would allow this specific challenge to be addressed appropriately. Nonetheless, this does not preclude submission and selection of proposals requesting other amounts."*

Q4. We are interested to apply for the H2020-innosup 1-2015 "Cluster facilitated projects for new industrial value chain" call. In the current version of the works programme it is written that "the coordination and facilitation shall be led by cluster organizations and other intermediary organizations": does it mean that it is expected that the Lead Partner/Coordinator is a cluster organization only? or a regional development agency (both member of the regional cluster organization and operative arm of the local regional authority managing of regional Programmes) can be considered eligible as well as coordinator/lead partner?

A4. The standard eligibility conditions for an "Innovation action" apply. These are set out in Section C of the General Annexes to the Horizon 2020 Work Programme 2014-2015 (available at http://ec.europa.eu/research/participants/data/ref/h2020/wp/2014_2015/annexes/h2020-wp1415-annex-c-elig_en.pdf). Among others, they stipulate that a proposal will be eligible if it complies with the following eligibility conditions: *"At least three legal entities. Each of the three shall be established in a Member State or associated country. All three legal entities shall be independent of each other"*.

The eligibility and admissibility conditions set out on page 24 for this particular call in the work programme 2014-2015 (available at https://ec.europa.eu/research/participants/data/ref/h2020/wp/2014_2015/main/h2020-wp1415-sme_en.pdf) do not narrow this group of eligible applicants nor do they stipulate that the coordinator/lead partner should be a particular type of legal entity. Consequently, the lead partner/coordinator can, but must not, be a cluster organisation. Other legal entities are

also eligible and can also be a coordinator/lead partner.

The call's eligibility and admissibility conditions state also that *"At least 75% of the total proposed budget shall be allocated to SMEs, either participating in the consortium or as third party enterprises, mainly SMEs."* In relation to this, the call text states indeed that *"[t]he coordination and facilitation shall be led by cluster organisations and other intermediary organisations"* and that *"cluster organisations or other SME intermediaries shall be invited to set up collaboration and networking activities for SMEs and create a favourable 'open space' for cross-sectoral fertilisation and value chain innovation to take place."* As cluster organisations and other SME intermediary organisations are often well placed to reach out to groups of SMEs they are targeted by the call, but not exclusively.

Q.5 a) We would prefer to screen and select the supported SMEs as part of the project's execution process, since it is a long and costly process, therefore at the proposal stage the SME details will not be available. Would that be acceptable?

b) We wish to collaborate with the "European Structural and Investment Funds" (ESIF) as was encouraged at the H2020 Work Plan. Could you help and provide a relevant point of contact at ESIF?

A.5 a) For the first stage of the two stage application procedure, applicants are asked only to provide *"a concept note (of max. 10 pages) with a clear description of the ideas and objectives for an innovation action towards the development of new industrial value chains in a concise manner"*. The text in the Horizon2020 Work Programme 2014-2015, under "Conditions for this Call", further states amongst others that *"[applicants shall further explain the main activities, implementation modalities (including the choice of the list of other direct beneficiaries) and expected results foreseen]"*.

This means that any SME (like any other legal entity) that is foreseen to be a direct beneficiary - in the sense of becoming a consortium partner for the grant agreement must be already listed at this time. However, any individual SME or group of SMEs that is foreseen to benefit as third party - in the sense of not becoming a consortium partner for the grant agreement but to receive (financial) support up to a maximum of EUR 60,000 per third party- must not be named in advance.

This also applies to the second stage of the two stage application procedure. However, at this stage, it is mandatory to provide further information if financial support to third parties is foreseen. Section K of the General Annexes to the Horizon 2020 Work Programme 2014-2015 (available at

http://ec.europa.eu/research/participants/data/ref/h2020/wp/2014_2015/annexes/h2020-wp1415-annex-k-fs3p_en.pdf) stipulates that the objectives and the results to be obtained shall be clearly detailed and include at least the following elements:

- "- a closed list of the different types of activities that qualify for financial support,*
- the persons or categories of persons which may receive financial support,*
- the criteria for awarding financial support*
- the criteria for calculating the exact amount of the financial support,*
- the maximum amount to be granted to each third party (may not exceed EUR 60 000 for each third party unless it is necessary to achieve the objectives of the action)*

The financial support may also take the form of a prize awarded following a contest organised by the beneficiary.

In such case proposals shall clearly detail at least the following elements:

- the conditions for participation;
- the award criteria;
- the amount of the prize;
- the payment arrangements."

b) The detailed management of programmes which receive support from the European Structural and Investment Funds is the responsibility of the Member States. For every programme, they designate a managing authority (at national, regional or another level) which will inform potential beneficiaries, select the projects and generally monitor implementation. The contact details of the Managing Authorities of the national and regional programmes and further guidance is available at http://ec.europa.eu/regional_policy/en/atlas/managing-authorities/

Q.6 I wish to ask your help in elaborating/ explaining the following terms/ expressions mentioned in call INNOSUP-1-2015. In the "Specific challenge" section: (1) "Industrial Value Chain" (2) "Innovation actors" In the "Scope" section: (3) "Structured innovation projects" In the "Impact" section: (4) "Smart specialization strategies" (5) "Collaboration spaces" Also, it is mentioned in the "Scope" section that "Further background information on the systemic approach and strategies focus to be envisaged will be provided to applicants". Who will provide this info and how can we get it? Do you have a dedicated guide associated with this call (i.e. as mentioned in the Work Programme)?

A. 6 The background note to the INNO SUP-1-2015 call - as announced in the work programme will provide explanations and elaborations. It will be available by September under the "Topic Conditions & Documents" section for this call under the Participant's Portal. You may also wish to visit the EU Cluster Portal at <http://ec.europa.eu/growth/smes/cluster/> for further background documents on clusters and emerging industries, where the background note on the INNOSUP-1-2015 will also be made available.

Q.7 In order to maximize the program's effectiveness and success we may wish to run a screening process in the form of a "contest" between SMEs. A contest will allow us to select only SMEs that will best comply with our requirements, with highest degree of synergy between them, a synergy that could best result the creation of "new industrial value chains" (as mention in the call). Question: Assuming that at stage two of the application procedure, we will still not know the names of the contest SMEs winners, would it be possible and sufficient to just mention our intent to run a contest that will lead to the selection of certain number of SMS, and reserve a proportional budget for supporting such SMEs? In such case the SME's details will only be provided as soon as the selection will be over, I guess that it would happen few months after the kick-off of the project.

A7. Any individual SME or group of SMEs that is foreseen to benefit as third party - in the sense of not becoming a consortium partner for the grant agreement but to receive (financial) support up to a maximum of EUR 60,000 per third party - **must not be named in advance. This also applies to the second stage of the two stage application procedure.**

However, at this stage, it is mandatory to provide further information if financial support to third parties is foreseen. Section K of the General Annexes to the Horizon 2020 Work Programme 2014-2015 (available at http://ec.europa.eu/research/participants/data/ref/h2020/wp/2014_2015/annexes/h2020-wp1415-annex-k-fs3p_en.pdf) stipulates that the objectives and the results to be obtained shall be clearly detailed and include at least the following elements:

a closed list of the different types of activities that qualify for financial support,
- the persons or categories of persons which may receive financial support,
- the criteria for awarding financial support
- the criteria for calculating the exact amount of the financial support,
- the maximum amount to be granted to each third party (may not exceed EUR 60 000 for each third party unless it is necessary to achieve the objectives of the action)
The financial support may also take the form of a prize awarded following a contest organised by the beneficiary.
In such case proposals shall clearly detail at least the following elements:
- the conditions for participation;
- the award criteria;
- the amount of the prize;
- the payment arrangements."

Q8. I am based in Israel which is an EU "associated (non-member) country" therefore there is no representative or POC of ESIF for Israel.

As we need to select our potential consortium partners (SME) we wish to coordinate it the ESIF, so we can select partners which are already funded by ESIF so we create maximum synergy with them - a synergy that was strongly recommended in the INN0SUP-1-2015 call. Could you help contacting me with ESIF POC?

A.8. Association to Horizon 2020 is governed by Article 7 of the Horizon 2020 Regulation. Legal entities from Associated Countries can participate under the same conditions as legal entities from the Member States. Association to Horizon 2020 takes place through the conclusion of an International Agreement. By 12 September 2014, an Association Agreements has been concluded and/or signed with Israel. At the moment of the reply to your question (29/9/2014) the agreement has not yet come into force, and needs to be ratified by Israel first. Once done, (expected soon) the agreement will start applying retroactively, from 1 January 2014, the beginning of Horizon2020.

You are rightly pointing out that synergies between other national/regional programmes and additional funding has been highlighted in the call. As already answered previously (ticket 0944801) the detailed management of programmes which receive support from the European Structural and Investment Funds is the responsibility of the Member States and not of the European Commission. For every programme, Member States designate a managing authority (at national, regional or another level) which will inform potential beneficiaries, select the projects and generally monitor implementation. The contact details of the Managing Authorities of the national and regional programmes and further guidance is available at http://ec.europa.eu/regional_policy/en/atlas/managing-authorities/

You may also wish to consult the webpage of the European Cluster Collaboration Platform: <http://www.clustercollaboration.eu/> which includes profiles of over 900 European cluster organisations and which may help in finding possible partners.

Q9.

