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FP7 Handbook tailored to the needs of the Scientific Community of Moldova

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Executive Summary

This handbook is an introduction to FP7 based on version 2.8 of the FP7 book produced by Myer Morron (EFPC) and customised for the needs of the Moldovan research Community. It supports the materials delivered during the MOLD-ERA workshops. The book gives a complete overview of the Framework Program including: the history of the Framework Program, components, themes, work programs, financial rules and regulations, intellectual property aspects etc. It includes a special Appendix 3 focused on ICPC country participation. It does not include detailed information on parts of the Framework Program which are less important or not relevant to Moldova, for example: SME Measures; ERC; parts of the Marie Curie Program (IOF, IEF)

Please note that the program content and the rules are under continual revision and reinterpretation. The rules for FP7 are continually being interpreted. Ensure that all specific information is double checked with the current official documentation before being acted on.

Version 3 includes further cutting down to make it more relevant to Moldovans.

21 July 2011

Yavne, Israel

Disclaimer

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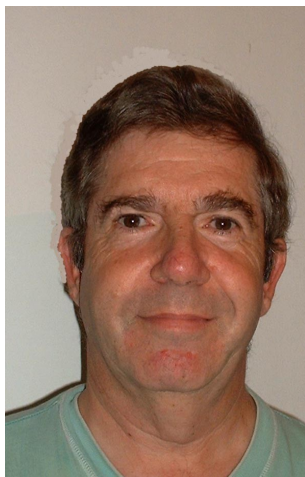
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Author Brief CV

Mr Morron is a graduate of the University of Glasgow where he studied Pure Science as well as Computer Science from 1960 - 1965. He has a broad technical background but specialised in software engineering, especially operating systems and supercomputer architectures. He has worked in these fields in the US, UK and Israel.

Currently he is CEO of EFPC (UK) Ltd. which is currently participating in several EU funded projects.



Myer is also CEO of EFPC Ltd an Israeli company set up in 2002 to combine both Financial and Technical/Administrative as well as training support for organisations interested in participating in the Framework Program. This company has itself participated in several different EU funded projects and in particular runs the Finance Helpdesk for FP7. (www.finance-helpdesk.org).

Until October 2004 Myer was IST Director at ISERD, the Israeli body responsible for managing the Association Agreement with the EU on behalf of the Israeli government. He represented the State of Israel on the IST Management Committee for the duration of FP5 and continued this role in FP6. He also represented the State of Israel on the Research Infrastructures Committee. As part of his job he coordinated all Israeli activity in the IST and RI parts of the Framework Program including the NCP activity in those areas. He was part of the team that negotiated the FP5 Association Agreement and then a member of the EC-Israel Research Committee that oversaw the operation of that Agreement.

Mr. Morron held various Senior Technical and Management positions for Computer and Telecommunications Manufacturers. The main companies he has worked for include Control Data (US and Israel), ICL, STC and Nortel (UK) and Elbit (Israel).

During the past thirty years his work has concerned the development and successful market exploitation of new and emerging technologies and standards with an emphasis on Open Standards and joint collaborative projects. He has consulted and presented extensively in IT related issues, including for the CEC, US DoD, UK MoD, NATO and Standards Bodies ECMA, ISO, CEN, NIST and ETSI.

Mr Morron has been involved with the EU framework research programs from their inception in 1984. He has been personally involved in many key projects in the MAP, ESPRIT 1, 2 and 3, Telematics, ACTS and IST programs. He has also been an evaluator and an external expert in ESPRIT, Telematics, INCO Innovation, Research Infrastructures and IST programs on many occasions. He also acted as an Evaluator/Rapporteur in FP7. Recently he has published papers related to barriers experienced by SMEs in participating in the Framework Program and has provided input on this subject to various Commission bodies, the European Parliament and recently as part of the Higher Level Advisory Group on the impact on innovation of government R&D funding.

1 Overview

1.1 Background

1.1.1 *The Framework Program and Nanotechnology*

FP7 runs for seven years unlike all previous framework programs that ran for four years. The first programs started in the early eighties and they were gradually combined into a single Framework Program, but initially they were not known as “Framework Programs”. That term was only applied retroactively to the early programs.

Nanotechnology topics in FP7 are implemented mainly through the NMP thematic priority. However Nanotechnology topics are also addressed in other thematic priority Workprograms e.g. ICT, Health, however clear demarcations have been agreed between the programs. So there is no overlap.

Nanosciences, Nanotechnologies, Materials and new Production Technologies (NMP) thematic priority

The core objective of the 'Nanosciences, Nanotechnologies, Materials and new Production Technologies (NMP)' theme is to improve the competitiveness of European industry and generate the knowledge needed to transform it from a resource-intensive to a knowledge-intensive industry. NMP research also aims to strengthen the competitiveness of European industry by generating 'step changes' in a wide range of sectors and implementing decisive knowledge for new applications between different technologies and disciplines. Funding the NMP research theme will benefit new, high tech industries and higher-value, knowledge-based traditional industries, with a special focus to the appropriate dissemination of research results to SMEs. The transformation of European industry into a knowledge-intensive one is essential in order to produce high added value products, which in turn is crucial to create new industries, and meet customer requirements as well as growth, environmental, health and other societal expectations.

For more information about NMP, related events, information about upcoming calls and partner search opportunities, please refer to the NMPTeAm website: www.nmpteam.eu

NMP TEAM, is an FP7 NMP funded project, is about improving the services of the NMP National Contact Point (NCP) Network through transnational activities. The NCP TeAm project aims at an improved NMP NCP service across Europe therefore helping simplify access to FP7 calls, lowering the entry barriers for newcomers, and raising the average quality of submitted proposals through closer collaboration between the NMP NCPs.

Who runs things?

The Industrial Technologies Programme (NMP) is managed by the Industrial Technologies Directorate (Directorate G) of the European Commission's Directorate-General for Research. The three units specifically involved are called:

- * New generation products
- * Value-added materials
- * Nano- and converging sciences and technologies

Nanoelectronics website within the ICT priority of FP7 (<http://cordis.europa.eu/fp7/ict/nanoelectronics/>)

Overall objectives:

- Promote investment in research and innovation in nano-electronics in both the private and the public sectors
- Put forward excellence in nano-electronics R&D&I to the benefit of the EU economy and society
- Promote the transfer of R&D results into a digital single European market, while supporting innovation in advanced ICT products and systems of a high societal and economic relevance
- Promote and support the transfer of R&D&I results in prototyping and manufacturing in Europe

- Advocate the implementation of the Digital Agenda and make suggestions for reaching the EU 2020 goals for a smart, sustainable and inclusive growth

Nanoelectronics Technology Platform ENIAC (European Nanoelectronics Initiative Advisory Council)

The principal mission of ENIAC (www.cordis.lu/ist/eniac/home.html) is to:

- Provide a strategic research agenda for the nano-electronics sector, with respect to R&D
- Set out strategies and roadmaps to achieve this vision through the Strategic Research Agenda and other associated documents;
- Stimulate increased and more effective and coherent public and private investment in R&D in the nano-electronics sector;
- Contribute to improving convergence between EC, national, regional and private R&D actions on nano-electronics within the European Research Area Framework;
- Enhance networking and clustering of the R&D capacity in Europe;
- Promote European commitment to R&D thus ensuring Europe as an attractive location for researchers;
- Interact with other policies and actors at all levels that influence the competitiveness of the sector such as education and training, competition, IPR, finance and investment, etc.

The Nanoelectronics Technology Platform overview document can be downloaded from:

ftp://ftp.cordis.lu/pub/era/docs/2_nanoelectronics_tp_en.pdf

Nanomedicine European Technology Platform (<http://www.etp-nanomedicine.eu/public>)

The ETP Nano-medicine, an initiative led by industry and set up together with the European Commission is addressing the application of nanotechnology to achieve breakthroughs in healthcare. Nano-medicine exploits the improved and often novel physical, chemical and biological properties of materials at the nano-meter scale. Nano-medicine has the potential to enable early detection and prevention, and to essentially improve diagnosis, treatment and follow-up of diseases.

European Technology Platform for Advanced Engineering Materials and Technologies (<http://eumat.eu/>)

EuMaT – European Technology Platform for Advanced Engineering Materials and Technologies has been launched in order to assure optimal involvement of industry and other important stakeholders in the process of establishing of R&D priorities in the area of advanced engineering materials and technologies. EuMaT should improve coherence in existing and forthcoming EU projects, in the field of materials R&D. EuMaT covers all elements of the life cycle of an industrial product, including components, systems or final goods.

EuMaT contributes to the best relations and dialogue between industry, R&D actors and institutions aiming at improving the coordination and synergies at national and European level in the field of Materials R&D. The primary objective of EuMaT is to produce the Strategic Research Agenda which, with appropriate involvement of industry and other main stakeholders will provide the basis for identification of needs and establishing priorities in the area of advanced materials and technologies.

1.1.2 Reasons for Framework Program

But why does the European Union fund R & D and what is the intention? In the early eighties it became apparent that European high tech industry was under extreme threat from both Japan and the US.

At that time several key European industries such as computing, microelectronics and telecommunications were seen to be in serious jeopardy. It was also believed in Europe that US competitors benefited both from a large homogeneous home market as well as indirect subsidies from the US government to its high tech industry, mainly as a spin off of defence funding. Together, this was thought to give US players a major competitive advantage as compared to the fragmented European industry. It was not seen to be any lack in innovation in Europe, but the inability to exploit it world-wide.

Many of the key innovations being directed at Europe from North America were seen to be based on originally European innovations. There were other incidents that also raised worries in Europe such as Intel and Motorola deciding to be more restrictive in the licensing of their microprocessor designs.

With respect to Japan, it was also thought that protective trade practices as well as co-ordination and funding from MITI, allowed Japan to establish a dominant place in what was then seen as the brown goods market.

All of the above resulted in several longer term threats to Europe that can be seen as falling under the following categories –

- Commercial – it would result in an increasing imbalance in trade, especially in the high technology, high added value industries. This could have long term disastrous effect on European industry and standard of living via negative impact on exchange rates and inflation.
- Social – there would be a negative impact on employment, especially in the employment of graduates, who in ever increasing numbers would be forced overseas – the so called “brain drain”.
- Security – the longer-term reliance of European military and security forces on imported technology was of major concern. For example without a successful commercial modern silicon fabrication facilities, sensitive components and systems would all have to be imported. A classic example is military crypto chips.

In the early eighties, we could already see some effects that would only get worse with time. For example, European computer manufacturers were becoming completely reliant on non-European sourcing of memory chips. It was noticed with frustration that any time there was a specific chip shortage, US suppliers tended to favour the US computer manufacturers, making European manufacturers situation even worse.

In addition there was concern in Brussels that there was no order in the various relatively minor research funding going on in various fields. Thus a typical French multi annual funding plan was initiated firstly with MAP (multi annual program) initiated in 1979 which in the early eighties funded some software research including European support of the Ada language program. This grew into the ESPRIT program initiated in 1984. The CEC support of the Ada market under MAP represented 50 percent of the total CEC R&D budget for information technologies at the time. Through this program, some of the first European compilers were developed and the foundations laid for the PCTE (The Portable Common Tool Environment), which was a Programming Support Environment that included Ada. MAP also provided funding for the establishment of an Ada Europe Association and for its technical working groups.

The CEC's policy with programs such as MAP and ESPRIT the European Strategic Programme for Research & Development in Information Technology was to form a sound technical basis for future competition with the rest of the world. CEC's promotion of Ada was its first major European endorsement.

ESPRIT was in some-ways inspired by the new Japanese Fifth Generation Computer Program partially inspired by European Logic programming (from Imperial College - but that is another story).

