



National Documentation Center  
(EKT/NHRF)

FP7 Rules of Participation  
Funding schemes  
Financial issues  
Evaluation Criteria  
Implementation  
Submission Contractual and Financial issues

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# Outline of the presentation

- Definitions- Participation rules
- Funding schemes
- Financial issues
- Evaluation Criteria
- Implementation
- Submission

# Definitions

**Public body:** any legal entity established as such by national law, and international organisations

**Research organisation:** a legal entity established as a non profit organisation which carries out research or technological development as one of its main objectives

**International organisation:** intergovernmental organisation, which has legal personality under international public law, as well as any specialised agency set up by such international organisation

**SMEs:** enterprises within the meaning of Recommendation 2003/361/EC in the version of 6 May 2003 (same as FP6) = fewer than 250 employee, annual turnover not exceeding € 50 million, and/or annual balance sheet total not exceeding € 43 million

# Differences between FP6 ≠ FP7 Terminology

## FP6

## FP7

➤ Cost Model	≠	“Does not exist any more”
➤ Upper funding limit for R&D=100%	≠	Upper funding limit 75%
➤ Indirect Cost for SSA/CA=20%	≠	Indirect Cost for SSA/CA=7%
➤ “Contract” becomes	≠	“Grant Agreement”
➤ “Contractor” becomes	≠	“Beneficiary”
➤ “Instrument” become	≠	“Funding Scheme”
➤ “Audit certificate” becomes	≠	“Certificate of Financial Statements”
➤ Evaluation criteria	≠	Evaluation criteria=3
➤ Financial Collective Responsibility	≠	Not exist in FP7
➤ “Pre-existing know-how”	≠	Background
➤ Knowledge	≠	Foreground
➤ “INCO Countries”	≠	International Cooperation Partner Countries

# Minimum conditions for participation

- 3 independent participants from 3 different Member States (MS) or Associated countries (Ac)
  - ❖ *Member States (MS): EU 27*
  - ❖ *Associated countries (Ac): EU non member countries associated to FP7, ie, Iceland, Liechtenstein, Norway, Switzerland, Israel, Turkey, Croatia and Serbia\**

Provided this minimum has been achieved, **any number of additional participants from other countries can be included**

- Natural persons may participate
- Sole participants composed of members that meet the criteria above can participate
- JRC may participate and is deemed to be from a different MS or Ac (same principles for **international European interest organisations**; and entities established under Community law, eg, a European Economic Interest Grouping)
- **Additional conditions** can be established by the work programme (WP) or specific programme (SP) (e.g. specific cooperation activities dedicated to ICPC)

\* list regularly updated at : [http://cordis.europa.eu/inco/agreements\\_fp7\\_en.html](http://cordis.europa.eu/inco/agreements_fp7_en.html)

# Minimum conditions for participation

- Collaborative projects for specific international cooperation actions (SICA) dedicated to international cooperation partner countries (ICPC) identified in WP – minimum is 4 participants of which 2 in different MS or Ac and 2 in different ICPC countries unless otherwise foreseen in work programme

***The list of ICPC countries is given in annex 1 of the work programme***

- **Frontier research actions (ERC):** at least 1 legal entity established in a MS or AC
- **Coordination and support actions** and actions in favour of training and career development of researchers: **minimum of 1 legal entity** (except actions to coordinate research activities)
- Participation of international organisations and participants from third countries possible if in addition to minima



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# Eligibility for Funding

1. Legal entities from MS and Ac (including JRC) or created under Community law
2. International European interest organisations
3. Legal entities established in international cooperation partner countries (ICPC)  
  
and
4. Other than the above, if provided for in SP or WP; or essential for carrying out action; or provision for funding is provided for in a bilateral agreement between Community and the third country.