- a. What regional coverage per project do you have in mind? Some countries have several regional cluster organisations for one type of cluster (i.e. water or energy or health). If a project combines several clusters to stimulate cross overs, the potential number of partners add up very quickly.

- b. What connections with the EEN do you have in mind? The mix of services that is described in the call is very similar to the EEN services.
- c. 75% of the project budget has to be allocated to SME directly. Does this amount need to be co-financed as well?
- d. Is there a collaboration space/partner search where potential partners for this call may find and contact each other? Would it be possible for you to let us know how to get in touch with other potential partners for this specific call, as the most H2020 partner search spaces are more dedicated to other, thematic oriented calls.

A.9. a) Applicants are invited to follow the standard eligibility conditions for an "Innovation action". These are set out in Section C of the General Annexes to the Horizon 2020 Work Programme 2014-2015 (available at: http://ec.europa.eu/research/participants/data/ref/h2020/wp/2014_2015/annexes/h2020-wp1415-annex-c-elig_en.pdf). Among others, they stipulate that a proposal will be eligible if it complies with the following eligibility conditions: *"At least three legal entities. Each of the three shall be established in a Member State or associated country. All three legal entities shall be independent of each other"*.

There therefore no specific regional coverage foreseen under this call and applicants are free propose a regional coverage and connections with other actors in order to respond to the objectives of the innovation action - *"to develop new cross-sectoral industrial value chains across the EU, by building upon the innovation potential of SMEs"* and to achieve the expected impact.

b) With regards to the services to be provided to groups of SMEs, the call states that *"Cluster organisations or other SME intermediaries shall be invited to set up collaboration and networking activities for SMEs and create a favourable "open space" for cross-sectoral fertilisation and value chain innovation to take place"* and further on that each proposal should *"support innovation activities and/or channel a mix of different targeted entrepreneurial and innovation support measures directly to the innovation actors of the validated innovation projects to further support their development, integration and large-scale demonstration in a strategic manner. At least 75% of the total proposed budget shall be allocated to support innovation in SMEs directly"* The applicant is thus expected to explain in the proposal how it is intended to create innovation projects for value chain innovation across-sectors and how these projects will be further supported either through innovation activities or through channelling support measures to groups of SMEs of the validated projects. If useful, applicants can be inspired by the types of support measures provided by the EEN.

c) The standard eligibility conditions for an "Innovation action" apply. These are set out in Section C of the General Annexes to the Horizon 2020 Work Programme 2014-2015 (available at http://ec.europa.eu/research/participants/data/ref/h2020/wp/2014_2015/annexes/h2020-wp1415-annex-c-elig_en.pdf). Among others, they stipulate that a proposal will be eligible if it complies with the following eligibility conditions: *"At least three legal entities. Each of the three shall be established in a Member State or associated country. All three legal entities shall be independent of each other"*. Section D of the General Annexes of the Work Programme on page 8 provides the provisions and funding rates for different types of actions. The provisions related to "Innovation actions" state that the *"Funding rate (is) of 70% (except for non-profit legal entities, where a rate of 100% applies)"*. In exceptional cases a lower reimbursement rate fixed in the work programme may apply.

Non-profit is defined in article 2 (14) of the H2020 RfP (available at https://ec.europa.eu/research/participants/data/ref/h2020/legal_basis/rules_participation/h2020-rules-participation_en.pdf): *"Non-profit legal entity' means a legal entity which by its legal form is non-profit-making or which has a legal or statutory obligation not to distribute profits to its shareholders or individual members"*. A legal entity can be considered SME and non-profit.

The Horizon 2020 Work Programme on "Innovation in SMEs" (available at https://ec.europa.eu/research/participants/data/ref/h2020/wp/2014_2015/main/h2020-wp1415-sme_en.pdf) states on page 11 for the INN0SUP-1-2015 action that *"At least 75% of the total proposed budget shall be allocated to support innovation in SMEs directly"*. Moreover, the additional eligibility and admissibility criteria set out on page 24 for this particular call states that *"[a]t least 75% of the total proposed budget shall be allocated to SMEs, either participating in the consortium or as third party enterprises, mainly SMEs. This topic allows for the provisions of financial support to third parties in line with the conditions set out in part K of the General Annexes. A maximum of EUR 60,000 can be passed on to any third party (according to article 210 of the Rules of Application applicable to the general budget of the Union), which may only be exceeded where it is necessary to achieve the objectives of the action in line with Article 23 (7) of the Rules for participation."* http://ec.europa.eu/research/participants/data/ref/h2020/legal_basis/rules_participation/h2020-rules-participation_en.pdf

To satisfy all the criteria above, the answer to your question will depend on the set up of your consortium and planned project implementation, i.e.:

For consortium partners that will become beneficiaries of the grant agreement:

- **If a for profit SME or any other profit making legal entity is participating in the consortium as a beneficiary of the grant agreement, then yes, their funding amount needs to be co-financed. This means that these entities will receive a contribution of the Commission equivalent to 70% of their eligible costs, while they will have to contribute by covering 30% of their costs.** The EU funding contribution that is provided to any for profit SME that is participating in the consortium as a beneficiary of the grant agreement, is counting towards the call's requirement that *"at least 75% of the total proposed budget shall be allocated to support innovation in SMEs directly"*.
- If non-profit legal entities are part of the consortium as beneficiaries of the grant agreement, then their costs will be funded at 100%.
- If both profit making and non-profit making legal entities are part of the consortium, then the funding rate needs to be distinguished: profit making legal entities will receive 70% funding, while non-profit legal entities will receive 100% funding of their eligible costs.

For SMEs that will not be part of the consortium but that will benefit from the action and receive innovation support (as third parties):

- **If an SME is not participating in the consortium as a beneficiary of the grant agreement but only receives financial support as a third party, when support is passed on by the beneficiaries of the grant agreement, then, the EU contribution will not need to be co-financed by these SME but by the beneficiaries when an EU contribution of 70% will be provided.** Both, the EU funding contribution of 70% and the co-financing of 30%, (i.e. all of the funding that is passed on to any third party SMEs to support their innovation), is counting towards the call's requirement that *"at least 75% of the total proposed budget shall be allocated to support innovation in SMEs directly"*. Please also see part K of the General Annexes for further provisions on third party financing.

In other words, this means that if the consortium is composed of only for profit making legal

entities, the consortium members are co-financing 30% of the action and the EU co-finances 70%. The 75% of the total proposed budget that is to be allocated to SMEs (as third parties) need to be co-financed by the consortium partners and not by the SMEs (third parties). However, if in the action there are profit making and notprofit making beneficiaries, applicants are free, if possible in accordance with Annex 1 of the Grant Agreement, to allocate the financial support to the third parties in the estimated budget of the action to the beneficiaries which are non-profit making and receiving a 100% funding from the EU.

d. There is no collaboration /partner search provided for this call. However, as the call calls for synergies to be made with the European Structural and Investment Funds (ESIF), applicants may wish to contact the managing authorities of these funds. The detailed management of programmes which receive support from the ESIF is the responsibility of the Member States. For every programme, they designate a managing authority (at national, regional or another level) which will inform potential beneficiaries, select the projects and generally monitor implementation. Further guidance is provided at:

http://ec.europa.eu/regional_policy/en/atlas/managing-authorities/

You may also consult the webpage of the European Cluster Collaboration Platform: <http://www.clustercollaboration.eu/> which includes profiles of over 900 European cluster organisations and which may help finding possible partners.

Q. 10 This xx Cluster has been established as a limited company with Triple-helix ownership. The shareholders are: 51% regional Business Promotion Agency (100% owned by the region), 26% Region, 15% capital city of the region, 2% company A, 2% company B, 2% company C, 2% research organisation D. The cluster activities are financed through: 55% public funding of the public shareholders, 20% by annual service contracts with companies and research organisations ("membership fees"), 20% contracts (exclusively for non-commercial, precompetitive activities - mainly from public authorities) and 5% through EC-funding (European funding programmes, cooperation of clusters). This Cluster wants to get 100% funding as a non-profit entity, can you please give us guidance? We are sure this is not the only case in Europe where the cluster organisation is set up as a company but serves as a non-profit entity.

A.10 Please see answers to question 4 and 9 above for the eligibility criteria that apply to the INNOSUP-1-2015 "Cluster Facilitated projects for new industrial value chains".

Moreover, the provisions related to "Innovation actions" state that the *"Funding rate (is) of 70% (except for non-profit legal entities, where a rate of 100% applies)"*.

Non-profit is defined in article 2 (14) of the H2020 Legal Basis, Rules for Participation (available at

https://ec.europa.eu/research/participants/data/ref/h2020/legal_basis/rules_participation/h2020-rules-participation_en.pdf): "Non-profit legal entity" means a legal entity which by its legal form is non-profit-making or which has a legal or statutory obligation not to distribute profits to its shareholders or individual members".

The answer to your question is therefore that a legal entity can be considered a company and non-profit. It should be noted out that the assessment of the eligibility of proposals and

funding rates pertains to the evaluation committee based on the documents submitted, so no comments can be made on a potential proposal prior to submission.

Q.11 The call text says that 75% of the funding money has to go to SMEs to support their cross topical activities. This money that is given to the SMEs (they are not partners in the project) via vouchers, etc. can be given to them straight without deduction. This means it is NOT subject to the 70% funding rate that applies for project partners that are for profit organisations?