Of course, more recently additional reasons have been emphasised for the Framework Programs, such as:

- 1) Promotion of European Unity
- 2) Encouragement of Industry consolidation in Europe
- 3) Support for industrial and social policy i.e. political reasons

Such reasons are post hoc rationalisations and though desirable effects, were not the original reasons. The last reason above has become much more pronounced in FP7 as it has increasingly become partially a political program than a pure technological one.

1.1.3 The Nature of the Framework Program

The nature of the research *programs* is top down i.e., the specific technical areas to be funded are predefined. Other topics would not be eligible for funding. The Commission states many times that the goal of the framework is only to address about 5 - 10% of European Union industrial research – the rest is funded by individual countries, agencies or companies. The only topics available for funding are those covered by the “Workprogram” and which attempt to go beyond current state of the art and have a believable exploitation plan. That is, the industrial results must be marketable with an expected market size commensurate with the cost/investment.

Because projects are expected and required to extend the state of art, there has to be identifiable risk and the Commission sees the funding as being an offset for this risk. This is an important point – a project that cannot complete because of valid technical reasons should not be treated as a failure – it only demonstrated that a particular approach is not practical at this point.

Another critical criterion for a valid project must be that it shows that there is significant added value or likelihood of success by addressing the project at the European level. This is the so-called “subsidiarity” criterion of the Maastricht agreement. This states that work better done at the local level should not be carried out at the European level. This concept of “subsidiarity” is important to understand and to address.

A final critical criterion for the new types of project introduced in FP7 must be that there is a significant strategic impact of the proposed work.

1.2 Which Countries can participate in FP7?

1.2.1 Member State

The Member States of the European Union consists of Twenty Seven countries from the start of FP7. See Appendix 1 for a detailed list.

1.2.2 Associated Countries

It was agreed in the eighties that European States that had not yet joined the then European Community could participate in the Framework Program. In the Nineties, these so called European Economic Area (EEA) states reduced as they gradually joined the EU. For Framework Programs Four, Five, Six and Seven they consist of Norway, Iceland and Liechtenstein. The EEA states have an Association Agreement with the EU Framework Program.

An Associated Country, contributes financially to the Framework Program and consequently has all the rights and obligations of a member State in respect of funding. They should be treated identically. There is now only one minor difference in that their representatives do not have a formal vote at the Program Management Committees. However as most decisions are made by consensus, this has no practical effect. A previous restriction with respect to meeting the minimum number of participants has now been removed.

Israel became an Associated Country on 1 Jan 1996 i.e. second year of FP4 and continued throughout FP5, FP6 and now FP7. Israel is the only non-European Associated State. In Jan 2004, Switzerland concluded an Association Agreement and their status became similar to that of Israel. In FP7 several Balkan Countries and Turkey also became Associated. Appendix 1 gives a comprehensive list of the current Associated Countries.

1.2.3 Other Countries

Some other non-European countries have Science and Technology Agreements with the EU, but they only participate on a “project by project” basis. Funding for many third countries will also be available via the so called ICPC funding (previously referred to as INCO).

Moldova is currently considered by the EU as a Lower-middle-income ICPC country.

Specific International Cooperation Actions (SICAs) will be used dedicated to partnerships with ICPC countries in areas of mutual interest and cooperation on topics selected on the basis of their scientific and technological competences and needs. Political dialogues with third countries and regions as well as international support projects have allowed the identification of potential cooperation priorities that are of mutual interest and benefit. The SICAs will have specific rules for participation and specific evaluation criteria.

1.3 Overview of rules of participation

1.3.1 *The Workprogram*

As previously mentioned, FP7 is generally top down. By this is meant that there are various Workprograms that are generally revised annually. Each Workprogram is generated by the Directorate General responsible for it. Most are under the control of DG Research but some are not. One such is the ICT program which is under the direction of DG INFSO based on input from various ad hoc committees such as the relevant European Technology Platforms as well as the ISTAG (IST Advisory Group). ISTAG consists of senior level experts notionally chosen by the Commission but in fact nominated and approved informally by the countries. They mostly consist of senior executives from the major national players as well as some senior academics.

The planning activity for initial formulation of the work content is normally broad with input sought from the participating countries with further input coming from the European Parliament, generally heavily influenced by political considerations. This is particularly noticeable in the “parliament friendly” naming of the various activities and the increasing emphasis on applications which are hoped would make it easier to demonstrate to tax payers the relevance and results of the investments. Finally, the Workprogram is modified and approved by the ICT Program Committee and also has to take account of input from all the other Directorate Generals who strongly defend their own turf.

In practice, we see much more political influence in a program’s initial formulation but less in the annual updates. The major influencers are the large National Champions. The annual updates also take account of the area of coverage of projects awarded the previous year.

1.3.2 *Calls for proposal*

The content of the various Workprograms is subdivided into Challenges, Topics or Objectives, depending on the program. Each such Objective normally contains a set of topics and together with the expected outcomes of the research. There are generally two major fixed deadline calls for proposals each year, each addressing a specific subset of the Workprogram. A fixed deadline call is one that closes on a stated date and time. With the evaluation occurring shortly afterwards. However there are also the Continuous Calls, that remains open for several years with proposals being batched and evaluated every several months. The ICT Future and Emerging Technologies Open scheme (FET) falls into this category.

1.3.3 *Nature of proposals*

Proposals for R & D are always made in consortia (a new exception in FP7 is under the new "ideas" part of the program). These consortia are notionally "self forming". One member of the consortium is designated as the Coordinator and it is their job to put together the proposal and submit it to the Commission as required. Generally, if the proposal is accepted, the Coordinator will be expected to become the project Coordinator and thus be responsible for overall project management. In FP7 it is possible to take on a partner who would carry out the administrative co-ordination and/or project management functions. However, in ICT and some other programs do not generally encourage this. Sub-contracting these activities would not be permitted. Further details of the proposal can be found later on in 4.6 Preparation and submittal.

1.3.4 Nature of Consortia

For most R & D proposals there must be a minimum of three partners from three member or associated states.

The overall funding of a proposed research project can vary from say half a million Euros to a hundred million Euros. The majority of Small Collaborative Research Projects will have total funding of from one million to around three or four million Euros. For each Objective in each Call clear limits are specified both in the Workprogram and the Guide for Proposers

1.3.5 A quick look at the funding rules

All funding is a grant, which is not repayable. Payments are generally annual in advance, corrected annually by cost statements of actually incurred expenses and 15% of total funding is retained until the final reports have been accepted.

As in other aspects of these programs there is no simple rule. However as a general guideline, most participating organisations will get back most if not all of their additional marginal costs. This is a fact that is not officially recognised, but is true. See Section 6.

1.3.6 Advance payments

Normally, a prepayment is made at the start of a project via the Coordinator to each partner based on their budget for the first period. This is normally followed at the end of each period by interim payments. The Coordinator must forward each partner his share without undue delay. Note that it is inappropriate for partners to invoice the Coordinator for their payments as they are contractually required to be forwarded directly. There is a danger if you do issue an invoice that it will be liable to VAT, which is not a recognised allowable expense. The payment rules between the partners may be varied by the Consortium Agreement. Note that a total of 15% of the total grant is withheld until acceptance of the final deliverables after completion of the project that includes 5% for the guarantee fund.

1.3.7 Who can participate?

The program is open for participation by any natural or legal entity in a Member State or an Associated State. A legal entity can be a company, a university, a research institute, a government department, a not for profit entity or an individual. There are also opportunities for participation (sometimes with funding) for organisations outside above countries. These opportunities for so called third countries are broad. They have been highlighted in 1.2 Which Countries can participate in FP7? above.

1.4 Benefits of participation in a Collaborative R&D project

Intuitively, when most companies first hear about this program they regard it is a source of finance. This is a basic misconception. Although activities are well funded, the money should not be the only or main reason to participate. It may however, be a valid reason for a research or academic institution. See Appendix 3 for a discussion on how best to quantify the relative benefits of participation.

The types of benefit can be classified as follows -

1. Development of advanced technology
2. Access to advanced technology
3. Collaboration with key players
4. Collaboration with key customers
5. Facilitating investment in your company
6. Access to a new market
7. Access to a new geographic area
8. Development of an international standard
9. Marketing and/or technological intelligence
10. Funding for something you were planning to do

11. Training or retraining for own staff
12. Exposure of staff to new areas of technology
13. Increasing number of trained staff
14. Ability to hold staff during commercial downturns

1.4.1 Development of advanced technology

This is notionally the main aim of R&D projects and it must be written in this way. The goal being to advance the state of the art in a Pan European manner. However, there are usually further reasons as to why an organisation participates. These are detailed below.

1.4.2 Access to advanced technology

Organisations generally do not develop and supply complete solutions to customers. They carry out less and less of the development from scratch. They have their own special niche of expertise but require to embed this in a full system or purchase or access complementary technology. It is most effective for companies to concentrate on their special high added value area and either buy in the balance or OEM to a higher level.

Participation in one of these projects is an ideal opportunity to establish or further relationships with others in your product chain.

1.4.3 Collaboration with key players

Smaller companies very often find it difficult to enter markets and one way is to establish a working relationship with key players. Such a relationship is also a helpful in many other ways. For example if it is a company aim to sell a strategic share to a major player, this is an ideal way.

1.4.4 Collaboration with key customers

By this I mean potential end users. ICT projects by nature should contain at least one end user. The end user could be a major player or say a network of end users. As they are also funded, this is an easy way to expose your technology and future products to potential buyers and customise it for a specific market with external funding.

1.4.5 Facilitating investment in your company

For new companies, especially start-ups, it has been shown that it is easier to have external investment in the company if it is involved in a collaborative project with a major market player.

1.4.6 Access to a new market

It may be that an organisation is well established in a particular market segment but is unknown in another to which their products could also be well suited. Joining or forming a consortium with players from that new market is a possible way to become known and established in that market as well as providing a good opportunity to fine-tune and adapt to its requirements.

1.4.7 Access to a new geographic area

This is similar to the previous one but allows the use of a project to establish key relationships in a specific geographic area - which is often an important business consideration.

1.4.8 Development of an international standard

A proportion of projects deals with the eventual creation of new standards. Participants, would normally address a specific area where such a standard would facilitate future deployment or exploitation in a broader context from a European perspective. The EU has a tradition in the standards arena of using European Standards Institutions as a springboard to International Standards to the advantage of EU industry. A project could research, prototype and trial a particular solution prior to introducing it and supporting it through standardisation. This provides a significant benefit on its eventual adoption as such

organisations will have a head start on others and may through tying the standard to previous IPR, force competitors to pay them royalties.

Although standards in themselves are not mandatory, the European Commission has frequently mandated particular standards for public procurement to the advantage of European industry. This has to be seen in the light of the US employing similar tactics for many years.

1.4.9 Marketing and/or technological intelligence

This should not be the main reason to participate but in several cases it can turn out to be the most valuable result. Even the process of researching the area within the program prior to identifying a suitable subject to propose on may result in valuable information on what the leading players in the market are doing. This info is available on-line in the synopses of running and previous projects in your area. In addition to the synopsis, there is also detailed information on the participants and expected results.

Later on in trying to set up or join a consortium when you get involved in direct discussions with potential partners, there is further opportunity. Of course, if a project is approved it not only gives you access to inside information on your partners activities but because of project clustering there are plenty of opportunities for broader information in your market or technology sector.

1.4.10 Funding for something you were planning to do

Finally, there are of course the financial benefits of participation. As mentioned previously, it should not be the goal of your participation if you are a commercial organisation, but it is an obvious additional incentive, especially if it allows you to fund work that otherwise you couldn't undertake or to have work funded that you were going to do anyway.

1.4.11 Training or retraining for own staff

This an important but frequently overlooked benefit of participation. Especially important as staff marginal costs are in reality fully covered.