# Funding Schemes

- Collaborative projects (in former times IP; STREP)
- Networks of Excellence (NoE)
- Coordination and support action (CSA)
- Support for „frontier“ research (Ideas)
- Support for training and career development of researchers (Marie-Curie)
- Research for the benefit of specific groups (in particular SMEs; in former times CRAFT and Collective Research)

# Funding Schemes

- *“Funding Schemes” are the type of the project, by which FP7 is implemented.*

## 1. COOPERATION & CAPACITIES

- **Collaborative projects** (large scale and small and medium scale)- support for research projects with clearly defined scientific and technological objectives and specific expected results (such as developing new knowledge or technology to improve European competitiveness). They are carried out by consortia made up of participants from different countries, and from industry and academia.
- **Network of Excellence** - support for a Joint Programme of Activities implemented by a number of research organisations integrating their activities in a given field, carried out by research teams in the framework of longer term cooperation.

# Funding Schemes

## 1. COOPERATION & CAPACITIES

- Co-ordination & Support Action - Support for activities aimed at coordinating or supporting research activities and policies (networking, exchanges, trans-national access to research infrastructures, studies, conferences, etc.).
- Research for the benefit of specific groups (i.e. SMEs, CSOs) - Support for research projects where the bulk of the research and technological development is carried out by universities, research centers or other legal entities, for the benefit of specific groups, in particular SMEs or associations of SMEs.

# Funding Schemes

## 2. IDEAS

- Support for "frontier" research - Support for projects carried out by individual national or transnational research teams. This scheme will be used to support investigator-driven "frontier" research projects funded in the framework of the European Research Council.

## 3. PEOPLE

- Support for training and career development of researchers mainly to be used for the implementation of the Marie Curie actions.

# CP - Integrating Projects

## ➤ **Activities in an Integrating Project may cover**

- ✓ Research and technological development
- ✓ Demonstration
- ✓ Training activities
- ✓ Innovation linked activities
- ✓ Management of the consortium

## ✓ **Experience of IPs in FP6**

- ✓ Average duration: 36-60 months
- ✓ Optimum consortium: 10-20 participants
- ✓ Total EC contribution: 4-25 M€

# CP – Focused Projects

## ✓ Activities in a Focused Project may cover

- ✓ Research and technological development
- ✓ Demonstration
- ✓ Management of the consortium

## ✓ Experience of STREPs in FP6

- ✓ Average duration: 18-36 months
- ✓ Optimum consortium: 6-15 participants
- ✓ Total EC contribution: 1-4 M€



# Networks of Excellence (NoEs)

- **Activities in an NoE may cover**
  - ✓ Joint programme of activities (JPA)
  - ✓ Integrating activities
  - ✓ Joint research programme
  - ✓ Spreading of excellence
  - ✓ Management of the consortium
- **Experience of NoEs in FP6**
  - ✓ Average duration: 48-60 months
  - ✓ Optimum consortium: 6-12 participants
  - ✓ Total EC contribution: 4-10 M€

# Coordination actions

- ✓ **Activities in a Coordination action may cover**
  - ✓ Networking, coordination and dissemination activities
  - ✓ Management of the consortium
  - ✓ *(Coordination actions do not conduct S&T research !)*
- ✓ **Experience of CAs in FP6**
  - ✓ Average duration: 18-36 months
  - ✓ Optimum consortium: 13-26 participants
  - ✓ Total EC contribution: 0.5-2 M€

# Support actions

## ✓ Activities in a Support action may cover

- ✓ Conferences, seminars, working groups and expert groups; Studies, analysis;
- ✓ Fact findings and monitoring; Preparatory technical work, including feasibility studies; Development of research or innovation strategies;
- ✓ High level scientific awards and competitions;
- ✓ Operational support, data access and dissemination, information and communication activities
- ✓ Management of the consortium (*Support actions do not conduct S&T research !*)

## ✓ Experience of SSAs in FP6

- ✓ Average duration: 9-30 months
- ✓ Optimum consortium: 1-15 participants
- ✓ Total EC contribution: 0.03-3 M€

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# Legal Framework (financial issues)

- EC-Treaty
- Financial Regulation
- State-Aid-Rules
- Framework Programme 7 and Specific Programmes
- Rules for Participation
- Model grant agreement (MGA)
- Guide to Financial Issues
- Work Programmes & Calls for proposals

# Funding principles

EC funding contribution is defined by:

- Funding schemes
- Categories of participants
- **Types of activities** (such as research and technological development, demonstration, management, training etc.)