A.11 The answer to your question requires several clarifications:

First, your reference that "The call text says that 75% of the funding money has to go to SMEs **to support their cross topical activities**" needs a clarification. In line with the objectives of the call topic, the requirement is that *"at least 75% of the total proposed budget shall be allocated to **support innovation in SMEs directly**"* and not to support their cross topical activities.

Secondly, regarding your reference that "This money that **is given to the SMEs** (they are not partners in the project) **via vouchers**, etc. can be given to them straight without deduction" also needs a clarification. There are several ways of implementing the action so as to fulfil the requirement that *"at least 75% of the total proposed budget shall be allocated to support innovation in SMEs directly"*. Vouchers may be used as a means of channelling innovation support but must not be. In case innovation or technical assistance vouchers are used, the money is not given directly to SMEs but to third parties which provide the innovation support or technical support to SMEs. For further references and provisions related to third party financing, please see part K of the General Annexes for further provisions on third party financing, as well as answers to questions 5 and 7 above. For further information on vouchers, you may also refer to the "Riga declaration" that was mentioned in the Background note and available via: http://hytetra.eu/d/news/Riga_declaration.pdf.

Lastly, the description of a planned consortium and corresponding project implementation in your question corresponds to a situation where SMEs are not part of the consortium but will benefit from the action and receive innovation support, for example as third parties. The answer to this type of situation and composition of the consortium was covered under Question&Answer 9c above, but because of further uncertainties among potential applicants it is being updated and further clarified above, with the changes in red. The corresponding extract is replicated here below:

- **If an SME is not participating in the consortium as a beneficiary of the grant agreement but only receives financial support as a third party, when support is passed on by the beneficiaries of the grant agreement, then, the EU contribution will not need to be co-financed by these SMEs but by the beneficiaries when an EU contribution of 70% will be provided. Both, the EU funding contribution of 70% and the co-financing of 30%, (i.e. all of the funding that is passed on to any third party SMEs to support their innovation), is counting towards the call's requirement that *"at least 75% of the total proposed budget shall be allocated to support innovation in SMEs directly"*. Please also see part K of the General Annexes for further provisions on third party financing.**

In other words, this means that if the consortium is composed of only for profit making legal entities, the consortium members are co-financing 30% of the action and the EU co-finances

70%. The 75% of the total proposed budget that is to be allocated to SMEs (as third parties) need to be co-financed by the consortium partners and not by the SMEs (third parties). However, if in the action there are profit making and notprofit making beneficiaries, applicants are free, if possible in accordance with Annex 1 of the Grant Agreement, to allocate the financial support to the third parties in the estimated budget of the action to the beneficiaries which are non-profit making and receiving a 100% funding from the EU.

Q.12 This is a technical question about the funding modalities of INN0SUP-2015-1.

- a) Suppose an international group of clusters (not SME's) wants to submit a project in which they foresee 75% of their total budget in vouchers for SME's. The vouchers can be maximally 60.000 EUR, and if we understand it well, only 70% of this 60.000 can be EU funding.
- b) Do the clusters then have to match the 30% from their own budget?
- c) This would then mean they must give up their 100% funding. And with a 75% SME-support requirement, they would have no money left for themselves?
- d) Or in general: does the 30% required co-financing for vouchers always have to be borne by the consortium partners, whatever their nature? So, even if the consortium only consists of SME's, these SME's would then have to take care of the 30% for their own project activities AND for the 30% of the vouchers they give out? Our general feeling is that it will be hard to find a type of "consortium" that can handle the 30% co-financing requirement satisfactorily.

A.12 a) Regarding your understanding that the vouchers can be maximally 60,000 EUR, yes, this is the correct maximum amount per each voucher and per each benefitting third party. Art. 137 of the Financial Regulation, says that "*the maximum amount to be granted to each third party (may not exceed EUR 60 000 for each third party unless it is necessary to achieve the objectives of the action)*". For further references and provisions related to third party financing, please see part K of the General Annexes as well as answers to question 5, 7 and 11 above.

However, the understanding that "only 70% of this 60,000 can be EU funding" is not correct. The EU funding rate of 70% does not refer to the amount that can be channelled to third parties, but to the overall budget of the action which the EU cofinances with 70%, with the remaining 30% of the total budget of the action being co- financed by a consortium composed exclusively of profit making legal entities. For

further clarifications, please do also see answers provided on a related issue in answers to questions 9, 10 and 11 above.

b) Regarding whether "clusters have to match the 30% from their own budget", yes, this is the case if the consortium is composed of cluster organisations that are all profit making legal entities.

c) Regarding the question of "100% funding rate" and whether the "consortium composed of clusters (not SMEs)" has to give up funding" the answer is that the 100% EU funding rate applies to a situation where the consortium is composed of non-profit making legal entities. To accommodate for the call requirement that *"75% of the total proposed budget has to be allocated to SMEs directly"*, the consortia and/or partners that are non-profit making legal entities have to channel 75% of the total proposed budget for the action to support innovation in SMEs directly. Please see questions and answers 9, 10 and 11 above for further clarifications.

d) As stated in the reply to sub-question a) and answers to questions 9, 10 and 11 above, there are two funding rates that apply to consortia partners depending on their nature, i.e. either profit making legal entities (70% EU co-financing) or non-profit making legal entities (100% EU co-financing).

In case only SMEs (that are profit making legal entities) are part of the consortium, then yes, these profit making legal entities, would have to co-finance 30% of the action. But they would not need to provide financial support to third parties as the call's requirement of 75% of the total budget of the action to be allocated to support innovation in SMEs would already be attained.

Q13. A budgetary example is provided in the Background note (section 3.2). According to this example, the SMEs benefit as third parties and an amount is passed on to them directly through actions such as innovation vouchers, contests etc.

Both in the Background note and the "Smart Guide to Service Innovation" report, a list of other practical business support tools and services (e.g. the creation of open innovation centers and incubators, training programmes, coaching, networking activities) is suggested to be used in order to implement the action and facilitate the ultimate objective of new cross-sectoral, cross-border linkages.

The organisation and implementation of the above mentioned tools will require an amount of the total budget of the proposal. Will this amount of budget count towards the call's requirement that "at least 75% of the total proposed budget shall be allocated to support innovation in SMEs directly"?

A13. Concrete examples of what is to be understood as "supporting innovation in SMEs directly" are provided in the call topic section on the Innovation in SMEs Work Programme under this Call topic, Scope of the action, point 2. **"Support innovation activities and /or channel a mix of different targeted entrepreneurial and**

innovation support measures (such as mentoring, coaching, innovation and technical assistance vouchers) directly to the innovation actors of the validated projects..." as well as in the Background note available at http://ec.europa.eu/research/participants/portal/doc/call/h2020/innosup-1-2015/1630107-20141010-090602_innosup-1-2015_background_note_final_en.pdf . p.7, "Besides their important role in facilitating inter-firm linkages and collaboration, cluster organisations or other SME intermediaries may also coordinate and facilitate the validation of ideas for joint innovation projects, e.g. **through competitions, as well as the channelling of entrepreneurial and innovation support measures (such as mentoring, coaching, innovation and technical assistance vouchers, etc.)** to the innovation actors of validated innovation projects to further support their development, integration and large-scale demonstration in a strategic manner".

Innovation actions that are of more indirect nature, such as for instance infrastructure investments in co-working spaces, incubators etc., may be needed for cluster organisations and SME intermediaries so as to facilitate the cross-sectoral collaboration, but cannot be understood as "supporting innovation in SMEs directly" and will therefore not count towards the requirement that at least 75% of the total proposed budget shall be allocated to support innovation in SMEs directly".

Q14. As the instrument to support SMEs in our proposal, we are going to implement an innovation voucher scheme including mentoring, coaching, market penetration, etc. in our proposal. However, the call specifies that it should be included a "mix of different targeted entrepreneurial and innovation support measures (such as mentoring, coaching, innovation and technical assistance vouchers, etc.)"

Could we establish innovation vouchers as the only tool if we specify in the proposal that it will be adaptable to the final SME and will include different resources as mentoring or coaching? We understand that our voucher can cover all the required needs of the SME to achieve market introduction from the initial idea and it is easier an approach with a unified procedure to assign the voucher.

A14. Answers and examples on what should be understood as "supporting innovation in SMEs directly" are provided in the call topic's text as well as in answer to previous questions (please see question and answer 14 above). Applicants can, but must not, choose to implement the action and reach the requirements of the call by innovation vouchers. Implementing a unified voucher system covering mentoring, coaching etc. is one approach and in line with the call topic's requirements but not a must.

Q15. Under stage 1 submission, Part B should be limited to 15 or to 10 pages? There is incoherent information between the template (15 pages) and the specific information on call (concept note of 10 pages).

A15. Applicants are asked to follow the specific requirements of the call topic. In this case these requirements are outlined on page 24 of 35 in Part 7 of the Work Programme 2014-2015, which provides exceptions to the General Annexes B and C regarding the eligibility and admissibility criteria. Point 2 states that "For the first stage of the two stage application procedure, applicants are asked only to provide **"a concept note (of max. 10 pages)** with a clear description of the ideas and objectives for an innovation action towards the development of new industrial value chains in a concise manner". Please see also answer to question 5 above.

Q16.

- a. The projects arising out of INNSOUP-1 will include distributing grants: can the project partners also deliver the work paid by these grants? Or is there a conflict of interest there?
- b. How would you define 'intermediary organisations' in this context, as this does not surface in the guide and FAQ?
- c. Can you confirm that there the choice of sectors would not matter? I imagine that this is being kept quite open, as the topic addresses cross-cutting or emerging technologies, ICT, eco-innovative and resource-efficient solutions, new business models, service innovation and design.