1.4.12 Exposure of staff to new areas of technology

Another key aspect. It may be beneficial to ensure that new technological areas that may be important in your sector are understood by your organisation. Participation in a suitable project can allow organisations to "cover bases".

1.4.13 Increasing number of trained staff

Especially for small organisations, fully funded external activities like FP allows them to increase their available pool of staff, providing backup and cover.

1.4.14 Ability to hold staff during commercial downturns

This is a frequently overlooked side benefit that allows organisations to hold onto important skill sets during down-turns.

1.5 Reasons not to participate

It may seem peculiar to find this section, however on many occasions the best advice to an organisation is not to pursue this program further. The principal reasons are below -

1.5.1 Work is not a natural fit into the Workprogram

It may be that the proposed work is not clearly covered by a single Objective in the Workprogram after double-checking with the Commission. What is worse is that it may overlap between multiple Workprograms. It is also possible that the nature of the work does not take forward the technological state of the art in your selected area. In those cases do not try an unnatural fit - this rarely succeeds.

1.5.2 Time-table does not fit

As Technical topics sometimes do not reappear in successive Calls for Proposals, if you just miss the call that best suits you, you should check if it is worth while to wait for another year or even more for the next opportunity to participate in that area.

1.5.3 Time to market is unsuitable

There is a necessity for many checks and balances in the commitment of such large sums of public money. This results in a delay in excess of eight to nine months from close of the call for proposals before the work can start. In the fast moving world of high technology, such a delay may result in the loss of a window of opportunity and thus be an unsuitable vehicle. The program is best suited to longer-term work of a potential breakthrough nature that could open up completely new market opportunities or solve major existing known problems.

1.5.4 Project is too secret

Although all proposals are submitted and dealt with under strict non-disclosure rules, it may not be strict enough for some types of proposed work. For example, the evaluators are of necessity experts in that area and a large percentage will be from companies dealing with this and therefore perhaps competitors. Although they have to sign strict non-disclosure and non-conflict of interest documents, for something very sensitive, I would be careful. In addition, in the past the Project Officers and staff at the Commission frequently have come from major companies or are only on three-year contracts and will return perhaps to competitors and again. However, in recent years, this is in general no longer the case and most staff are permanent officials.

2 Brief Overview of Framework Program Seven

This chapter is a summary of FP7 structure and contents. This chapter is included for the sake of completeness; the content is taken mainly from the official CEC documentation. For more detailed and complete information, please refer to the current individual Workprograms and proposer guides. This handbook does not include information about the Competitiveness and Innovation Framework Programme (CIP) which is not part of FP7.

FP7 is:

- Seven years
- Significantly increased funding compared to FP6
- Overall, FP7 averaging to 7 BEuro per year - Total 50 BEuro
- Major changes in participation rules

2.1 Framework Program 7 highlights

The 7th EU Research Framework Program is organised in four parts corresponding to four major components of European Research

1. Cooperation (Collaborative research) 32 BEuro
2. Ideas (Frontier research) 7.5 BEuro
3. People (Human potential) 4.5 BEuro
4. Capacities (Research capacity) 4 BEuro

Each of them is a subject of a Specific Program

Plus support for JRC (Joint Research Centre) ~2 BEuro

2.1.1 Cooperation

There are ten high level themes implemented via four types of projects:

- Collaborative projects and networks (~RTD);
- Joint Technology Initiatives (~ Article 169 and 171);
- Co-ordination of national research programs (~ ERA-NET);
- International Co-operation ICPC via Specific International Cooperation Actions (SICAs) (~ INCO)

These ten themes are:

1. Health
2. Food, agriculture and biotechnology
3. Information and Communication Technologies
4. Nanosciences, Nanotechnologies, Materials and new Production Technologies
5. Energy
6. Environment and Climate Change
7. Transport
8. Socio-economic sciences and the humanities
9. Space
10. Security Research

The ten themes are defined at a relatively high level. For each of them, a series of research topics have been identified as priority subjects for EU support. In the case of subjects of industrial nature and relevance in particular, the topics have been identified relying, among other sources, on the work of different “European Technology Platforms” set up in various fields. Under each theme, beside these topics, the possibility will be ensured to address in an open and flexible way two types of opportunities and needs:

- **Emerging needs:** through a specific support to spontaneous research proposals aiming at identifying or further exploring, in a given fields and/or at the intersection of several disciplines, new scientific and technological opportunities, in particular linked with a potential for significant breakthroughs;
- **Unforeseen policy needs:** to respond in a flexible way to new policy needs that arise during the course of the Framework Programme, for instance related with unforeseen developments or events requiring a quick reaction like, in the past, the SARS epidemic or emerging concerns in food safety.

2.1.2 Ideas

This program is to enhance the dynamism, creativity & excellence of European research at the frontier of knowledge. This will be done by supporting “investigator-driven” research projects carried out across all fields by individual teams in competition at the European level. Projects are funded on the basis of proposals presented by the researchers on subjects of their choice and evaluated on the sole criterion of excellence as judged by international peer review .

- **The European Research Council**

The key component of the implementing structure is the European Research Council (ERC). The ERC is an independent body, established by Community legislation, whose role is to oversee the implementation of the frontier research program.

- **Management**

For the management of the EU activities in frontier research, the European Research Council relies on a dedicated Executive Agency. The Agency is responsible for all aspects of implementation and program execution, as provided for in the annual work program .

- **Reporting and evaluation**

Both the ERC and the dedicated Executive Agency are accountable for their actions to the Commission and through it, to Council and Parliament, via an annual reporting process .

2.1.3 People

This is to strengthen, quantitatively and qualitatively, the human potential in research and technology in Europe, by stimulating people to enter into the researcher’s profession, encouraging European researchers to stay in Europe, and attracting to Europe researchers from the entire world. This is done by putting into place a coherent set of “Marie Curie” actions, addressing researchers at all stages of their careers, from the initial research training to their life long learning and career development.

- Initial training of researchers (ITN)
- Life-long training and career development (IEF; Career Integration Grants – (CIG); COFUND)
- Industry-academia pathways and partnerships (IAPP)
- World Fellowships (IOF, IIF, IRSES)
- Specific actions (NIGHT, EURAXESS)

2.1.4 Capacities

This consists of six different themes as follows:

1. Research Infrastructures
2. Research for the benefit of SMEs
3. Regions of knowledge
4. Research potential

5. Science in Society
6. Activities of International Cooperation

- *Research Infrastructures*

This is to optimise the use and development of the best research infrastructures existing in Europe, and help to create in all fields of science and technology new research infrastructures of Pan-European interest needed by the European scientific community to remain at the forefront of the advancement of research, and able to help industry to strengthen its base of knowledge and its technological know how.

Support to existing research infrastructures

- ✓ Transnational Access
- ✓ Integrating Activities
- ✓ Research e-infrastructure
- ✓ (*GEANT and Grid infrastructures*)
- ✓ Support to new research infrastructures
- ✓ Construction of new infrastructures & major updates
- ✓ Design studies

- *Research for the benefit of SMEs*

Strengthening the innovation capacity of European SMEs and their contribution to the development of new technology based products and markets by helping them outsource research, increase their research efforts, extend their networks, better exploit research results and acquire technological know how

Specific actions in support of SMEs will be significantly strengthened. These actions are specifically conceived to support SMEs or SME associations in need of outsourcing research to universities and research centres: mainly low to medium tech SMEs with little or no research capability. Research intensive SMEs who need to outsource research to complement their core research capability may also participate. Actions will be carried out in the entire field of science and technology. Increased financial means will be allocated through the two schemes currently used:

- ***Research for SMEs:*** To support small groups of innovative SMEs to solve common or complementary technological problems
- ***Research for SME associations:*** To support SME associations and SME groupings to develop technical solutions to problems common to large numbers of SMEs in specific industrial sectors or segments of the value chain

- *Regions of knowledge*

Strengthening the research potential of European regions, in particular by encouraging and supporting the development, across Europe, of regional “research-driven clusters” associating universities, research centres, enterprises and regional authorities.

The new *Regions of Knowledge* initiative involves putting together all research actors: universities, research centres, industry, public authorities (regional councils or regional development agencies). Projects will cover joint analysis of common issues to research driven regional clusters (in coordination with other activities on the broader issue of regional innovation clusters) and the elaboration of a set of instruments to address them in concrete research activities. They comprise measures aiming at encouraging a better exploitation of research results and improving access to sources of research funding as well as inducing RDT spill-overs to the regional economies. These activities are implemented in close relationship with the EU regional policy.

In the context of the specific activity of “Regions of Knowledge” synergies are being sought with the EU’s regional policy, in particular with regard to convergence and outermost regions

- *Research potential*

This program is to stimulate the realisation of the full research potential of the enlarged Union by unlocking and developing the research potential in the EU's convergence regions and outermost regions, and helping to strengthen the capacities of their researchers to successfully participate in research activities at EU level.

In order to support the realisation of the full research potential of the enlarged Union, a dedicated action will seek to unlock the potential of research groups, in particular in the convergence regions and outermost regions of the European Union, that are currently not using their possibilities to the full or that are in need of new knowledge and support to realise their potential. The actions will very much build on past and existing measures such as the European Centres of Excellence in the then Acceding and Candidate Countries in FP5 and Marie Curie Host fellowships for Transfer of Knowledge. They will also complement efforts to be undertaken by the European Social Fund under the new Cohesion Policy (2007-2013) focusing on developing human potential for research at national level in the eligible areas.

By focussing on the strengthening and expansion of the collaborations of such research groups with research centres in other EU countries an important contribution will be given to unlocking their potential and with that to their long term sustained development. Through optimising their international exposure and recognition, leadership potential and quality of their scientists, the visibility of these research groups will be increased and their participation in the European Research Area facilitated.

- *Science in Society*

With the view of building an effective and democratic European Knowledge society, the aim is to stimulate the harmonious integration of scientific and technological endeavour, and associated research policies in the European social web, by encouraging at European scale reflection and debate on science and technology, and their relation with society and culture.

The substantial & integrated initiative undertaken in this field will support:

- ✓ Strengthening & improvement of the European science system: critical appraisal of research evaluation (peer review); the question of scientific advice and expertise; the future of scientific publications; safeguards for scientific domains open to misuse; frauds & trust & "self regulation";
- ✓ Broader joint engagement from both researchers and the public at large on science-related questions, to anticipate and clarify political and ethical issues;
- ✓ Reflection and debate on science and technology and their place in society, relying on history, sociology and philosophy of science and technology;
- ✓ Gender research, including the inclusion of the gender dimension in all areas of research and the role of women in research;
- ✓ Creation of an environment which triggers curiosity for science in young people by reinforcing science education at all levels and promoting interest and participation in science among young people;
- ✓ Development of a policy on the role of university and the engagement of universities in the necessary reforms to face the challenges of globalisation;
- ✓ Improved communication between the scientific world and the wider audience of policy-makers, the media and the general public by helping scientists better communicate their work and supporting scientific information and media;

- *Activities of International Cooperation*

To become competitive & play a leading role at world level, the EU needs a strong & coherent international science & technology policy. This international policy has two interdependent objectives:

1. To support European competitiveness through strategic partnerships with third countries in selected fields of science and by engaging the best third country scientists to work in and with Europe;
2. To address specific problems that third countries face or that have a global character, on the basis of mutual interest and mutual benefit.

Cooperation with third countries in the Framework Programme are targeted in particular at the following groups of countries:

- Candidate countries;
- Countries neighbouring the EU, Mediterranean partner countries, Western Balkans and the Newly Independent States;
- Developing countries, focusing on their particular needs;
- Emerging economies.

The theme-oriented international cooperation actions are carried out under the “Cooperation” program. The international actions in the area of human potential are carried under the “People” program.