# Forms of grants

- ✓ **Reimbursement of eligible costs as the preferred method**, particularly at the beginning of FP7
- ✓ **Flat rates**: a percentage for indirect costs or scales of unit costs
- ✓ Lump sum amounts: in particular as option **for participants from ICPC** and, if provided for by work programme, **for NoEs**
- ✓ Combination possible (will be used for ERANET-PLUS)
- ✓ *Forms of grants to be used are specified in WP/calls for proposals*
- ✓ *ICPC participants may opt for lump sum financing*

# Reimbursement of eligible costs

- ✓ **Cost reporting models eliminated**
  - ✓ Participants charge direct and indirect eligible costs
- ✓ **Average personnel costs accepted if: (new)**
  - ✓ Consistent with the management principles and accounting practices
    - ✓ and
  - ✓ they do not significantly differ from actual personnel costs= if identified according to a methodology approved by the Commission
- ✓ **Receipts** taken into account at the end of the project
- ✓ **Interest from pre-financing**

# Eligible costs

✓ **Co-financing, no profit**

✓ **Eligible**

- ✓ Actual
- ✓ Incurred by the beneficiary during the project (except: for final report and final review 60 days after end of project)
- ✓ Determined according to usual accounting and management principles/practices
- ✓ Used solely to achieve project objectives
- ✓ Consistent with principles of economy, efficiency and effectiveness
- ✓ Recorded in accounts and paid (or the accounts of third parties)

# Non- eligible costs

## ■ Non-eligible costs are:

- a) indirect taxes including value added tax,
- b) duties,
- c) interest owed,
- d) provisions for possible future losses or charges,
- e) exchange losses, cost related to return on capital,
- f) costs declared or incurred, or reimbursed in respect of another Community project,
- g) debt and debt service charges, excessive or reckless expenditure.

# Cost Categories

- Eligible costs of the project are:
- **direct costs**  
are all those eligible costs which can be attributed directly to the project and are identified by the beneficiary as such, in accordance with its accounting principles and its usual internal rules
- **indirect costs**  
are all those eligible costs which cannot be identified by the beneficiary as being directly attributed to the project but which can be identified and justified by its accounting system as being incurred in direct relationship with the eligible direct costs attributed to the project

# Direct Costs

Direct costs are e.g.:

- Personnel costs
  - Definition in MGA Annex II Art. II.15.1
  - Time records for **all project employees necessary**
  - Average personnel costs accepted if: consistent with the **management principles and accounting practices** and they do **not significantly differ from actual personnel costs** = if identified according to a methodology approved by the COM (NEW)
- Travel costs
- Equipement



# Indirect Costs

Indirect costs are e.g.:

- Administration costs
- Rental fee
- Electricity and heating costs
- Phone and copy costs
- Cleaning costs
- General office equipment
- Mail charges
- Office supplies

# Indirect Costs

- ✓ For all beneficiaries:

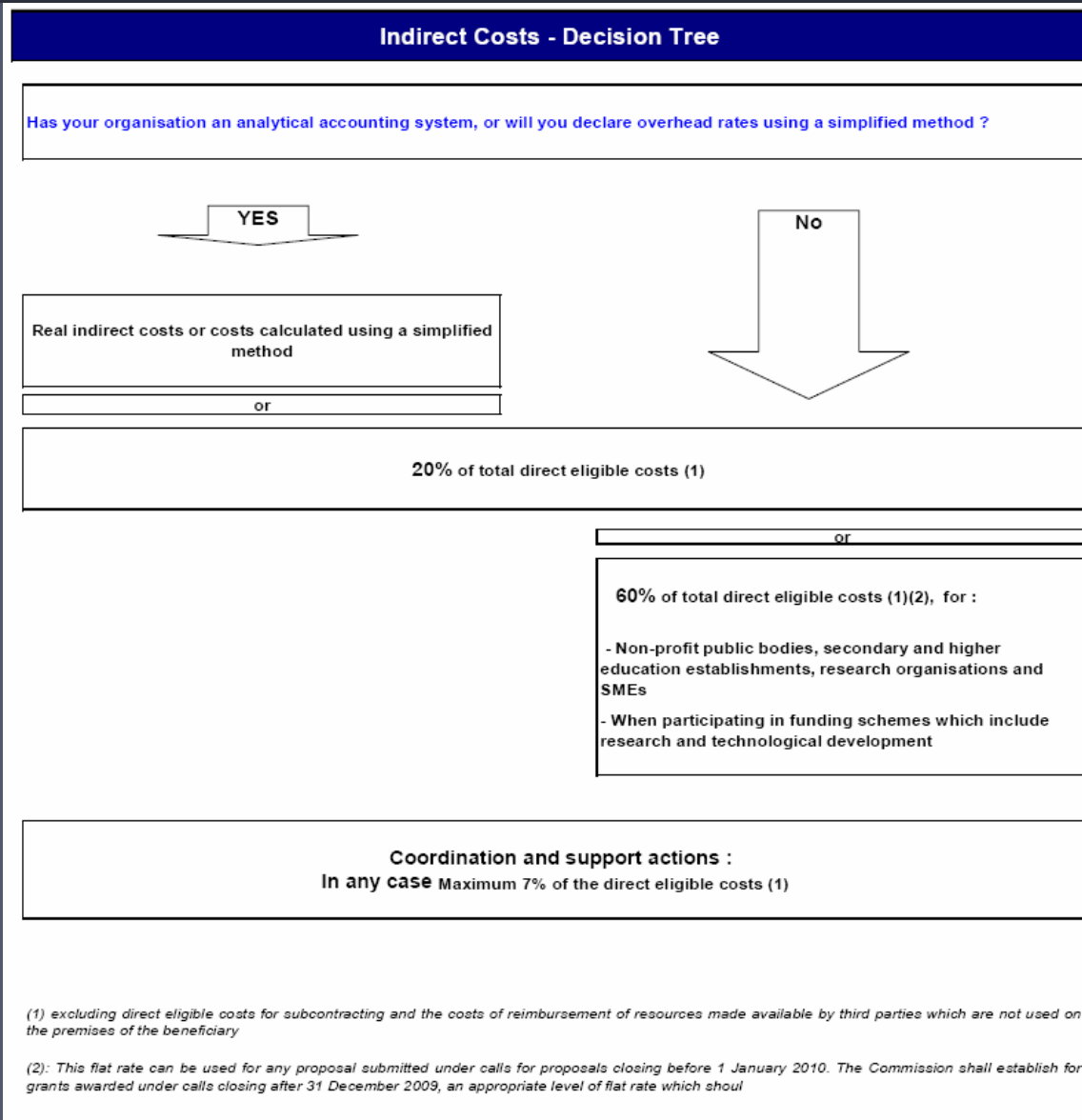
Either on

- ✓ **real overheads**
- ✓ **simplified method:** only if **lack of analytical accounting** or legal requirements to use a form **cash-based accounting** prevents detailed cost allocation; in accordance with usual accounting and management principles (certification of methodology possible)
- ✓ **flat rate of 20%** of direct costs minus subcontracting and 3rd parties not used on the premises of the beneficiary

But:

- ✓ Non profit Public Bodies, Secondary and Higher Education establishments, Research Organisations and SMEs **unable to identify real indirect costs**, may apply for **a flat rate of 60% for funding schemes with RTD**.
- ✓ For Coordination and Support Actions limit **of 7% of direct eligible costs** (minus subcontracting and costs made available by 3rd parties which are not used on the premises of the beneficiary).