A16.

- a. The projects arising out of INNSOUP-1 will not include distributing grants. They may include financial support to third parties but must not. If they do, this has to be done according to provisions outlined in Section K of the General Annexes to the Horizon 2020 Work Programme 2014-2015 (available at http://ec.europa.eu/research/participants/data/ref/h2020/wp/2014_2015/annexes/h2020-wp1415-annex-k-fs3p_en.pdf). Please do also see answers to questions 5, 7, 11 and 12 above on financial support to third parties.

Beneficiaries of the grant agreement, the project partners, are equally free to provide innovation services directly to SMEs, so as to fulfil the requirement that "at least 75% of the total budget shall support innovation in SMEs directly".

- b. The definition of 'intermediary organisations' in this context is irrelevant and does not matter. As stated in Section C of the General Annexes to the Horizon 2020 Work Programme 2014-2015 (available at http://ec.europa.eu/research/participants/data/ref/h2020/wp/2014_2015/annexes/h2020-wp1415-annex-c-elig_en.pdf). The rules stipulate that a proposal will be eligible if it complies with the following eligibility conditions: *"At least three legal entities. Each of the three shall be established in a Member State or associated country. All three legal entities shall be independent of each other"*.

The eligibility and admissibility conditions set out on page 24 for this particular call in the work programme 2014-2015 (available at https://ec.europa.eu/research/participants/data/ref/h2020/wp/2014_2015/main/h2020-wp1415-sme_en.pdf) do not narrow this group of eligible applicants nor do they

stipulate that the coordinator/lead partner should be a particular type of legal entity. Consequently, the lead partner/coordinator can, but must not, be a cluster organisation.

Other legal entities are also eligible and can also be a coordinator/lead partner. The call's eligibility and admissibility conditions state also that *"At least 75% of the total proposed budget shall be allocated to SMEs, either participating in the consortium or as third party enterprises, mainly SMEs."* In relation to this, the call text states indeed that *"[t]he coordination and facilitation shall be led by cluster organisations and other intermediary organisations"* and that *"cluster organisations or other SME intermediaries shall be invited to set up collaboration and networking activities for SMEs and create a favourable 'open space' for cross-sectoral fertilisation and value chain innovation to take place."* As cluster organisations and other SME intermediary organisations are often well placed to reach out to groups of SMEs they are targeted by the call, but not exclusively.

- c. The call topic does not provide any specific sectors to be targeted, so yes, applicants are free to choose different sectors, in line with the objectives of the call.

Q.17 75% of the budget has to be allocated to SMEs, either partners on the project or third parties. If under the proposal we propose the delivery of a mentoring and coaching service to SMEs with a validated project idea, to be provided by an intermediary body (a Business and Innovation Center for instance), partner in the project, would the economic translation of such service be taken into consideration for the calculation of the funds allocated for SMEs? I phrase the question other way: should the 75% of the budget be directly allocated through a call or other means directly to SMEs, or might indirect support services provided by bodies to those SMEs also be considered under such budget minimum?

A.17 The requirement that *"at least 75% of the total proposed budget shall be allocated to support innovation in SMEs directly"* can be fulfilled by different means. For further clarifications and examples, please see the answer provided to question 13 above.

Beneficiaries of the grant agreement, the project partners, which provide business and innovation support services to companies, including SMEs, are free to provide innovation services to SMEs, so as to fulfil the requirement that *"at least 75% of the total budget shall support innovation in SMEs directly"*.

Q.18 At least 75% of the budget must be transferred to the SMEs. My understanding is that these projects are aiming to create a cross fertilization strategy and partnership among different clusters, (stage 1) and in order to deploy this strategy, they design a number of services to the SMEs in their clusters to motivate them to perform joint actions aligned to this strategy. i.e. a prize competition to select 5 projects and a set of mentoring sessions to these beneficiaries, incorporating into the consortium the SMES as third parties once they are selected.

Translating that into the budgetary requirement of the call, means that:

- a) Prize contest. A direct prize of € 40,000 is given to the 5 winning projects (direct payment), so € 200,000 that will be transferred to the SMEs.

- b) Three mentoring sessions paid to each of the winning projects with expert XX at € 1000 cost (indirect payment) so € 15,000 transferred to the SMEs.

Is this approach correct or,

1. Should I define in the proposal (in stage 2) already the beneficiaries SMEs in advance?
2. Can I manage the payment of the experts as a cluster once the SME agrees that the expert has finalized its service?

A.18 Your understanding is correct. Applicants are asked to submit in the first stage of the application procedure (and not of the implementation phase) a strategic vision for building new industrial value chains. Hence, the action is though not so much about creating a strategy but about testing and implementing such strategy by supporting innovation activities of large number of SMEs that fit into this strategic vision for cross-sectoral fertilisation/value chain innovation.

If some innovation activities are already more or less clear from the outset, they can be foreseen from the beginning with the respective SMEs being consortium partners and dedicated budget for innovation activities.

Otherwise, the call encourages collaboration and networking activities to SMEs in view of validating ideas for structured innovation projects and then to support innovation activities and/or channel a mix of different targeted entrepreneurial and innovation support measures directly to the innovation actors of the validated innovation projects to further support their development, integration and large-scale demonstration.

Either way, 75% of the total budget shall be allocated to support innovation in SMEs directly. The background note clarifies that this "means that the innovation support must go either directly to SMEs participating in the consortium (i.e. that are consortium partners of the possible grant agreement) or to SMEs benefitting as third party enterprises (i.e. that are not consortium partners of the grant agreement but receive business support, for instance, through innovation vouchers from the consortium partners)". FAQ answer 13 elaborates slightly on that what cannot be understood as "supporting innovation in SMEs directly".

Concerning your presented implementation means a) and b):

A prize competition (similar to an innovation voucher that is also mentioned in the call text as an innovation support measure amongst others) where the prize amount is linked to innovation activities seems appropriate and the option that you have mentioned seems also possible, bearing in mind though that the scale of innovation support measures in the project overall would need to respond to the 75% and that the overall proposed budget should ideally be in line with what the Commission considers as appropriate requests of an EU contribution (EUR 2.5-5m).

Concerning your questions 2) and 1):

Participants are free to choose their payment arrangements for external service providers (experts) to provide innovation support services to the SMEs - including after validation by the SME. However, invoices will be needed for the grant beneficiaries to claim their actual costs.

SMEs that benefit as third parties must not be identified in advance in the application, only more detailed information about the categories of SMEs must be given. FAQ answer 5a) further elaborates on this.

Q.19 Is it possible for the regions that are involved in the project to come with an additional financial contribution? In such case what would be the impact on the eligible expenditures?

Would there be any negotiation possible on a possible reorientation/ additional clarifications on the scope for instance, once the project is submitted in the 1st stage?

A. 19 Regarding the regional participation in INNOSUP-1-2015 type projects, the reply depends on the manner in which such support is provided:

- If a regional authority brings a direct financial support to the action, meaning that it is a part of the consortium and therefore became beneficiary of the grant agreement, then its expenditure is eligible similarly as for other beneficiaries of the grant agreement. The co-financing rate for innovation actions under H2020 is 70% for profit making legal entities and respectively 100% for non-profit legal entities.
- If a regional authority brings a financial support to the action in a more indirect manner, for instance assisting via a support letter while entailing spill-over effects for the action, such a support may be seen in a positive way, but cannot be charged as eligible expenditure of the action.

Regarding the possibility to negotiate, this possibility existed in the previous research programmes. This was changed in the current programming period due to the long negotiation procedures. Therefore, there is no possibility to negotiate under H2020.

Q.20 Can a university be coordinator of the INNOSUP-1 project- if yes, are there specific conditions?

Are those 3 questions/assumptions right?

1. SMEs can participate in this call if:

- They are project/partner and have access to the 75% of the budget that has to be allocated to SMEs in the project.
- They are no partner but can participate later on via a voucher system (that has to be part of the project/proposal) - a voucher allows max 60k EUR.
- They are no partner but are doing a "job" that is defined in the consortium - they receive a voucher of max 60k EUR.

2. The voucher of 60K EUR is subsidised for 70%, meaning that the consortium has to add 18K EUR/voucher (=30%).

3. The total budget has to be set in the proposal. If the budget is not fully exploited (e.g. some vouchers are not used), then the total budget will be cut down. This means that the part given to the participants is cut down as well (75% of the budget has to remain for SMEs): meaning that the consortium will have to refund part of the budget.

A.20:

The standard eligibility conditions for an "Innovation action" apply. These are set out in Section C of the General Annexes to the Horizon 2020 Work Programme 2014- 2015 (available at http://ec.europa.eu/research/participants/data/ref/h2020/wp/2014_2015/annexes/h2020-wp1415-annex-c-elig_en.pdf).

Among others, they stipulate that a proposal will be eligible if it complies with the following eligibility conditions: *"At least three legal entities. Each of the three shall be established in a Member State or associated country. All three legal entities shall be independent of each other"*.

The eligibility and admissibility conditions set out on page 24 for this particular call in the work programme 2014-2015 (available at https://ec.europa.eu/research/participants/data/ref/h2020/wp/2014_2015/main/h2020-wp1415-sme_en.pdf) do not narrow this group of eligible applicants nor do they stipulate that the coordinator/lead partner should be a particular type of legal entity.