Under the “Capacities” programme, horizontal support actions and measures with a focus other than a specific thematic or interdisciplinary area will be implemented. Efforts are undertaken to improve the coherence of national activities by supporting the co-ordination of national programmes on international scientific co-operation. The overall coordination of the international cooperation actions under the different programmes of the Framework Program are ensured.

This action is to stimulate the realisation of the full research potential of the enlarged Union by unlocking and developing the potential of research groups in the EU’s convergence regions and outermost regions and helping them to strengthen the capacities of their researchers to successfully participate in research activities at EU level. The action in this domain will comprise support to:

- Transnational two-way secondments of research staff between the selected centres in the Convergence Regions, and one or more partner organisations whether at early stage or at more advanced level; the recruitment by the selected centres of incoming experienced researchers from other EU countries;
- The acquisition and development of research equipment and the development of a material environment enabling a full exploitation of the intellectual potential present in the participating research institutions;
- The organisation of workshops and conferences to facilitate knowledge transfer; promotion activities as well as initiatives aiming at disseminating and transferring research results in other countries and on international markets.
- “Evaluation facilities” through which any research centre in the qualifying regions can obtain an international independent expert evaluation of the level of their overall research quality and infrastructures.

2.2 FP7 Funding Schemes (Types of Projects)

This can also be seen as the different funding schemes previously called "Instruments". This section is a brief overview of the various aspects of the types of projects. Details are to be found in later chapters.

Please note that there is a different interpretation in FP7 between DG INFSO (i.e. ICT) Program and the remainder of the Thematic priorities. ICT maintains an FP6 view of the split of CPs into STREPs and IPs, whereas the remainder differentiate them purely on size.

In the non-ICT programs STREPs are generally up to x M Euros in funding whereas IPs are over y M Euros in funding. Where the values of x and y are established in the relevant Workprogram or call fiche. However we have noted some where STREPs are defined as between x and y M Euros of BUDGET.

You must check each call carefully!!

2.2.1 Collaborative projects (CP)

Support to research projects carried out by consortia with participants from different countries, aiming at developing new knowledge, new technology, products, demonstration activities or common resources for research. The size, scope and internal organisation of projects can vary from field to field and from topic to topic.

Projects can range from small or medium-scale focused research actions to large-scale integrating projects for achieving a defined objective. Projects may also be targeted to special groups such as SMEs.

The Funding Scheme allows for two types of projects to be financed:

“small or medium-scale focused research actions”,

“large-scale integrating projects”.

In general in DG Research programs the differentiation is only by scale of funding.

Additionally several programs such as Health and NMP have instruments defined as e.g. IPs and/or STREPs for SMEs where for example at least 40% of the funding needs to be assigned to SMEs. See individual Workprograms for details.

ICT Small or medium-scale focused research actions (STREP)

This is a continuation of the RTD projects used under earlier Framework Programs and renamed STREPs in FP6. They target a specific objective in a sharply focussed approach; they shall have a fixed overall work plan where the principal deliverables are not expected to change during the lifetime of the project.

Their content will consist of either of the following two points a) and b), or a combination of these two:

- a) a research and technological development project designed to generate new knowledge which would improve European competitiveness and/or address major societal needs
- b) a demonstration project designed to prove the viability of new technologies offering potential economic advantage but which cannot be commercialised directly (e.g. testing of product-like prototypes)

and in addition:

- c) project management activities

Such type of projects could also include innovation-related activities, in particular with respect to the management of the knowledge produced and the protection of intellectual property.

See 5.2 ICT STREPs for more details on ICT STREPs.

ICT Large-scale integrating projects (IP)

Larger scale actions, including a coherent integrated set of activities tackling multiple issues and aimed at specific deliverables; there should be a large degree of autonomy to adapt content and partnership and update the work plan, where appropriate. These are what were termed "IPs" in FP6.

Their content consists of a combination of most or all of the following (indents a) and/or b) being a must):

- a) objective-driven research and development, i.e. clearly defined scientific and technological objectives, aiming at a significant advance in the established state-of-the-art; in addition, typically of multidisciplinary character
- b) a demonstration project designed to prove the viability of new technologies offering potential economic advantage but which cannot be commercialised directly (e.g. testing of product-like prototypes)
- c) innovation activities relating to the protection and dissemination of knowledge, socio-economic studies of the impact of that knowledge, activities to promote the exploitation of the results, and, when relevant, "take-up" actions; these activities are inter-related and should be conceived and implemented in a coherent way
- d) training of researchers and other key staff, research managers, industrial executives (in particular for SMEs), and potential users of the knowledge produced within the project. Such training activities should contribute to the professional development of the persons concerned
- e) any other specific type of activity directly related to the project's objectives (as identified in the relevant work programme or call for proposals)
- f) project management activities.

Integrating Projects are defined as being extensive, independent and ambitious. Integrating Projects should have a common research objective and Workprogram. The project can also decide on its operation independently. It could organise calls for proposals to select additional participants. Projects can be divided into sections that are independent of each other to some extent. However, there must remain a connection between the sections. Therefore, the projects demand a good coordinator and strong management.

The focus of an Integrating Project can, however, also include demonstration, technology transfer or training of researchers and/or potential users. The Commission funding covers each sub-project at the rates and rules appropriate to that activity. An Integrating Project may receive up to several million Euros a year. The projects are selected on the basis of calls for proposals.

There must be enough participants in the Integrating Projects to obtain sufficient critical mass for the matter. The minimum is from three countries. In practice, the projects will certainly be larger. However, in practice in ICT, sizes of IPs will differ from topic to topic. Some may be 5-7 MEuro funding and others 15-20 MEuro funding for example. Each potential coordinator should verify what size is anticipated in that specific Strategic Objective.

See 5.3 ICT IPs for more details on Integrated Projects.

2.2.2 Networks of Excellence (NoE)

The Networks of Excellence are intended to gather top research institutes to collaborate in one virtual centre of excellence. The network must have a joint program of activity which will facilitate the integration of the institutes. The NoE must also carry out actions supporting integration and dissemination of expertise.

The measures that support integration refer to close virtual and physical collaboration, personnel

exchange and the development or use of common resources. The dissemination of expertise can consist of the training of researchers from outside the group and dissemination of information on achievements.

The networks are selected on the basis of a call for proposals and gathered around the core group. The EU funding may amount to several Million Euros a year. The amount of money depends on the network's own input. "Grant for integration" is a cost principle developed for the Networks of Excellence. The principle is: the more you integrate, the more you receive funding. The participants sum up the resources they have integrated, and the Commission grant is based on the number of researchers in the network when the call formally closes. See 5.4 Network of Excellence for a more detailed review of NoEs.

They are seen as providing support to a Joint Program 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 co-operation. The implementation of this Joint Programme of Activities will require a formal commitment from the organisations integrating part of their resources and their activities.

The funding scheme supports the long-term durable integration of research resources and capacities (researchers, services, teams, organisations, institutions) in fields of strategic importance for European research, through the establishment of a single virtual centre of research, in order to overcome demonstrable, detrimental fragmentation, thus strengthening European scientific and technological excellence on a particular research topic.

Networks of Excellence (NoE) aim at consolidating or establishing European leadership at world level in their respective fields by integrating at European level the resources and expertise needed for the purpose. This is achieved through the implementation of a Joint Programme of Activities (JPA) aimed principally at creating a progressive and durable integration of the research capacities of the network partners while at the same time advancing knowledge on the topic.

Since Networks of Excellence are aimed at tackling fragmentation of existing research capacities, they should be implemented provided that:

- research capacity is fragmented in the (thematic) area being considered;
- this fragmentation prevents Europe from being competitive at international level in that area;
- the proposed integration of research capacity will lead to higher scientific excellence and more efficient use of resources.

The implementation of the Joint Programme of Activities requires a formal commitment from the organisations integrating part or the entirety of their research capacities and activities.

The Joint Programme of Activities (JPA) is the collective vehicle for achieving the durable integration of the research resources and capacities of the Network of Excellence. In order to do so, the JPA should consist of a coherent set of integrating activities that the participants undertake jointly. The JPA will have several components:

- activities aimed at bringing about the integration of the participants research activities on the topic considered, such as:
 - ➔ establishing mechanisms for coordinating and eventually merging the research portfolios of the partners
 - ➔ staff exchange schemes
 - ➔ complete or partial relocation of staff
 - ➔ establishment of shared and mutually accessible research equipment, managerial and research infrastructures, facilities and services
 - ➔ exploration of the legal requirements (facilitators/barriers) for durable integration,
 - ➔ setting up of joint supervisory bodies

→ measures for joint public relations ...

- jointly executed research to support the durable integration, e.g. systemic development, or development of common tools, or at filling gaps in the collective knowledge portfolio of the network, in order to make the research facilities usable by the network. (NB: in addition to this research, participants in a network will pursue their “own institutional portfolio”, including research, development or demonstration in the area covered by the network itself. The latter research, development or demonstration activities are not part of the “joint programme of activities” and thus will not be part of the eligible costs of the network)
- activities designed to spread excellence, such as:
 - The main component of these activities will be a joint training programme for researchers and other key staff;
 - Other spreading of excellence activities may include: dissemination and communication activities (including public awareness and understanding of science), and, more generally, networking activities to help transfer knowledge to teams external to the network.
 - Spreading of excellence may also include the promotion of the results generated by the network; in such a context, networks should, when appropriate, include innovation-related activities (protection of knowledge generated within the network, assessment of the socio-economic impact of the knowledge and technologies used and development of a plan for dissemination and use of knowledge), as well as any appropriate gender and/or ethical related activities
- all the network’s activities should be carried out within a coherent framework for the management of the consortium linking together all the project components and maintaining communications with the Commission.

2.2.3 Coordination and support actions (CSA)

Support to activities aimed at coordinating or supporting research activities and policies (networking, exchanges, trans-national access to research infrastructures, studies, conferences, etc). These actions may also be implemented by means other than calls for proposals.

The Funding Scheme allows for two types of actions to be financed:

“co-ordination or networking actions”,
“support actions”.

Coordination or networking actions (CA)

Coordinating or networking actions will always have to be carried out by a consortium of participants, normally three from three different countries.

The coordination or networking actions cover the following activities:

- the organisation of events - including conferences, meetings, workshops or seminars
- related studies, exchanges of personnel, exchange and dissemination of good practices,
- and, if necessary, the definition, organisation and management of joint or common initiatives together of course with management of the action.
- Coordination of activities with relevant National and Regional actions.

The coordination and networking actions normally stretches over a longer period. See 5.5 Coordination and support actions (CSA) for further details.

Support Actions (SA)

Support actions may be carried out by a single participant. Therefore there are no restrictions on the size of the consortium.

Although normally awarded following calls for proposals, there are also the possibilities to award support actions through public procurement carried out on behalf of the Community or to grant support to legal entities identified in the Specific Programmes or in the work programs where the Specific Program permits the work programmes to identify beneficiaries.

The objective of specific support actions are to contribute to the implementation of the Framework Programs and the preparation of future Community research and technological development policy or the development of synergies with other policies, or to stimulate, encourage and facilitate the participation of SMEs, civil society organisations and their networks, small research teams and newly developed or remote research centres in the activities of the thematic areas of the Cooperation programme, or for setting up of research-intensive clusters across the EU regions.

The specific support actions can be of different types covering different activities:

- monitoring and assessment activities,
- conferences,
- seminars,
- studies,
- expert groups,
- high level scientific awards and competitions,
- operational support and dissemination,
- information and communication activities,
- support for transnational access to research infrastructures or preparatory technical work, including feasibility studies, for the development of new infrastructures,
- support for cooperation with other European research schemes,
- the use by the Commission of external experts,
- management or a combination of these.

See 5.5 Coordination and support actions (CSA) for further details.