# Calculation of Indirect Costs



# Maximum funding rates

- **Research and technological development activities** – up to **50%** of eligible costs except for: Public bodies, Secondary and higher education establishments, Research organisations (non-profit), SMEs– up to **75%**
- **Demonstration activities** – up to **50%** of eligible costs
- **Other activities (management, etc)** – up to **100%**
- **Coordination and support actions** – up to **100%** (Flat rate indirect costs: 7%)
- **Frontier research actions (IDEAS): up to 100%**
- **Training and career development of researchers actions (PEOPLE): up to 100%**

# Upper funding limits

Maximum reimbursement rates of eligible costs	Research and technological development (*)	Demonstration activities	Training activities	Management of the consortium activities	Other activities (**)
Network of excellence				100%	100%
Collaborative project	50% 75% (***)	50%	100%	100%	100%
Research project for the benefit of specific groups (SMEs)	50% 75% (***)	50%	100%	100%	100%
Coordination and support action			100% (****)	100% (****)	100% (****)

(\*) Research and technological development includes operational activities directly related to the protection of foreground and coordination of research activities.

(\*\*) Other activities means any "specific activity" covered by Annex I.

(\*\*\*) For *beneficiaries* that are non profit public bodies, secondary and higher education establishments, research organisations and SMEs

(\*\*\*\*) The reimbursement of indirect eligible costs, in the case of coordination and support actions, may reach a maximum 7% of the direct eligible costs, excluding the direct eligible costs for subcontracting and the costs of reimbursement of resources made available by third parties which are not used on the premises of the beneficiary.

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# Evaluation criteria (1)

Divided into three main criteria

## S&T Quality

- ✓ Concept, objectives, workplan

## Implementation

- ✓ Individual participants and consortium as a whole
- ✓ Allocation of resources

## Impact

- ✓ Contribution to expected impacts listed in the work programme
- ✓ Plans for dissemination/exploitation

# Evaluation criteria (2)

## Criteria adapted to each funding scheme

- ✓ Specified in the work programme (annex 2)
- ✓ Given in Guide for applicants

## Scoring

- ✓ Criteria scored out of 5  $\Rightarrow$  total=15
- ✓ Individual threshold = 3;  
overall threshold = 10

# Evaluation criteria for IDEAS Programme

Scientific Excellence is the sole Criterion

1. Potential of applicant
2. Quality of project
3. Research Environment
  - Referees and panels evaluate and score criteria under Heading 1 and Heading 2 numerically which will result in the ranking of the projects
  - Criteria under Heading 3 will be considered as "pass/fail" and commented but not scored

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# Implementation and grant agreements

- Participants implement work jointly and severally towards the Community and carry out work of a defaulting partner unless the Commission relieves them of that obligation.
- But: no more financial collective responsibility ≠ FP6
- Instead: establishment of a participant guarantee fund to cover risks.
- If implementation of the project is impossible or participants fail to implement it, the Commission shall ensure termination.
- Consortium agreements obligatory unless exempted by call for proposals - Commission will publish guidelines on content
- Changes in consortium membership possible

# Grant Agreement Structure

## Structure

- Core part: Grant agreement parameters
- Annex I: Description of Work
- Annex II: General Conditions
- Annex III: Specific provisions for funding schemes(e.g. Research for SMEs)
- Annex IV, V & VI: Forms A(Accession of beneficiaries),B (Accession of new beneficiaries) & C (Financial Statement)
- Annex VII: Form D - ToR for the certificate of financial statements and Form E – ToR for the certificate on the methodology *(new)*

**Consortium agreement mandatory** (except if excluded by Call)

# Similarities with FP6 contract

- Accession of beneficiaries via “Form A”
- Later accession of beneficiaries via “Form B”
- Signature by coordinator & Commission
- Entry into force upon signature by coordinator & Commission



# What is new compared to FP6

## Financial provisions

1. Payment modalities
2. Reimbursement of eligible costs
3. Indirect costs
4. Certificates
5. Third parties
6. Upper funding limits
7. No financial collective responsibility

## Other provisions

- Reporting
- Amendments

# Payment modalities

- One **pre-financing** (upon entry into force) for the whole duration will be agreed during negotiations (for projects with more than 2 periods = around 160 % of average funding per period;  
Average = total EC contribution/nr of periods)
- **Interim payments** based on financial statements (*EC contribution = amounts justified & accepted \* funding rate*)
- **Retention** (10%- released with final payment)
- **Final payment**