Consequently, the lead partner/coordinator can, but must not, be a cluster organisation. Other legal entities are also eligible and can also be a coordinator/lead partner.

The call's eligibility and admissibility conditions state also that *"At least 75% of the total proposed budget shall be allocated to SMEs, either participating in the consortium or as third party enterprises, mainly SMEs."* In relation to this, the call text states indeed that *"[t]he coordination and facilitation shall be led by cluster organisations and other intermediary organisations"* and that *"cluster organisations or other SME intermediaries shall be invited to set up collaboration and networking activities for SMEs and create a favourable 'open space' for cross-sectoral fertilisation and value chain innovation to take place."* As cluster organisations and other SME intermediary organisations are often well placed to reach out to groups of SMEs they are targeted by the call, but not exclusively. Therefore, a university can be coordinator of an INNOSUP-1 project.

With regard to the 3 assumptions:

- The assumption with regards to 75% should be slightly different. SMEs can be project partners (i.e. beneficiary listed in the grant agreement) and the funding allocated to them for innovation activities counts towards the requirement of having 75% of the total proposed budget allocated to support innovation in SMEs directly.
 - SMEs that are not project partners can indeed benefit as third parties by receiving (financial) support to a maximum of EUR 60,000 per third party, e.g. through a voucher system (that gives SMEs access to external knowledge and expertise). These SMEs must not necessarily be named in advance although the categories of SMEs which may receive financial support shall be indicated in advance. See also answer 5a in the FAQ.
 - SMEs can undertake a "job" that is defined in the project proposal. They can do this as a project partner or be potentially selected later as a service provider to carry out subcontracting tasks that are already identified in the project proposal. A voucher system, that has been mentioned in the call as a possible tool to channel innovation support services to SMEs, would mean that service providers (either partners or subcontractors) would receive the funding for the support services carried out to SMEs (that have received a voucher to claim the support service).
4. Whether the funding, that is passed on to third parties, needs to be co-financed, depends upon the whether the respective consortium partner/beneficiary that passes on the funding is a profit or non-profit making legal entity. Please also see answer 9c) of the FAQ.
 5. The total expected budget needs to be set in the proposal and the related co-financing rate from the European Commission cannot later be exceeded. The payments made to the beneficiaries will depend on actual eligible costs. The Commission contribution rate will be equivalent to 70% or 100% of these costs depending on whether the beneficiary is a profit-making legal entity or not. Overall, the consortium will have to demonstrate that 75% of the total budget has been allocated to support innovation in SMEs. If this is not achieved, the

Commission will only reimburse the corresponding amount for which this requirement has been fulfilled.

Q21:

- As public organisation we will receive 100% co-finance. The call requests that at least 75% of total proposed budget to go to SMEs. For which purpose can be used the remaining 25%?
- What is the overhead percentage?

A21:

- Your assumption is correct; the provisions related to "Innovation actions" state that the *"Funding rate (is) of 70% (except for non-profit legal entities, where a rate of 100% applies)"*. Therefore, the funding rate for non-profit legal entities is 100%.

The call foresees as well that *"at least 75% of the total proposed budget shall be allocated to SMEs, either participating in the consortium or as third party enterprises, mainly SMEs"*. This means that the innovation support must go either directly to SMEs participating in the consortium (i.e. that are consortium partners of the possible grant agreement) or to SMEs benefitting as third party enterprises (i.e. that are not consortium partners of the grant agreement but receive business support, for instance, through innovation vouchers from the consortium partners).

The call sets this minimum 75% to be allocated to SMEs. It is up to each applicant to decide on the use of the remaining 25% (or less) of the budget.

- Regarding your second question on overheads, in Horizon 2020, indirect costs are charged under the form of a 25% flat-rate of the eligible direct costs (minus certain direct eligible costs; see *Article 6.2.E of the Annotated Model Grant Agreement*).

For any further information, please consult the Annotated Model Grant Agreement at:

http://ec.europa.eu/research/participants/data/ref/h2020/grants_manual/amga/h2020-amga_en.pdf

Q22:

1. We are considering to include a Norwegian organisation in our consortium. Are partners from countries associated to Horizon 2020 seen on the same level as partners from EU MS and do they have to fulfil same expectations as partners from EU MS?
2. Norway does not have access to ESIF and no synergies can be created in this regard. Will this lead to an unfavourable assessment?
3. We intend to include also partners from Austria located in an area where there is no Smart Specialisation Strategy. Will this lead to an unfavourable assessment?

4. Do we have to provide letters of support from Managing Authorities from ESIF as proving documents for synergies?
5. How is the concept note submitted? Where can we find the respective templates?

A22:

- In reply to your first question, please be advised that legal entities established in countries associated to Horizon 2020 are eligible to receive funding via H2020 and must fulfil same conditions as legal entities established in EU MS. For additional information please see list of countries and applicable rules for funding: described in part A of the General Annexes of the General Work Programme.
- As regards your 2nd and 3rd questions, you are correct when stating that ESIF funds are dedicated to EU MS and therefore partners located in Norway cannot foresee leveraging other activities supported under these funds. We understand from your question that your partners from Austria are located in an area where there is no Smart Specialisation Strategy.

According to the eligibility and admissibility conditions of the call 'The description shall also address how the proposed systemic approach and strategic focus promises significant impact on economic growth and job creation, and has the potential to act as a catalyst by contributing to and/or leveraging other activities supported, for instance, under the European Structural and Investment Funds, e.g. in the context of smart specialisation strategies.'

ESIF funds are mentioned above as an example, but there might be also other spillover effects that an action may have for other funding, which may be provided by national or regional authorities or private investors.

The evaluation for the 1st stage is based on 2 selection criteria 'excellence' and 'impact'. The evaluation will be based on the fulfilment of those 2 criteria and your project will be assessed based on the information you are going to provide. For further information on this criteria please consult the evaluation criteria and procedure, scoring and threshold described in part H of the General Annexes of the General Work Programme.

It should be noted out that the assessment of proposals pertains to the evaluation committee based on the documents submitted and the information included, so no comments can be made on a potential proposal prior to submission.

- As indicated in the reply to question 2 and 3 above, your proposals needs to provide information on leverage and complement support that may have. At this stage, there is no need to provide letters of support from Managing Authorities from ESIF backing up such information.

For further information on provisions, proposal templates and evaluation forms for the type(s) of action(s) under this topic please consult:

<http://ec.europa.eu/research/participants/portal/desktop/en/opportunities/h2020/topics/304-innosup-1-2015.html>

- In reply to your 5th and 6th questions, proposals are to be submitted via the Participant Portal

At the link provided in the bullet point above you will find the proposal templates and evaluation forms.

Q23: Our cluster is not very structured. Could partners inside the cluster guarantee for the financial and economical eligibility criteria?

A23: A distinction has to be done between the eligibility criteria and the financial and operational capacity needed to carry out the proposed action.

1. The **eligibility conditions** of the call are described in [part B](#) and [C of the General Annexes](#) of the General Work Programme and require the presence of at least 3 legal entities established in a different MS or associated country and that are independent of each other.

Likewise, according to the condition of the call: "At least 75% of the total proposed budget shall be allocated to SMEs, either participating in the consortium or as third party enterprises, mainly SMEs. This topic allows for the provisions of financial support to third parties in line with the conditions set out in part K of the General Annexes. A maximum of EUR 60,000 can be passed on to any third party (according to article 210 of the Rules of Application), which may only be exceeded where it is necessary to achieve the objectives of the action in line with Article 19(7) of the Horizon 2020 Rules for participation and dissemination.

For the first stage of the submission procedure, applicants shall provide a concept note (of max. 10 pages) with a clear description of the ideas and objectives for an innovation action towards the development of new industrial value chains in a concise manner. The European dimension and added value shall be demonstrated. Applicants shall further explain the main activities, implementation modalities (including the choice of the list of other direct beneficiaries) and expected results foreseen. The description shall also address how the proposed systemic approach and strategic focus promises significant impact on economic growth and job creation, and has the potential to act as a catalyst by contributing to and/or leveraging other activities supported, for instance, under the European Structural and Investment Funds, e.g. in the context of smart specialisation strategies.

An estimate of the total costs of the proposed action and contribution to be requested from the Commission shall also be provided. Only the best submitted proposals will be invited to a second stage of submission for a full proposal with a detailed description of the budget and activities planned to be undertaken."

Please be aware that in the case of two-stage submission schemes, an eligibility check is carried out at first stage. At second stage, it will be still checked that the eligibility conditions are still complied with.

2. Please be aware that each applicant must have the **financial and operational capacity** to carry out the proposed action.

The application shall (...) demonstrate his or her financial and operational capacity to carry out the proposed action or work programme in accordance with art 131(3) of the Financial Regulation.

- Therefore, grants may be awarded to applicants that can demonstrate sufficient **resources of funding** to maintain their activity throughout the duration of the action. This concerns however the 2nd stage of the evaluation when successful applicants of

the 1st stage will be invited to submit full proposals.

The financial viability check is based on the supporting documents you will be asked to provide and applies for the coordinators if the requested EU funding for the action exceeds EUR 500,000.

You can check your own financial viability with the financial viability self- check tool.