3 Framework Program Seven changes

I include here a high level overview of the changes basically as the Commission intended them. Changes include the following aspects –

3.1 Changes in Terminology

Some changes in terminology from FP6 have been introduced - most of them for no apparent reason. It is important to list them for the sake of clarity. There are many ambiguities apparent and different use is made depending on the particular research theme (frequently the former names are still used):

Original Terminology	Replacement Terminology	Note
INCO	ICPC	International Cooperation Partner Countries
Instruments	Funding Schemes	This is clearer
Financial Guidelines	Guide to FP7 Financial Issues	A Guide only, with added disclaimer!
Model Contract	Model Grant Agreement	Unsure if this changes their legal standing
Necessary costs	Costs used solely to achieve Project Objectives	Appears to be a purely legal clarification
Specific Targeted Research Project	Small or medium-scale focused research actions	New formal name for what was a STREP
Integrated Project	Large-scale integrating projects	New formal name for what was an IP
IPs and STREPs	Collaborative projects	Different implementations and naming in ICT and other programs
“Coordination Actions” and “Specific Support Actions”	“Coordination and Support Actions” (CSA)	Adding a layer like this is odd
Specific Support Action (SSA)	Support Action (SA)	!
Coordination Action	Coordination or networking actions	CA type of project
Guide for Proposers	Guide for Applicants	!
Contractor	Beneficiary	This is because Contract has been renamed Agreement. No contract, no contractor.
CPF	GPF	Grant Agreement Preparation Forms
Audit Certificate	Certificate on Financial Statement	I think former term will continue to be used informally

3.2 Project Management changes

The most significant changes here include:

1. Removal of Collective Financial Responsibility
2. Definition of "Consortium Management changed to exclude Technical Management
3. 7% Consortium Management ceiling has been removed for 100% funding
4. Dissemination activities are now funded at 100% (for DG INFSO interpretation see 6.1)

5. In FP7 there are only be online preparation and submittal of proposals.
6. In proposals only previous submissions in FP7 need be noted.

3.3 Funding Schemes (Instruments)

Again here the Commission has not made major changes to the new instruments that were introduced in FP6. However there are minor adjustments to the terminology.

As mentioned above and detailed below the ICT program and the remainder of the programs have interpreted the implementation of collaborative projects in two distinct fashions. In ICT, there is a continuation of the STREP/IP distinction in content whereas in the other programs the difference is purely on level of grant.

3.4 Rules of Participation

The minimum consortium rules now fully equivalence Member States and Associated States. This means that for example a STREP consisting of only say Switzerland, Iceland and Israeli partners will be permitted.

In the new Collaborative projects for specific cooperation actions (SICA) dedicated to international cooperation partner countries (ICPC) identified in WP: minimum 4 participants of which 2 in different MS or AC and 2 in different ICPC countries unless otherwise specified in work program.

3.5 Contractual changes

Of course, as noted above, "Contractors" are now termed "Beneficiaries" and the "Contract" is now termed "Grant Agreement".

1. The notion of "collective financial responsibility" introduced in FP6 has been removed to lower the barriers to SME participation.
2. The Agreement will come into force will start when the Coordinator and the Commission sign; but no longer necessarily in that order.
3. Cost models have been eliminated. All participants will now use a modified FC model.
4. IPR rules are more flexible
5. Because of the new rules, SMEs who do not meet certain financial criteria may find it difficult to coordinate or be allocated more than 500,000 Euros
6. Some of the subcontracting rules will be relaxed in FP7.

Basic structure of the Grant Agreement in FP7 is similar to FP6 Model Contract, but note Form E:

- Core part - GA parameters
- Annex I - DoW
- Annex II - General Conditions
- Annex III - Specific provisions for funding schemes (for SMEs)
- Annex VII - Form D terms of reference for certification of costs and Form E for certification of the methodology (NEW)

However there are also several differences introduced for FP7:

Financial provisions

- Payment modalities
- Eligible costs
- Indirect costs
- Certificates
- Third party contributions and sub-contracts
- Upper funding limits
- No financial collective responsibility

Other provisions

- Reporting
- Amendments

For details on the above see section 6.

3.5.1 Collective responsibility of the participants

The technical implementation of the project continues to be the collective responsibility of the participants.

3.5.2 Agreement coming into force

Previously, this only occurred when in addition to the the Coordinator and the Commission signing the Agreement, a predetermined number of additional beneficiaries also had to accede before this could occur. However, under FP7 the grant agreement shall enter into force after its signature by the coordinator and the Commission, on the day of the second signature.

3.5.3 Cost models have been eliminated

There are many reasons for this. The AC cost model previously intended for academics mainly, was being bypassed by many universities as under it permanent staff could not normally be funded. The FCF model was a variant of the standard FC model introduced for SMEs. They will all now be funded by a single model. However the differentiation between the various organisations will now be addressed by the funding rate for RTD Action direct costs, summarised as follows:

<i>Type of organisation</i>	<i>SME</i>	<i>Large industrial*</i>	<i>Academic</i>	<i>Other</i>
Under FP6	50%	50%	100% AC	100% AC
Under FP7	75%	50%	75%	75% or 50%

Please note that under the Security program, large companies may be able to be funded at 75% for R&D if proper justification is made. None were actually made in the first Call.

Of course indirect costs (i.e. organisational overheads) can be added as before.

A fixed default overhead rate option of 20% will also be available, as in FP6. 100% rates for Consortium Management, Dissemination and Training are also available when permitted in that Funding Model. However Demonstration activities are raised to 50% across the board.

A transitional derogation rule will permit those organisations who previously could have used the FCF or AC models to optionally claim 60% (rather than the default 20%) fixed overheads for projects under calls that close during the first three years of FP7. It has now been confirmed that this figure will continue for the balance of FP7 – at least it appears that way.

An important change for those that could previously have used AC is that permanent staff can now be funded. However, "demonstration" will be funded at 50% instead of 100%.

The overhead rate for CSAs (i.e. SAs and CAs) will be limited to 7% instead of 20%. The FP6 rule that in SAs where all funding is not spent by end of the project, the overall funding is reduced to 95%, has been removed.

3.5.4 Intellectual property rights

The rules regarding the protection, dissemination and use of knowledge have been **simplified** and a larger

flexibility is granted to the participants:

- The terminology has gone back to that previously abandoned by FP6 i.e. Background and Foreground IPR;
- rules are identical for all participants;
- rules concentrate on the principles and provisions considered necessary for an efficient cooperation and the appropriate use and dissemination of the results;
- participants may define among themselves the arrangements that fit them the best within the framework provided in the grant agreement.

Summary of access rights

	Access rights to Background IPR	Access rights to Foreground IPR
For carrying out the project	Yes, if a participant needs them for carrying out his own work under the project	
	Royalty free unless otherwise agreed before signing the contract	Royalty free
For use purposes (exploitation) further research	Yes, if a participant needs them for using his own foreground	
	Either fair and reasonable conditions or royalty free to be agreed	

3.5.5 SME Coordinators or partners with more than 500,000 allocated

An impact of the change in rules regarding collective financial liability has resulted in the Commission not being able to request financial guarantees. Apparently the Commission will also not permit beneficiaries to ask financial guarantees from each other also. Those SMEs who either were planning to coordinate or receive more than 500,000 Euros in funding and do not meet the ex ante financial requirements may find it difficult to do so or may be able to volunteer to provide a guarantee.

3.6 Financial Changes

Summary of Cost model/overhead changes FP6 - FP7 for collaborative research projects.

Item	FP7 situation	Academic	Industrial	SME
Cost model	essentially is the default	Optional	Optional	Optional
Cost model	default 20% overhead	Optional	Optional	Optional
Cost model	no longer exists	Use FC	-	-
Derogation	60% Overhead	Optional	-	In some circumstances**
RTD rate	up to 50% or 75%	75%	50% *	75%
Management	7% limit removed	100%	100%	100%
Demo	Increased	50%	50%	50%
Other	Now includes dissemination	100%	100%	100%

* Security program may allow more

** This appears to have been allowed almost always

3.7 Proposal changes

Only online preparation and submittal is permitted for all proposals. The format of proposals has also

changed - in part to reflect the changes in the evaluation criteria - see 3.8 Evaluation changes below.

STREP and IP proposal formats in ICT are defined more or less as in FP6 but in the other programs they are differentiated purely on size as well as in their names. With the more detailed 18 month work plan no longer required for IPs. Both will now match the evaluation criteria.

A further difference in proposals is that because each WP can only cover a single activity type, in the project Management WP, for example, only consortium management can be included. i.e. Technical Management should not be in the same Workpackage.

3.8 Evaluation changes

EPSS for submission is mandatory with online preparation. This is supplemented by an Eligibility Committee.

In most Themes there are fixed deadline calls closing at 17h00 (Central European Time) on. ICT continues to use a one stage submissions without anonymity with mainly on-site evaluations, except for FET Proactive initiatives where off-site evaluation were used. From Call 3, ICT handled the whole evaluation remotely. In this case individual reading were done off site using paper copies of the proposals. The panel meetings and consensus meeting were of course held in Brussels. FET Open continues to use two step evaluations. In particular in some cases they also plan to use a special tool for remote consensus meetings. It is best to check the specific evaluation guidelines for each call. From ICT Call5, remote evaluators will have both paper and electronic versions of submitted proposals.

Calls for experts for FP7 to individuals and to organisations will remain open for most of FP7. Major changes have been made to the common evaluation criteria.

The existing RTD Project Evaluation Criteria for Collaborative Projects have been changed to the following and are supported by descriptive bullets:

3.8.1 Scientific and Technical Quality:

(S&T excellence)

- Soundness of concept, and quality of objectives
- Progress beyond the state-of-the-art
- Quality and effectiveness of the S & T methodology and associated work-plan

3.8.2 Implementation:

(Quality of the consortium and of the management and Mobilisation of the resources)

- Appropriateness of the management structures and procedures
- Quality and relevant experience of the individual participants
- Quality of the consortium as a whole (including complementarity, balance)
- Appropriate allocation and justification of the resources to be committed ((budget, staff, equipment).

3.8.3 Impact:

(Potential impact and Relevance)

- Contribution at the European or international level to the expected impacts listed in the work program under the relevant activity
- Appropriateness of measures for the dissemination and/or exploitation of project results, and management of intellectual property

Evaluation criteria scoring will continue to use a scale of 1-5 (and 0) generally without weights (except e.g. ICT FET Open).

In general criterion threshold are 3/5 with an Overall threshold 10/15. Half-marks will be used. However there is some local differences - check your specific call evaluation rules.