# Grant agreement

## **Model grant agreement to be drawn up in close cooperation with MS:**

- to establish **rights and obligations of participants** (including submission of reports, termination etc);
- identify whether and what part of EC financial contribution is based on reimbursement of eligible costs, lump sums or flat rates;
- Identify which changes in the consortium require prior publication of competitive call;
- shall reflect general principles of the European Charter for Researchers and the Code of Conduct for the Recruitment of Researchers
- specific **provisions for certain types of actions** (IPR particularly)
- grant agreement comes into force upon signature by coordinator and Commission and applies to each participant that accedes
- future significant modifications to be reviewed with MS

# No financial collective responsibility

## Guarantee Fund

The financial **responsibility** of each participant shall be **limited to its own debt**.

However, there is “technical responsibility” to carry out the project jointly and severally *vis-a-vis* the Commission

In order to manage the **risk associated with non-recovery of sums** due to the Community, the Commission will establish and operate a participant **Guarantee Fund**.

# Guarantee Fund

- The **contribution to the Fund by a participant** to an indirect action shall **not exceed 5 %** of the Community financial contribution due to the participant

At the **end of the action** the amount contributed to the Fund **shall be returned to the participant**

- **Unless:** the interest generated by the Fund is insufficient to cover sums due to the Community, the **Commission may deduct\* from the amount to be returned to a participant a maximum of 1%** of the Community financial contribution.
- \* **not for public bodies**, legal entities whose participation is guaranteed by a MS or an AC, and **higher and secondary education establishments**

# Guarantee Fund

The Commission will offset, from the initial pre-financing, that it will pay to the consortium, the participants' contribution, and pay it on their behalf to the Fund.

Where amounts are due to the Community by a participant, the Commission may, either:

- (a) order the depositary bank to directly transfer the amount from the Fund to the coordinator (if project is still on-going and the remaining participants agree to implement it to the identical regarding its objectives), or
- (b) recover effectively the said amount from the Fund (should the indirect action be terminated or already completed).



# Certificates

## Certificate of financial statements

- for claims of interim payments and final payments by a beneficiary when community financial contribution equal or superior to **375,000 Euro** (except for project of 2 years or less: the CFS is submitted just at the end)
- If EC funding for a participant does not reach 375,000 **no Certificate** on financial statement **is needed**.
- If above the threshold, mandatory for every beneficiary, except if a certificate on the methodology is provided



# Certificate on the methodology

- Certificate on the methodology for calculation of costs (both personnel and indirect costs and the related control systems) verified by external auditor = **accepted by the COM** = **no intermediate certificate on the financial statements** for claims of **interim payments** necessary
- **Simplified certificate** for final payments

# Certificates

- “Certificate for financial statements” and on the “methodology” will be done by external independent auditor
- Public bodies, secondary and higher education establishments and research organisations may opt for a “competent public officer”
- Auditor provides **information according to a specific format** specified via agreed terms of reference (ToR)
- ToR is **annexed to the grant agreement** (Annex VII)

# Reporting

- Periodic reports to be submitted by coordinator 60 days after end of period:
  - progress of the work
  - use of the resources and
  - Financial Statement (Form C)
- Final reports to be submitted by coordinator 60 days after end of project:
  - publishable summary report, conclusions and socioeconomic impact
  - covering wider societal implications and a plan on use and dissemination of results

# Reporting

Commission has 105 days to evaluate and execute the corresponding payment

- ✓ No tacit approval of reports
- ✓ EC will pay automatically interest on late payment

After reception Commission may:

- ✓ Approve
- ✓ Suspend the time-limit requesting revision/completion
- ✓ Reject them giving justification, possible termination
- ✓ Suspend the payment

# Amendments

- Coordinator requests amendments on behalf of the consortium
- Coordinator can accept an amendment proposed by the Commission (*new-* with the proven agreement of the consortium)

Parties of GA approve or reject valid request for amendment or termination within 45 days.