Please be informed that for entities that are financially guaranteed by another legal entity, it is the financial viability of the other legal entity that will be checked. This entity has to assume joint liability for all debts. Therefore, whilst the latter has to assume joint liability for all debts of the entity subject to the verification, this guarantee has to be "structural" and linked to the legal situation of the beneficiary (i.e the joint liability inside the entities of a group).

- The assessment of the **operational capacity** is carried out during the evaluation of the award criterion '*quality and efficiency of the implementation*' that is part of the 2nd stage of the submission. Therefore, the operational capacity is not assessed during the stage 1 of the two-stage procedure.

A list of supporting documents to determine the operational capacity to be assessed during the second stage, such as CVs, list of publications, list of 5 relevant previous projects or activities or a description of any third parties that are not represented as project partners, but who will nonetheless be contributing towards the work is included in [part B](#) of the General Annexes.

Q24: In a previous question you mentioned the amount of pre-financing for the INNOSUP 1 2015 Cluster facilitated Projects for New Industrial Value Chains call will be determined before the signature of the Grant Agreement.

- Will the amount be "negotiable" with the Commission?
- If not, could you provide a rough estimate about the possible pre-financing rate?

A24:

- Regarding your question on the negotiable character of the pre-financing, this amount is to be set in the Grant Agreement based on a certain methodology. Therefore, this amount is not to be negotiated between each respective beneficiary and the European Commission.
- Regarding on your 2nd question please be aware that the amount of the pre-financing depends on the number of reporting periods for the respective project. In turn, the number of reporting periods for a project is set based on the duration of the action.

As a general rule, reporting periods last 18 months. The project duration determines therefore the maximum number of reporting periods (e.g. for a project duration between 18 and 36 months, there will be a maximum of 2 reporting periods).

Based on the above example, for actions with at least 2 reporting periods, the prefinancing amount will normally be up to the average EU funding per period (i.e. maximum grant amount / number of periods).

To conclude, for a project with a duration of 24-30 months, in principle the prefinancing rate will be up to 50%.

For further information on the reporting periods and pre-financing please see art. 20 and art. 21.2 of the Annotated Model Grant Agreement that can be found at :

http://ec.europa.eu/research/participants/data/ref/h2020/grants_manual/amga/h2020-amga_en.pdf

To be also noted that according to pg 11 of the Background Note, *"applicants are free to propose a project duration to fit their foreseen activities, implementation methods and tools. The Commission may consider a project duration of 24-30 months as appropriate on the basis of the experience of similar previous initiatives."*

Questions and Answers submitted during the stage 2 of the submission procedure

Q24: Can we add an extra cluster organization/ replace one of the members of the consortium?

A24: At this stage of the submission procedure, the applicants can add/replace members of the consortium under the condition that the change is consistent with the first-stage proposal and does not differ substantially from it. The change must be duly justified in the second-stage proposal submission.

Q25: Does the budget that goes to non-profit SMEs also account for the 75% rule that states that 75% of the budget should go to support innovation in SMEs?

A25: The call's requirement mentions that "at least 75% of the total proposed budget shall be allocated to support innovation in SMEs directly". No distinction is made between profit or non-profit SMEs. Therefore, the budget dedicated to non-profit SMEs accounts for the 75% rule.

Q26: A) Is it conform for the work programme to create a system in which the third parties need to contribute a certain % (eg 30%, or less) in order to receive support?

B) This means that the project generates revenues, which can then be used as co-financing for the voucher services profit beneficiaries provide in our consortium. This system enables that the third party is fully engaged in the project (not a free ride ticket) and that the cofinancing for profit SMEs in the consortium is lighter.

A26:

A) Yes, it is conform with the work programme to create an implementation mechanism for financial support to third parties in which third parties, for example benefitting through a voucher system, are asked to contribute financially to the amount of the

voucher set by the project consortium. Examples of voucher schemes which involved such "matched" funding were provided in the Background Note, available on the Participant's Portal.

B) Please be aware of the no profit rule of grants as the grant must not produce a profit. Please also be aware of how the final amount of the grant is calculated. For further information, please see Art.10 of the Annotated Model Grant Agreement.

See further clarifications to part B of this question under question and answer 34.

Q27: If an innovation support service is provided to the selected SME, is that service exempt from State-Aid?

A27: Please note that as a general rule EU funding centrally managed by the European Commission, agencies etc. "that is not directly or indirectly under the control of Member States [such as funding under Horizon2020 as explicitly highlighted in the footnote] does not constitute State Aid" . This is in line with point 9 under section 1.1. on the scope of application of the Framework for State aid for research and development and innovation (available at http://eur-lex.europa.eu/legal-content/EN/TXT/?uri=uriserv:OJ.C_.2014.198.01.0001.01.ENG), which further states that "[w]here such Union funding is combined with State aid, only the latter will be considered for determining whether notification thresholds and maximum aid intensities are respected or, in the context of this framework, subject to a compatibility assessment." For consistency reasons, however, to ensure a level playing field between enterprises benefiting from State-aid support on the one hand and those benefiting from EU funding on the other, the Commission advocates that EU funding is disbursed following the conditions established in the applicable State aid provisions.

In particular, the provisions of the Framework for State aid for research and development and innovation establish that where such Union funding is combined with State aid, the total amount of public funding awarded in relation to the same eligible costs must not exceed the most favourable funding rate laid down in the applicable rules of Union law.

With regard to the possibility of providing innovation support services to third party SMEs, the call topic conditions for H2020-INNOSUP-2015-1 (available at <http://ec.europa.eu/research/participants/portal/desktop/en/opportunities/h2020/topics/304-innosup-1-2015.html>) states that "[t]his topic allows for the provisions of financial support to third parties in line with the conditions set out in part K of the General Annexes. A maximum of EUR 60,000 can be passed on to any third party (according to article 210 of the Rules of Application), which may only be exceeded where it is necessary to achieve the objectives of the action in line with Article 19(7) of the Horizon 2020 Rules for participation and dissemination." In the case at hand, given the threshold applied to third party-financing, such funding seems to be consistent with the so-called "de minimis" rule (set by a Commission Regulation available at http://ec.europa.eu/competition/state_aid/legislation/de_minimis_regulation_en.pdf), which stipulates in Article 3 that aid granted to a single undertaking over three fiscal years that does not exceed EUR 200 000 is deemed not to meet the criteria of State Aid.

Q28: Can we restrict the voucher so that the SMEs can only utilise it for specific services provided by members of XYZ Consortium?

A28: If a voucher scheme is put in place by the beneficiaries of the grant agreement, please be aware that the beneficiaries of the grant agreement are not eligible to act as service providers.

However, beneficiaries of the grant agreement are free to provide innovation support services directly to SMEs (without a voucher scheme being put in place), so as to fulfil the requirement that “at least 75% of the total budget shall support innovation in SMEs directly”. Please do also see previous questions and answers 16 and 17 above.

Likewise, please be aware that the beneficiaries of the grant agreement may also not be beneficiaries of this voucher scheme.

Q29:

a) Does Article 15 allow for providing purely services to SMEs to the value of say €60,000 without necessarily transferring the funds to the SME bank account?

b) Or does it provision only for a voucher that the SME can use to acquire services based on invoices and costs incurred?

A29:

a) The answer to your first question is yes. Rules of Article 15 of the Annotated Model Grant Agreement allow for providing financial support to third parties. In other words it is financial support provided to recipients that are not party to the grant agreement. These parties may be directly the SMEs to benefit from third party financing or, alternatively the service providers which provide innovation support services to SMEs.

b) The answer to your second question is no. See reply to a) above as well as the explanations provided under Article 15 of the Annotated Grant Agreement which say that "The financial support provided by the beneficiaries may take any form (e.g. a lump sum or the reimbursement of the costs incurred by the recipients when implementing the supported activities)."

Q30: For the call in question, H2020-INNOSUP-2015-1, can we provide services or a voucher to the SME worth more than €60,000. Article 15 appears to allow this if it is part of the call and necessary for the delivery of the action?

This may be useful in some cases for larger prototype and demonstrator developments. It will also be useful for SMEs looking for a combination of services for demonstrator development and mentoring or raising finance.

A30: According to the condition of the call: "At least 75% of the total proposed budget shall be allocated to SMEs, either participating in the consortium or as third party enterprises, mainly SMEs. This topic allows for the provisions of financial support to third parties in line with the conditions set out in part K of the General Annexes (and replicated in Article 15, of the annotated Model Grant Agreement). A maximum of EUR 60,000 can be passed on to any third party (according to article 210 of the Rules of Application), which may only be exceeded where it is necessary to achieve the objectives of the action in line with Article 19(7) of the Horizon 2020 Rules for participation and dissemination." Therefore, the maximum EUR 60,000 may be exceeded as long as it complies with the condition indicated above.

The proposal has to be in line with the conditions and objectives of the call. Additional information and clarification of key concepts of the call topic are also provided in the Background note.

It should be noted out that the assessment of proposals pertains to the evaluation committee based on the documents submitted, so no comments can be made on a proposal prior to submission.

Q31:

I would like to use a percentage of the 50.000 euros allocated to SMEs to the coordination and administration through the cluster of which the SMEs are a member. Every cluster gets a small amount of this voucher flowed back to them to be able to monitor, analyse and report on the work done for our European project. Does this still count as part of the 75% allocated to SMEs or will this be seen as part of the 25%?

A31: The coordination and administration of the voucher scheme does not count as part of the 75% allocated to SMEs and is to be seen as part of the remaining 25% of the action's total budget.