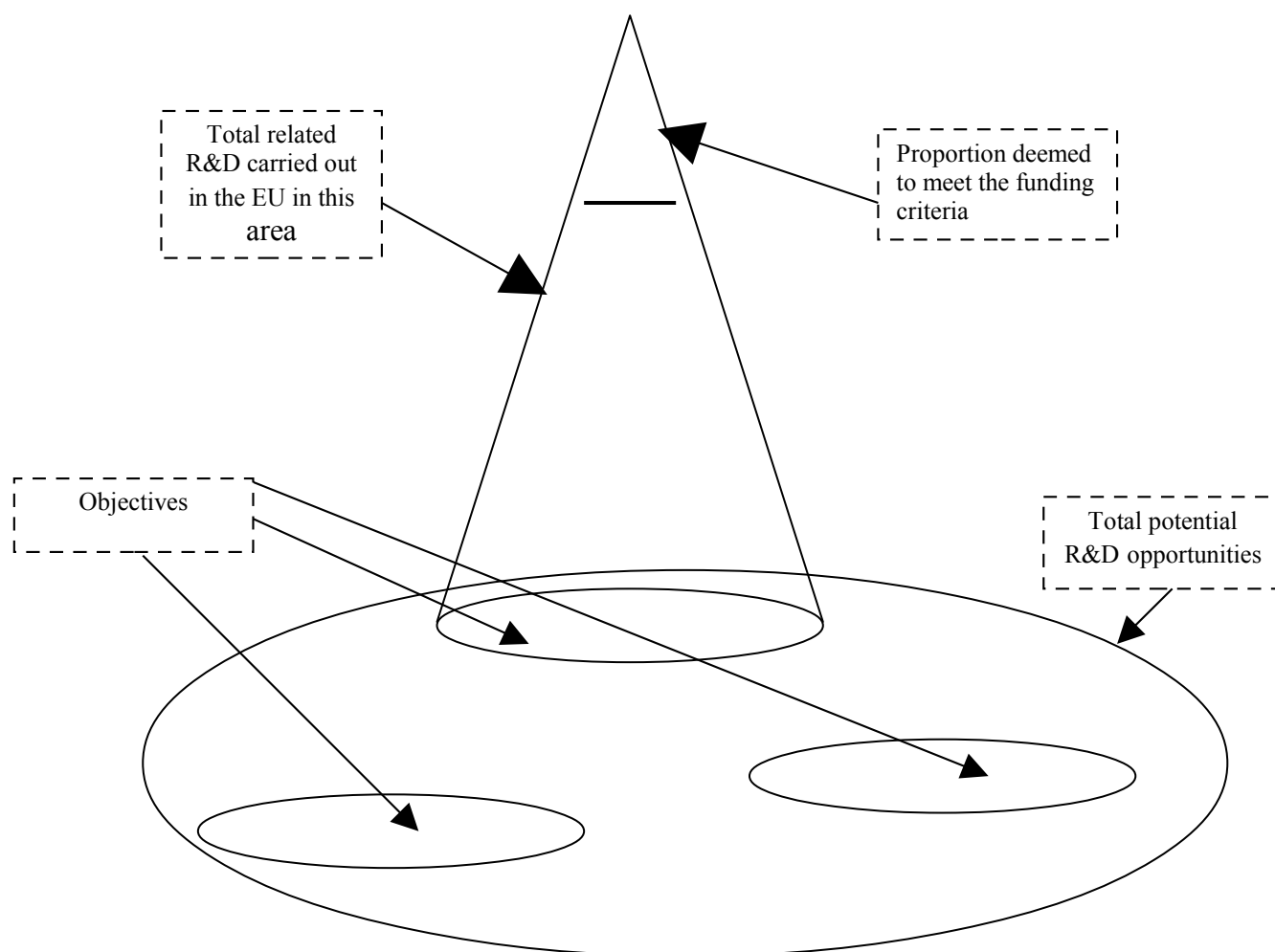
3.9 Recourse

The Commission has established a committee to review all justified complaints about the evaluation procedures. Note only complaints that procedures were not followed will be examined.

4 Formal process

4.1 Workprogram

The overall process is driven by the Workprogram and more specifically, the Objectives. The Workprogram is always a top down document. Not all possible technologies in each field are included. The intention is to focus this funding onto selected key enabling and application technologies. And of course ICT R&D is targeted at current generation technology plus two – i.e. fairly far from the market. This is illustrated below.



After identifying your reason for planning to participate, the first step for potential participants is to examine the Workprogram and identify which specific Objectives are of potential interest and which topic within. You should also know as soon as possible which type of project would be most appropriate. It is usually necessary to attend an Information event either held in your home country or some central event in Brussels or elsewhere to understand the thinking behind the items and to discuss your ideas. Because of the type of language, it is not always obvious what they are actually looking for, especially to newcomers. Some Units publish on their web site an expanded version of their section of the Workprogram or other background documents. Again it is important to verify if such a document exists in your area of interest.

4.2 Deciding to Propose

There are many considerations to take into account and I hope that the rest of this chapter will assist in the decision. However there are some specific items about suitability as follows

4.2.1 *R&D Proposals Suitable for FP7*

- Work that is clearly in the scope of a published Objective
- Work that is clearly within the scope of required instrument
- Longer term project with large potential impact (Current Generation Technology plus two)
- Work that advances the state of the art
- Clear technological risk
- Does not repeat work currently under way
- Establishing business relationships in EU
- Can wait for six to twelve months to start funded work

4.2.2 *R&D Proposals Unsuitable for FP7*

- Where only seeking funding source
- Something that needs to start now
- Does not clearly advance the state of the art
- Product development/lower risk (Current Generation Technology plus one)
- Lacks clear market or strategic impact
- Anything outside ICT scope
- Anything that is extremely secret
- Where you don't need to collaborate
- Where you could do all the work in-house

4.3 **Calls for Proposals**

When the Objective and correct funding model have been identified and validated the proposal submittal time frame should be clear. The Workprogram identifies the planned call dates for each Objective. Note that these dates are only for guidance and can be changed by up to a month in either direction. There are two key dates per call – the opening date and the closing date. They are generally at least three months apart. Tenders may be shorter (they are outside the scope of this document) and some may be much longer – especially those involving so called third countries.

The absolutely **key date is the closing date**, as proposals submitted after this date will not be evaluated. The significance of the opening date is much less – it is the date when the notice of the call is published in the Official Journal. Its contents are available as drafts from national coordinators several months prior to it being published and in any case all the relevant information is in the Workprogram. However, when the call is formally opened, various other needed administrative documents such as the various Proposer Guides are also published. **It is a mistake to wait until a call is formally opened to start to work on a proposal** – it is probably too late already.

4.4 **Partner Search**

Finding suitable partners is key not only to achieving your business goals in the project but also it is key to having a successful proposal and eventual project. It is also the single biggest problem for newcomers to the Program. It must be seen as an initial bootstrap process. Once you are participating in a project, it is much easier to get into further projects. In fact it is sometimes too easy and many are sucked into some projects that, on reflection, they perhaps should have avoided given the scarcity of skilled manpower. Each potential participation must be closely reviewed in the context of your organisation to check the cost/benefit of participation.

Thus, prior to initiating a partner search, the business reason for your participation must be clearly understood - this allows you to judge, from a business perspective, whether a potential partner is an asset or not.

One has to remember that most consortia consist of many participants. Only one can be the Coordinator. Thus for every Coordinator there are perhaps say twelve additional contractors, depending on instrument. We find that small companies with an innovative idea always want to be the Coordinator. This is not usually a good idea.

The way to go about the partner search depends on whether you plan to co-ordinate and thus you are looking for partners to join in the realisation of your idea - this we refer to as a Type A search. However if you are looking to join some one else's proposal as a participant - this we call a Type B search. We have recently introduced the concept of a Type C. This is a Type A search where the originator does not want to coordinate and is also looking for a coordinator for his idea.

4.4.1 Type A

You are originating the idea. You plan to coordinate the proposal and the resulting project and are looking for suitable partners. It is possible to act during partner search as a Type A but subsequently when you gather a group of partners to hand over the co-ordination to someone else, assuming everyone is agreeable. This is a useful way to try to progress your own idea without incurring the overheads of Coordination or if your organisation is not a suitable Coordinator for one of the reasons above. Traditionally, the cost of preparing a proposal and submitting it as a Type A organisation could come to €20,000 in your own costs and those of contracted consultants or it could be as little as five or ten thousand; it all depends on your own abilities and experience. However, with IPs and NoEs, the costs could now be several times this. One should consider spreading it across a core group of organisations that would share the work and costs and in return have a more significant role in the resulting project. i.e. set up a core team of partners.

There are many possible ways to carry out a Type A search. However there follows a list of methods in the order you should examine them. Frequently a Type A search is used to publicise an organisation's interest with a view to handing over coordination to a more suitable partner.

1. Via contacts during existing project (if you have one)

This is the absolute best method but only if you already have a project. For first time participants it of course doesn't apply. This is important. Getting your first project is by far the most difficult. Once you are in, other projects come more freely. For example Concertation Events are held for participants in projects by technical area to discuss mutual issues and this is an ideal forum to forge new alliances and generate ideas for a new project.
2. Via your own technical/business contacts in Europe

This is of obvious business advantage. However it is always better not to have too many organisations new to the Framework Program in any single proposal.
3. Via participation in a related European industrial or trade association.

In some areas such groupings play key roles in formulating the ideas for the program in cooperation with the Commission.
4. Via CORDIS partner search

On this online database you can record the type of project you wish to undertake, the type of partners you are looking for and the Strategic Objective you wish to submit under. However this database although large contains a large number of extremely general and usually out of date information. Most of the major players do not use it. Try it, but don't rely on it. One of its major drawbacks is that there is no quality control over its content and thus many organisations put in very general entries that cover almost all technical areas. This means that when you scan it you pick up many organisations that in reality have little to offer in your specific area.
5. Via Ideal-ist Active partner search

Ideal-ist is an ICT funded project that has a point of contact in each participating

country with a prime aim of assisting potential proposers to find partners. As a Type A, you can submit your specific search request via a special form to your own country node. After editing and review, this will be sent to all the other country nodes. If it is seen to meet certain criteria it will be awarded a "Quality Label" and published on the Ideal-ist web site. This allows interested parties to contact you. The success rate for finding partners is very high with more than two thirds finding partners within two weeks. Ideal-ist also identifies a "Type C" partner search which is like a Type A but where the initiator is also looking for an organisation to coordinate.

6. Via participation in previous projects

This is an extremely effective way to identify potential partners. There are online searchable databases that contain synopses of all current and previous projects by technical area. These also identify the participants. So it is possible for example to find all previous projects in a specific area for a named organisation and identify the point of contact in the organisation for each project. Or it is possible to search for all previous projects by some technical key words and identify the participants etc.

7. Via contacts at Commission sponsored events or Information Days

Each technical area or Objective has a Project Officer in charge in Brussels and it is beneficial to try to meet him either in Brussels or at some event. This is useful to discuss potential ideas to see if they are in scope or perhaps to seek advice on potential suitable partners. Project Officers will informally frequently suggest particular organisations.

8. Via participation in a European Technology Platform activity

This is a new type of activity for FP7.

9. Via technical area specific activities

Some technical areas have their own partnering mechanism. These can be best identified via the activity specific web site.

Of course in practice, most successful searches end up being a combination of several of the above.

An important point is not to disclose too much in a partner search. If you use CORDIS or Ideal-ist or some other search mechanism, the goal is to identify potential partners, not to justify your idea. All too often too much detail is disclosed that could give assistance to potential competitors. In other words mention the "what" not the "how". Be discrete.

4.4.2 Type B

You wish to participate in a project that someone else is coordinating. You have specific technology and/or capability to contribute and are looking for a suitable proposal. This is the best way to "bootstrap" your organisation into the program. Also remember that there is only one Coordinator per project; so this is by far the most common type of Partner Search. Even when your technology is the key essence, it may well be that your contribution could be as Work Package leader in a larger project, where your speciality is a contributing element. One person's system is another person's component.

The way to go about it appears very similar to that of Type A above, but the detail is different as explained in the following recommended list of approaches.

1. Via contacts during existing project (if you have one)

This is identical to point 1 under 4.4.1 above.

2. Via your own technical/business contacts in Europe

This is of obvious business advantage if you have some that are not new to the Framework Program and you enquire if they are aware of opportunities of potential mutual benefit.

3. Via participation in a related European industrial or trade association.

This is identical to point 3 under 4.4.1 above.

4. Via CORDIS partner search

This is identical to point 4 under 4.4.1 above.

5. Via Ideal-ist Active partner search

Ideal-ist is an ICT funded project that has a point of contact in each participating country with a prime aim of assisting potential proposers to find partners. As a Type B, you can scan the searches online. The quality is much higher than CORDIS but you have to be quick as consortia get formed very quickly.