Absence of response within 45 days = **tacit rejection**

- Consortium request for addition/withdrawal: tacit approval by COM after 45 days

# Intellectual Property Provisions I

## Main objectives:

- to facilitate the implementation of the project and the **exploitation of its results**
- to **provide a minimum framework** while allowing participants **flexibility to determine additional rules** specific for their cooperation
- to ensure **continuity with the FP6 IPR provisions** but simplifying and improving these where appropriate

# Intellectual Property Provisions II

## Terminology:

**Background** = information and attached rights

- which is held by participants prior to their accession to the grant agreement (no side ground)
- which is needed for carrying out the project or for using its results
- which may be defined by the participants

**Foreground** = all results of the project and attached rights



# Intellectual Property Provisions III

**Ownership:** each participant owns the foreground it generates

**Joint ownership:** in absence of a specific agreement:

- any joint owner is entitled to grant non-exclusive licenses to third parties (without any right to sub-licence)
  - with 45 days prior notice to the other joint owner(s) and
  - fair and reasonable compensation to the other owner(s)

# Intellectual Property Provisions IV

## Transfer of ownership of foreground:

**Prior notification** in principle **only to the other participants**; they may waive their rights

Where intention to transfer ownership of foreground to third party established in third country not associated to the FP7 = **Commission may object to transfers or exclusive licenses** (for ethical, competitiveness or security reasons)

# Intellectual Property Provisions V

## Protection, use, dissemination (publication)

- **Foreground** capable of industrial or commercial application **must be protected** taking into account legitimate interests
- Owner of foreground who does not wish to protect may **transfer** the foreground **to another participant or an (affiliate) entity established in a MS or associated country** or to the Commission
- **Foreground must be used and disseminated**
- Publications and patent applications **must indicate the Community financial assistance**

# Intellectual Property Provisions VI

## Access rights for implementation

to foreground shall be granted to other beneficiaries, if needed to carry out their work (royalty-free basis)

to background shall be granted to other beneficiaries, if needed to carry out their work (royalty-free unless otherwise agreed before accession to the grant agreement)

# Intellectual Property Provisions VII

## Access rights for use

### foreground:

to other beneficiaries if it is needed to use their own foreground (subject to agreement – fair and reasonable conditions or royalty-free)

### background:

to other beneficiaries if it is needed to use their own foreground shall be granted to other beneficiaries, if needed (subject to agreement – fair and reasonable conditions or royalty-free)

# Intellectual Property Provisions VIII

- Participants may exclude specific background **but not necessarily prior to signature of EC grant agreement**
- **Special provisions** for certain types of actions e.g. frontier research, research for the benefit of specific groups, security research

# Intellectual Property Provisions IX

Access rights conditions	Access rights to background	Access rights to foreground
Needed for carrying out the project	Royalty-free unless otherwise agreed before accession to the grant agreement	Royalty-free
Needed for use of own foreground [*]	<u>Fair and reasonable conditions or royalty-free to be agreed at any time</u>	

[\*] Unless otherwise foreseen, an affiliate entity established in a MS or AC will also enjoy such access rights



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# Submission

- **Fixed deadline calls\***
  - 17h00 Tuesdays
- One stage submission or
- Two step submission (Short proposal and full proposal):  
According to the Specific Work Programme
- **Electronic submission only**
- EPSS (Electronic Proposal Submission System) will be fully operational from 19 March

# More Info.....

FP7: [cordis.europa.eu/fp7](http://cordis.europa.eu/fp7)

Seventh Framework Programme: <http://ec.europa.eu/research/fp7>

Participate in FP7: [cordis.europa.eu/fp7/participate\\_en.html](http://cordis.europa.eu/fp7/participate_en.html)

Useful documents: [http://cordis.europa.eu/fp7/find-doc\\_en.html](http://cordis.europa.eu/fp7/find-doc_en.html)

Find a Call: [cordis.europa.eu/fp7/dc/index.cfm](http://cordis.europa.eu/fp7/dc/index.cfm)

*Thank you for your attention*