Q32: What is a substantial change of the proposal? Would an increase of the grant requested by 5 %, due to "additional activities" be considered as a substantial change?

A32: In reply to your query, please be informed that the full proposal must be consistent with the short outline proposal and may not differ substantially (i.e. blatant change concerning a substantial part of the proposed project). Keep in mind that this rule should ensure fair and equal treatment of competing proposals.

Therefore, when deciding on consistency, the EASME agency would examine any justifications that the applicant has given for changes at stage 2.

Examples of substantial changes are the following: cases where the conceptual basis, or methodology, has completely changed; objectives of the work have been significantly altered or if the expected impact no longer corresponds at all to that set out at stage 1.

In your query you refer to "additional activities" requiring additional budget. It is not possible at this stage to assess whether such additional activities would alter the objectives of the work or if the expected impact corresponds or not to the one set in stage 1. It should be noted that the assessment of proposals will be based on the documents submitted, so no comments can be made on a potential proposal prior to submission.

Q33:

A. The Call states that "at least 75% of the total proposed budget shall be allocated to support innovation in SMEs"...from what I understood this can be in 3 forms:

- i. To SMEs participating as partners in the consortium, which will perform activities in the project
- ii. To SMEs external to the consortium, beneficiaries of the project services
- iii. To SMEs external to the consortium that are service providers to the SMEs beneficiaries

Can you confirm we understood correctly?

B. If this is correct:

- a) how the project partners will transfer the money to the third parties SMEs in case ii) and iii)?
- b) How should this be accounted in the partner budget? As subcontracting? Or other forms?

A33:

A. Yes, your understanding is correct for forms "i. To SMEs participating as partners in the consortium" and "ii. To SMEs external to the consortium, beneficiaries of the project services". Please do also see previous questions related to the 75% requirement above.

In the case of "iii. To SMEs external to the consortium that are service providers to the SMEs beneficiaries" a budgetary contribution allocated to "support innovation in SMEs directly" could count towards the 75% requirement if the service providers (were SMEs) and if the budget had not already been allocated and accounted for the SMEs benefitting from their services. In addition, it would have to be explained how innovation was supported at such SME service providers.

B.

a) Please see the annotated model grant agreement, article 15, which explains that "The financial support provided by the beneficiaries may take any form (e.g. a lump sum or the reimbursement of the costs incurred by the recipients when implementing the supported activities)."

You are free to propose an implementation mechanism of the voucher scheme, is in line with the rules of Art. 15. You may take inspiration from the concrete examples of different voucher schemes that were provided in the Background Note, should your project wish to implement a voucher scheme.

b) Financial support to third parties is not the same as subcontracting. It is to be reported under the cost category D. Direct costs of providing financial support to third parties/€.

Q34: It is regarding voucher systems. Is the following possible?

The consortium has cluster managers and SMEs (consultants) in it as partners. The consultants are in there to provide voucher support to the clusters and the plan was to ask all voucher users to pay an additional sum on top to the project, which would be re-distributed to fill the non-funded % part of the consultants' budget.

A34. First, regarding your part of the question which states that "*The consortium has cluster managers and SMEs (consultants) in it as partners. The consultants are in there to provide voucher support to the clusters*" please be aware that beneficiaries of the grant agreement are not eligible to act as service providers. Please do also see answer to question 28 above.

Second, regarding your part of the question which states "*asking all voucher users to pay an additional sum on top to the project*" question and answer 26 above, explains that a voucher system can be designed in such a way. However, where such a voucher scheme is put in place, please be aware that the beneficiary can only claim an EU contribution to costs (of the innovation support services) which are reduced by the contribution that SMEs are requested to pay.

Third, regarding your part of the question "*which would be re-distributed to fill the non-funded % part of the consultants budget*", this is not a correct understanding. The surplus provided by

the SMES under a voucher scheme that requires a "matched funding" would in effect lower the costs that the beneficiaries of the grant agreement would be able to claim. It cannot be used to fill the "non-funded part" of the profit making consortium members budget.

Likewise, please be reminded of the funding rates for this call topic, which is an "innovation action". For innovation actions the funding rate is of 70% of the total eligible costs (except for non-profit legal entities, where a rate of 100% applies - please see Horizon 2020 Work Programme – 19 General Annexes) as well as of the non-profit rule of grants.

Q35: We still have doubts on the budget allocation for the INNOSUP-01 Call. In particular,

- a. Funding to SME partners in the project is considered part of the 75% to SMEs? we have 3 SMEs in the project (1 cluster, 1 service provider and 1 event organizer) which will organize events directly to external SMEs, training, mentoring and matchmaking provided to SMEs for free... can these activities accounted in the 75%??...if YES, on which cost category has to be put?? Other costs?
- b. Can the consortium give financing to third party financing to service providers (SMEs)? E.g. if we select SMEs and they win vouchers can they spend these vouchers with third party service providers? How is the cashflow for this for the partners? And on which cost category we have to put?
- c. We want to invite SMEs to international events as part of our project and to boost cross-border match-making: are travels for SMEs to participate to events an eligible cost? Can this be considered as third party financing and be put under this cost voice in the budget?

A35:

- a) Yes, such activities could account for the 75%. From your explanation it is understood that such services would be provided directly by the partners, i.e. by personnel in these organisations. In such case, the costs would have to be reflected under the cost category A. Direct personnel costs. Other cost possibilities such as other costs, subcontracting, etc. could also be used if applicable.
- b) From your question we understand that you refer to a voucher system being put in place. In such case, third party financing is to be reported under cost category D. "Direct costs of providing financial support to third parties/€." Grant beneficiaries are reimbursed based on costs actually incurred. Usually, there are several reporting periods during the duration of the grant.
- c) Travels for SMEs to participate to events could be an eligible cost in the project if they have a clear innovation support purpose for the SMEs. Still overall

With regards to whether this would count towards the 75% requirement of "total budget to the allocated to support innovation in SMEs directly", an answer cannot be made based on the submitted information. The full assessment of proposals in terms of the 75% target, the potential impacts etc., will be done by the evaluation committee based on the documents submitted, so no comments can be made on a potential proposal prior to submission.

Q36: 1. Are letters of support from the regional Managing Authorities of ESIF required or beneficial in the 2nd stage? In the 1st stage it was not needed.

2. The second question refers to the whole complex of financial support to third parties that plays a dominant role in this call. I understand that financial support has to conform to the criteria given in Annex K of the General Annexes. However, open questions remain given our specific case. We aim to hand out "innovation vouchers" of up to 60,000 Euro to tandem projects. The tandem can apply for one of the vouchers through a formalised procedure; the proposals are evaluated by an expert committee following clearly defined selection criteria... The question now is: is there a second level control by the EC of the selected tandem projects? A situation might arise where the project consortium awards a voucher based on the selection criteria but later on the EC might revoke that decision. In other words: if the project is accepted by the EC with a clearly defined selection process and criteria, how independent will the consortium be to carry out the project according to this plan?

A36:

1. Letters of support from Managing Authorities (or other authorities) are not required. However, as already stated under answer to question 19 above "if a regional authority brings a financial support to the action (in an indirect manner), for instance assisting via a support letter while entailing spill-over effects for the action, such a support may be seen in a positive way" by the evaluation committee as part as assessing the potential expected impact of the action.

2. As already pointed out in your question, financial support to third parties has to conform to the criteria given in Annex K of the General Annexes (and stipulated under article 15 in the Annotated Model Grant Agreement):

*Where this possibility is indicated under the relevant topic, **proposals** which foresee a financial support to third parties, **shall clearly detail the objectives and the results** to be obtained **and include** at least the following elements:*

- (a) the maximum amount of financial support for each third party. (The maximum amount may not exceed EUR 60 000 for each third party, unless it is necessary to achieve the objectives of the action as described in Annex I;*
- (b) the criteria for calculating the exact amount of the financial support;*
- (c) the different types of activity that qualify for financial support, on the basis of a closed list;*
- (d) the persons or categories of persons that may receive financial support, and*
- (e) the criteria for giving financial support.*

This means that at the time of the second stage submission, the applicant has to provide full details regarding all the above elements. If the project is successful and will be among the projects selected for funding, the technical proposal will form an integral part of the future grant agreement (it will become Annex 1) and Art. 15 of the Annotated Model Grant Agreement, (together with corresponding options in Article 6 and other provisions) will be inserted into the Grant agreement.

During the implementation of the action, the beneficiaries will have to comply with the conditions for the support that will be set out in Annex 1.

Questions and Answers submitted during the stage 2 of the submission procedure of INNOSUP-1-2016

Q37

We are applying for the 2 step evaluation process under the Call INNOSUP-01-2016-2017 - Work Programme 2016-2017 Innovation in SMEs, with deadline set on September, 8th. We have the following doubts that we kindly ask you to clarify:

1-In the proposal submitted during the 1st stage we tried to outline in details (under the Methodology section) the WP structures and the scheme to be implemented to select the SMEs that will receive an innovation voucher as third parties. Should we keep the text forming the first part of the proposal as it was submitted during the first step, or can we change it in order to avoid repetitions and redundancies?