6. Via participation in previous projects

This is an extremely effective way to identify potential partners. There are online searchable databases that contain synopses of all current and previous projects by technical area. These also identify the participants. So it is possible for example to find all previous projects in a specific area for a named organisation and identify the point of contact in the organisation for each project. Or it is possible to search for all previous projects by some technical key words and identify the participants etc. For a Type B, this can be used to identify Coordinators.

7. Via contacts at Commission sponsored events or Information Days

This is identical to point 7 under 4.4.1 above.

8. Via participation in a European Technology Platform activity

This is identical to point 8 under 4.4.1 above.

9. Via technical area specific activities

This is identical to point 9 under 4.4.1 above.

Of course in practice, most successful searches end up being a combination of several of the above.

4.4.3 *Due Diligence*

You are about to embark on what is a business relationship with some organisations. If the organisations are not well known to you, it is always an excellent idea to check up on them, especially if they have had previous projects in the Framework Program. It is possible to find out informally if they completed it successfully. In essence verify that they would be an asset to you - not a liability. Remember that the industrial contractors to an EU RTD contract have collective technical responsibility. In practice, the Commission enforces this beneficially if you undertake work in good faith. i.e. they will not generally sue you if a partner defaults.

The overall key point in any kind of Partner Search is "***Try to work with proven winners***".

4.4.5 *Memorandum of Understanding*

Given the completely new form of contract and the devolved management of FP projects, I would suggest that every potential participant to a proposal sign an MoU or at a minimum an NDA that would outline the ground rules for the Consortium Agreement. If this is not done well before proposal submission then it leaves too many issues unresolved and also leaves the various parties open to major misunderstandings and manipulation.

For IPs and NoEs I would suggest that a core team be identified and they conclude this MoU/NDA between them. It should basically cover the main points of the Consortium Agreement as outlined in 7.2 with details of how the Agreement will be settled. It also seems to be useful to ensure that no party has a conflict of interest by being involved in a rival consortium submitting on the same subject. I see the following as potentially part of an MoU or NDA:

1. Non-disclosure agreement
2. Non-competitive clause i.e. competing consortium
3. Status in consortium i.e. "Core" partner or not
4. Role in consortium

5. Access to the consortium management at 100%
6. Notional level of participation
7. Identification of background IPR
8. Any relevant issues regarding generated IPR
9. Any relevant exploitation issues

A minimum content of an NDA could be as follows:

1. Not to divulge or discuss this information to third parties who are not members of the project consortium.
2. The Recipient shall treat as commercial in confidence all proposal information. Confidential Information also includes corrections, updates, new releases and new versions of the project proposal and its budget as it is developed.
3. The Recipient shall not disclose any proposal confidential information to any of its affiliates, subsidiaries, business partners or any other entities without the prior written approval of the Coordinator. If such written permission is given, the Coordinator will send a non-disclosure agreement to the entity concerned for signature.
4. The Recipient undertakes not to participate in a proposal for a project similar in nature in this call without the written agreement of the Coordinator.
5. The Recipient acknowledges that it is unaware of any conflict of interest between participation in this proposal and other activities it is currently undertaking.
6. In the event that the Recipient decides to withdraw from this proposal, they agree to destroy all information provided by the Coordinator relating to the proposal but will still be bound by the confidentiality clauses above. If needed for the recording of ongoing obligations, the Recipients may however request to keep a copy for archival purposes only.

For relatively small organisations, legal enforcement of contracts against large organisations is generally impractical. I see a signed agreement as above more in the nature of clarifying the situation. Many times requests to sign such an undertaking reveal that potential partners may actually be in competitive proposals - that in itself may not bar them - but we are entitled to be made aware so an informed decision can be made!

4.5 Idealist Partner Search Quality Team processing

The Idealist project (ICT NCP Network) carries out quality checks on partner searches before publishing them. This is a significant undertaking and the system has been developed since 1996 in successive projects. It uses an interesting set of criteria that are useful to understand as they contain interesting pointers to what a good partner search and subsequent proposal should contain.

The provision of a quality partner search facility is one of the prime aims of the Idealist project and the maintenance of the integrity and quality of the service is of high importance. It is largely this aspect of partner search that differentiates Ideal-ist from the CORDIS facility. Inevitably therefore partner searches will be proposed that could be deemed to be inappropriate or unlikely to result in a successful proposal. In such cases the search should be corrected or in some circumstances, be rejected.

The project continues to refine the Quality Team Process and its supporting software. Submitters should also be aware that those searches that do not meet certain quality criteria will be requested to amend the search before it will be published. Those that cannot be made to comply may be published by the NCP but without the Quality Label if it passes the Objective criteria (See below).

There are potentially two types of reasons for rejecting or wishing to reject a partner search as submitted -

Objective Reason

The search is clearly out of scope of the call. An example would be one trying to be used purely as a promotion for the originator with no project content. Another would be for a subject that clearly doesn't

match the selected Strategic Objective such as under an IP for Nano electronics wishing to set up an on line library dealing with hunger in the third world. There should be no problem with this.

Subjective Reason

This is something that appears not be in scope, although it may address the topic superficially. For example for something much too close to the market such as a proposal to develop a product without any innovative aspects but in the domain of the selected Strategic Objective. Ideal-ist has an obligation not only to the proposer in not having him waste his time, but also to other potential partners who may expend considerable effort on a proposal found via Ideal-ist that had minimal chance of being accepted.

4.5.1 Quality Team Scoring System

In order to clearly record each individuals view of a PS, the Ideal-ist Quality Team informally uses a scoring scheme. Each QT member will add a score to his comments 0-5 with the following meaning:

<i>Score</i>	<i>Meaning</i>	<i>Result</i>
0	Fails on an Objective Criterion and specify which one	Cannot be published even without a QL
1	Fails on a Subjective Criterion - unlikely to be fixable	No QL
2	Fails on a Subjective Criterion - fixable or requires further information	No QL
3	Changes made/substantive comments and recommendations	Can be given a QL
4	Minor comments and/or recommendations	Can be given a QL
5	Fully in line as is - no comments	Can be given a QL

Each QT member can change his score as a result of discussion and/or changes made by the submittor or as a result of further information provided.

Objective Reason

The search is clearly out of scope of the call. An example would be one trying to be used purely as a promotion for the originator with no project content. Another would be for a subject that clearly doesn't match the selected Challenge/Objective such as under an IP for Nano-electronics wishing to set up an on line library dealing with hunger in the third world. There should be no problem with this.

<i>Aspect</i>	<i>Description</i>
1	Is this a real partner search as a coordinator or looking for a coordinator? In particular it must not be someone looking for an opening or consultants looking for clients.
2	Is the call and Challenge/Objective open?
3	Is the specified instrument open for this Challenge/Objective?
4	Does the topic match the Challenge/Objective?
5	Is the PS open for partners from every participating country?
6	If less than ten days to deadline, does the PS only adding a specific partner or skill?
7	Is the identity of the proposer given and not that of a third party such as a consultant?

If the answer to any question is no, then the PS should not be published without the correct modification (with or without a Quality Label).

Subjective Reason

This is something that appears not be in scope, although it may address the topic superficially. For

example for something much too close to the market such as a proposal to develop a product without any innovative aspects but in the domain of the selected Objective. Given that we have some obligation not only to the proposer in not having him waste his time, but also to other potential partners who may expend considerable effort on a proposal found via Ideal-ist that had minimal chance of being accepted. However, we need to protect ourselves by having some authoritative reason for such a rejection.

<i>Aspect</i>	<i>Description</i>
1	Does the proposal outline have correct level of detail? Remember, this is not an evaluation, therefore in depth is not required.
2	Does the proposal description hide key competitive information? Remember competitors could read it, therefore best not to give too much away.
3	Is the idea sufficiently far from market? Remember that normally product development is not allowed.
4	Does the idea address any potential ethical concerns adequately?
5	Is the proposed activity reasonable for the chosen instrument?
6	If research, is the proposed activity innovative? It is not if you are aware of another project already doing this work or of it being commercially available.
7	Is the proposed work within the scope of the ICT Work Program?
8	If research, is the innovation itself in the scope of the Challenge/Objective?
9	Is the centre of gravity of the proposed work within the scope of the Challenge/Objective? Otherwise it could be a better fit to a different Objective that is not open.
10	Does the proposed activity match any available Objective background material? This would include notes obtained from informal meetings with the involved Head of Units or Points of Contact.
11	Do you feel this proposal has a reasonable chance of acceptance?
12	For a Type A, is the proposed coordinator in a Member or Associated State?

If the answer to any question is no, then the PS should not be published with a Quality Label without the correct clarifications and perhaps modification. Ideal-ist will always publish searches when in doubt i.e. err on the side of the proposer.

4.6 Preparation and submittal of R&D Project proposals from the Cooperation part of the Framework Program

Proposals are prepared and usually submitted by the Coordinator or his agent. Proposals for R&D are always made in consortia. One member of the consortium, is designated as the Coordinator and it is their job to put together the proposal with the assistance to a greater or lesser extent of the other partners and submit it to the Commission as required. Generally, if the proposal is accepted, the Coordinator will be expected to become the project Coordinator and thus be responsible for overall project technical direction, as well as administration and management.

In FP7 there is only one way to prepare and submit a proposal, and that is by on-line preparation and on-line submission using EPSS – see 4.6.4 below. EPSS is the Electronic Proposal Submission System.

Note that use of EPSS requires Internet Explorer 5 or higher, Netscape 7 or Opera 7 or Firefox.

It is the Coordinator who has to operate EPSS. If you are not the Coordinator, he will send you a user name and password so you can fill in your A2 form on-line, and ask for your contribution to part B as well as your estimated man months, man rate, budget and requested funding. See section 16.

Sections 4.6.1 and 4.6.2 below describe the content of proposals; See Appendix 4 for links to the various guides and support material available on-line.

The proposals themselves are in two parts –

- Part A The Forms
- Part B The technical proposal and consortium details

4.6.1 Part A - The Forms

In FP for most proposals there are three forms as follows -

A1 - General information on the proposal containing the following:

- Funding scheme
- Proposal number/Acronym
- Duration in months
- Call ID
- Research objective(s)
- Free keywords
- 2000 character proposal abstract

A2.1 and A2.2 - Information on the Coordinator and partners, one A2.1 and A2.2 form for each with following information:

- Participant number, Name address etc.
- Legal status, SME
- Dependencies with other participants
- Person in charge - Name, Address etc
- Previous/current submissions in FP7
- Legal address/administrator address/R&D address
- Proposer identification code PIC

A3.1 and A3.2 - Cost breakdown

- In A3.1 and A3.2 more detailed costs (direct/indirect) as GPF forms There is one A3.1 for each partner with A3.2 being an overall summary.

4.6.2 Part B - The Proposal

The revised content for Part B will directly align with the revised Evaluation Criteria bullets. The Guide for Applicants will identify the following required contents for Part B:

Collaborative project funding scheme - (See table below for variations)

1. Title Page
2. Summary
3. S&T quality
 - Concept and objectives
 - Progress beyond the state-of-the-art
 - S & T methodology and associated work-plan
1. Implementation
 - Management structures and procedures
 - Relevant experience of the individual participants
 - Consortium description
 - Allocation and justification of the resources to be committed
1. Impact
 - Contribution at the European or international level to the expected impacts listed in the

- Workprogram under the relevant activity
- Dissemination and/or exploitation of project results, and management of intellectual property

1. Ethics

4.6.3 Evaluation Criteria

The evaluation criteria are slightly different and are aligned with the proposal format for each instrument as summarised in the following -

1. Scientific and Technical Quality:

(S&T excellence)

- Soundness of concept, and quality of objectives
- Progress beyond the state-of-the-art
- Quality and effectiveness of the S & T methodology and associated work-plan

2. Implementation:

(Quality of the consortium and of the management and Mobilisation of the resources)

- Appropriateness of the management structures and procedures
- Quality and relevant experience of the individual participants
- Quality of the consortium as a whole (including complementarity, balance)
- Appropriate allocation and justification of the resources to be committed (budget, staff, equipment).