2-we noticed that the new background note (updated on June 2016) suggests a duration of projects between 30 and 36 months, while the previous one reported a different time frame (24-30 months). Based on this change, is it possible to extent the time of the project proposal declared on the 1st step (in our case it would be from 30 to 33 months) ? This extension would be very beneficial to our project

3-We are planning to put in place a voucher system, reporting the cost under category D, but we did not understand how it works the cash flows between project partners and third parties. Which of these 3 options is correct?

i) partners transfer the whole voucher amount to the winning SMEs, who will then spend it to acquire the needed innovation services. If this is the case, should the SMEs report about the costs occurred?

ii) partners reimburse the SMEs only costs incurred to buy the innovation services (based on invoices provided by the SME)

iii) partners directly pay the innovation services providers and select the providers

4-We plan to open a call for innovation projects in order to select the SMEs that will be granted an innovation voucher (up to 60.000 €). Can an SMEs work on two innovation projects thus receiving more than one voucher (keeping the limit to 60.000 €).

A37

Please find below the answers to your questions:

Answer to question 1:

You can modify the text to improve it if you wish, but please bear in mind that the full proposal must be consistent with the short outline proposal and may not differ substantially (i.e. blatant change concerning a substantial part of the proposed project). Keep in mind that this rule should ensure fair and equal treatment of competing proposals.

The FAQs of the call (available at

<http://ec.europa.eu/research/participants/portal/desktop/en/opportunities/h2020/topics/6084-innosup-01-2016-2017.html>) provide examples of what substantial changes may be (please [see question and answer 32](#)).

"Examples of substantial changes are the following: cases where the conceptual basis, or methodology, has completely changed; objectives of the work have been significantly altered or if the expected impact no longer corresponds at all to that set out at stage 1.

...

Therefore, when deciding on consistency, the EASME agency would examine any justifications that the applicant has given for changes at stage 2. "

Please be also aware that when submitting the full proposal, you will be requested to complete a specific section 4.3 on "Financial support to third parties" which will require outlining how the terms and conditions of ["General Annex K"](#) are fulfilled and where applicants will have the possibility of providing a detailed description of how the proposal intends to implement the requirement of reaching at least 75% of the total budget going to support innovation in SMEs directly.

Answer to question 2:

Yes but it would be good that you mention and justify the change of duration in your 2nd stage proposal.

Answer to question 3:

You are free to implement the voucher scheme as you wish provided that it complies with article 15 of the [model grant agreement](#) (see p.140 onwards). This annotated model grant agreement says, among others that *"The financial support provided by the beneficiaries may take any form (e.g. a lump sum or the reimbursement of the costs incurred by the recipients when implementing the supported activities)."*

You should also carefully fill in section 4.3 of the proposal, already described above, and provide information for all the points mentioned there.

In addition, please be aware that many questions and answers on vouchers are gathered in the FAQ document.

Moreover, you may also take inspiration from the concrete examples of different voucher schemes that were provided in the Background Note (also (available at <http://ec.europa.eu/research/participants/portal/desktop/en/opportunities/h2020/topics/6084-innosup-01-2016-2017.html>), should your project wish to implement a voucher scheme.

Answer to question 4:

Yes

Q38

We will put in place a voucher scheme (with contribution of 100% up to € 60.000) to validated innovation projects. We've decided to go for a reimbursment scheme supported by a constant monitoring activity on the progress of expenditures(on the basis of invoices).Referring to the management of cashflow between partners and third parties, should the following scheme work?
1- when projects are selected, prefinancing up to 30% of the total voucher;2-mid-term second payment up to additional 30% if the pre-payment has been spent; balance after the provision of a

final report by each beneficiary. Could this scheme work?

A38

Participants are free to choose the payment arrangements for their proposed voucher schemes as long as they comply with the rules on financial support to third parties set out in Section K of the General Annexes to the Horizon 2020 Work Programme 2016- 2017. The payment arrangements as presented in your question do not contravene the provisions set out in section K.

With regard to the mechanics of the voucher scheme that you plan to address in your proposal we are not in a position to offer suggestions. It is for the applicants to engineer the best scheme according to own approach to the matter. It will then be for the evaluation committee to judge on the proposal and certainly on the voucher scheme submitted in the proposal.

"With regard to the question on pre-financing please refer to Answer 24."

The Enterprise Europe Network (EEN) also offers support and advice to businesses across Europe. It is specifically designed for small and medium enterprises and helps them on business-related EU affairs. A list of the offices available in both EU and non-EU countries can be found at:

<http://een.ec.europa.eu/about/branches>

Q39

Regarding the call INNOSUP-01-2016-2017 - for the stage 2, we would like to ask for a clarification regarding an answer given to the call FAQ: see question 11 of the FAQ and the answer 11, where it is stated: "In case innovation or technical assistance vouchers are used, the money is not given directly to SMEs but to third parties which provide the innovation support or technical support to SMEs."

May we ask on which basis is made this assertion?

What would prevent from giving the money to the SME to allow it to spend the voucher for paying a service provider?

Additionnally but in line with the reply to FAQ Qu 11, if the service provider is considered as third party, does it mean service providers would be submitted to the limit of 60 000 € allocated to third parties, for the whole project duration?

A39

Please find below the answers to your questions:

Answer to question 1:

The answer 11 given in the FAQ document explains that "in the case innovation or technical assistance vouchers are used, the money is not given directly to SMEs but to third parties which provide the innovation support or technical support to SMEs." This statement is in line with the nature of an innovation voucher, which implies that only a "voucher" is given, which then can be used to access innovation support services - instead of providing a lump sum of funding directly.

Innovation or technical assistance vouchers are often used to ensure that funding is used for supporting innovation activities. The indirect "voucher" mechanism allows that innovation

support can be provided by external innovation experts that the voucher issuing entity (e.g. beneficiaries of the grant agreement) may not have. The section 2.5 in the background note to this call (available at https://ec.europa.eu/research/participants/portal/doc/call/h2020/innosup-01-2016-2017/1722601-innosup-1-2016_background_note_20160630_en.pdf)

on the use and combination of business support tools and instruments also provides further background and links in relation to innovation vouchers.

Please note though that answer 11 also clarifies that "vouchers may be used as means of channeling innovation support but must not be." Therefore, financial support can also be given to SMEs directly to support their innovation activities (see also answer 29b and 37), but then it would not be an innovation "voucher" scheme as such. In any case please be reminded that it is mandatory to provide further information if financial support to third parties is foreseen. See Section K of the General Annexes to the Horizon 2020 Work Programme 2016-2017 (available at http://ec.europa.eu/research/participants/data/ref/h2020/other/wp/2016_2017/annexes/h2020-wp1617-annex-k-fs3p_en.pdf) and Article 15 of the model grant agreement (see pages 140-144 available at http://ec.europa.eu/research/participants/data/ref/h2020/grants_manual/amga/h2020-amga_en.pdf) that amongst others states that "The financial support provided by the beneficiaries may take any form (e.g. a lump sum or the reimbursement of the costs incurred by the recipients when implementing the supported activities)". See also further information given in answer A.5a) of the FAQ document related to this point and answers 13, 14, 16, 18, 26 and 28.

Answer to question 2:

The "third parties" referred to in this answer would be one or a pool of external service providers that are engaged through a service contract – often referred to as subcontracting. Such a service contract does not constitute "financial support to third parties" as referred to in Section K of the General Annexes to the Horizon 2020 Work Programme 2016-2017 (available at http://ec.europa.eu/research/participants/data/ref/h2020/other/wp/2016_2017/annexes/h2020-wp1617-annex-k-fs3p_en.pdf) as it does not refer to support granted but rather to a purchase through a service contract. Therefore, the indicated "maximum amount to be granted to each third party" that "may not exceed EUR 60 000 for each third party unless it is necessary to achieve the objectives of the action" does not apply to service providers engaged through a service contract that provide the innovation support to groups of SMEs. The EUR 60,000 ceiling only applies to the indirectly supported SMEs.

To sum up, both, service providers and SMEs mentioned in the statement of answer 11 are third parties – in the sense of not becoming/being a consortium partner for the grant agreement –, but only the innovation support or technical support provided to the SMEs is to be considered as "financial support to third parties" and the "maximum amount" applies to each third party, i.e. for each SME supported and not for all SMEs supported. See also answers 29 a) and 33 B b).

Q40

Is there a partner search tool?

A40

The answer to question A9d) points for instance to the European Cluster Collaboration Platform that has since actually made available a partner search tool for cluster organisations at

<http://www.clustercollaboration.eu/partner-search> that can also be used for this call.

Q41

Can you clarify what is meant by "core tasks" of the project that should not be sub-contracted, i.e. whether this concerns only project management or also the specialised SME support provision that is foreseen under the call. SMEs will require specialist expert support which may not be available from the public sector project partners and we would like to provide this to them through consultancy contracts.

A41

The [Annotated Model Grant Agreement](#) (AMGA) for the Horizon2020 Programme does not make reference to "core tasks" of the project that should not be subcontracted" (contrary eg to the COSME programme).

Instead, article 8 of the H2020 AMGA highlights, amongst others, that "*The beneficiaries must have the **appropriate resources** to implement the action. If it is necessary to implement the action, the beneficiaries may [...] call upon subcontractors to implement action tasks described in Annex I (see Article 13)*" and article 13 further highlights, amongst others, that "*Subcontracting may cover only a limited part of the action.*"

Beneficiaries may therefore call upon subcontractors to implement actions tasks provided that they are clearly described and justified in their Description of Action (under each Work Package), including for the provision of specialised SME support. However subcontracting should only concern a limited part of the action.