3. Impact:

(Potential impact and Relevance)

- Contribution at the European or international level to the expected impacts listed in the work program under the relevant activity
- Appropriateness of measures for the dissemination and/or exploitation of project results, and management of intellectual property

Evaluation criteria scoring will continue to use a scale of 1-5 (and 0) without weights (except FET Open). Criterion threshold will be 3/5 with an Overall threshold 10/15. Half-marks will be used.

Criterion	Funding scheme			
	All	NoE	CP	CSA
1 S/T Quality	Clarity of objectives and quality of concept	Contribution to long term integration of high quality S/T research Quality and effectiveness of the JPA and associated work plan	Progress beyond the state-of-the-art	Contribution to the co-ordination of high quality research Quality and effectiveness of the co-ordination mechanisms and associated work plan
2 Implement ation	Appropriateness of the management structure and procedures Quality and relevant experience of the individual partners	Quality of the consortium as a whole (including ability to tackle fragmentation, and commitment towards a deep and durable integration) Adequacy of resources for successfully carrying out the joint programme of activities	Quality of the consortium as a whole including complementarity, balance	Quality of the consortium as a whole only if relevant
3 Impact	Contribution at the European or international level to the expected impacts listed in the work-program under the relevant activity	Appropriateness of measures for spreading excellence, exploiting results and disseminating knowledge through engagement with stakeholders and the public at	Appropriateness of measures for the dissemination and/or exploitation of project results, and management of	Appropriateness of measures for spreading excellence, exploiting results and disseminating knowledge through engagement with stakeholders and the public at large

		large	intellectual property	
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Note ICT FET is as above but generally uses weightings.

4.6.4 Notification of Intention to Submit

You need to pre-register with EPSS and receive a password. This now serves two purposes; first to enable use of EPSS itself, but also now gives advance notification of upcoming proposals which enables an informed selection of evaluators by Commission staff. Please note that final proposal package maximum size is 10 MB.

4.6.5 On-line preparation and submission using EPSS

You prepare the A forms on-line and use OpenOffice, Word, Acrobat (Writer) or similar package to prepare Part B. Ensure the following for Part B –

1. You are using A4 page layout and not US letter format
2. You save and submit in pdf format with a file name made up of the letters A to Z, and numbers 0 to 9. You must avoid special characters and spaces
3. Note other EPSS restrictions in the EPSS documentation and EPSS FAQ and notes in the Guide for Applicants.

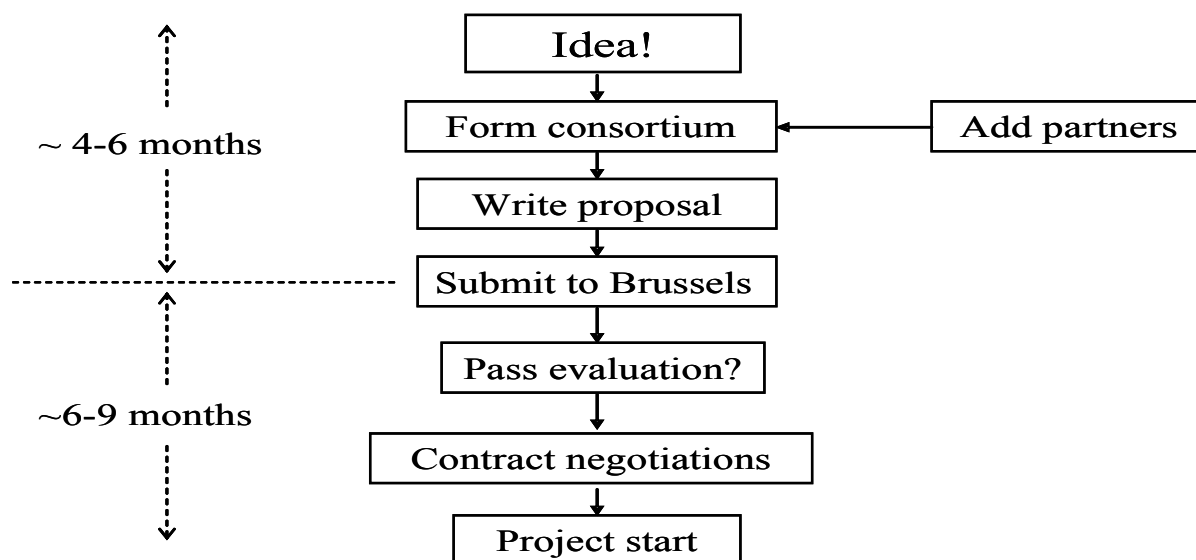
This system allows the consortium under the control of the coordinator to build up Part A of the proposal on the web. The coordinator has to separately create and upload Part B. The final submission step is merely releasing the proposal to the Commission.

To use the EPSS online submission, coordinators have to register with the system to receive a login and password(s). There are two types of passwords controlled by the registered coordinator. The first is his own that allows him to control the entire process. The other is the password given to his partners that allows them to fill in their A2 form on-line.

Please also read and understand the implication of the Unique Registration Facility, described in section 8.1.6. This will be gradually introduced.

4.7 Proposal Time-line

In order to have some perspective on how to plan your proposal, the following may be useful. It is from the perspective of the Coordinator and is merely a guideline indication. The overall process time is dependent on size and complexity of the proposal. The time line below is an indication for a STREP; an IP or NoE should start much earlier.



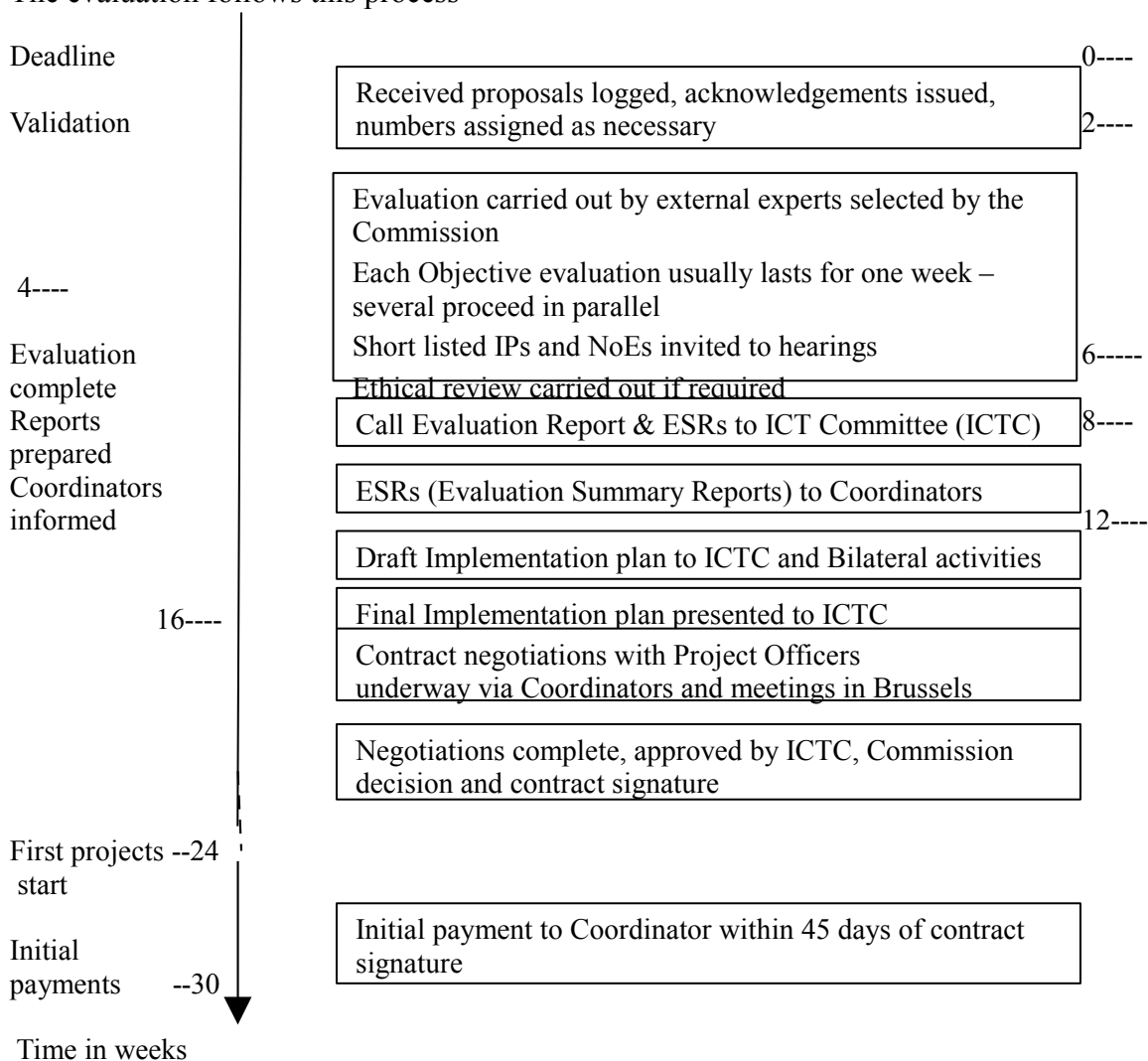
The Ideal-ist project study of submitted IPs indicated that two thirds of the so called “core teams” of IPs were formed by the time the call was issued. IST calls are issued a minimum of three months and frequently four months prior to the closure date. Calls over the winter or summer holidays are generally four months and other times three months.

4.8 Collaborative R&D Proposal evaluation

The proposals go through an initial vetting by Commission staff to ensure that they comply with submission rules i.e. that they were received by the closing date and time; that it is complete and within the scope of the call. Otherwise, the proposal is rejected (or in formal terms “ineligible”) and does not proceed to the proper evaluation. In general a time line for the evaluation is included in the proposers guide for each call.

A goal is to give a quick “no” where possible in order to minimise the period of uncertainty. However, as we are dealing with large amounts of public money the process has to be fully transparent and fair. This results in it inevitably taking longer than one might expect. However it is fair and there is an independent monitoring panel for every evaluation that reports formally to the Director General in Brussels but also makes its report and recommendations available to the Independent Management Team. The process is continually being refined in light of experience and recommendations.

The evaluation follows this process -



The process is as fair as it can be made. A clear audit trail is kept in case of disputes. Each technical area

invites a panel of experts to carry out the evaluation. Each evaluator has to sign a confidentiality agreement as well as a non-conflict of interest declaration.

Briefly, Part B is evaluated independently by evaluators three or five evaluators from the panel and scored. They have to assess it against a series of criteria. Each then assigns score of 0 to 5 with 5 being Excellent. These criteria have minimum thresholds and those that pass continue in the process. The three or five evaluators then meet to discuss and reach a consensus on a specific proposal and to agree on a joint score for each criterion and this leads to an overall mark. This meeting is generally chaired by a Commission official who has to remain neutral. All of the criteria and thresholds are detailed in the Workprogram. STREP and CSA proposals are in general evaluated by three evaluators but the IPs and NoEs are evaluated by five. An Evaluation Summary Report (ESR) is also prepared from the individual evaluator score sheets for each proposal evaluated and this is eventually returned to each Coordinator. This so called consensus meeting is really to agree on a joint position and scoring so this ESR can be prepared and be agreed to by all of the involved evaluators. It occasionally happens that no unanimous consensus can be reached. In these cases either the proposal is evaluated by an additional evaluator or a majority view is taken.

Frequently, evaluators may make suggestions in the ESR that the requested funding should be reduced for specific reasons or other changes made if the project is to be funded. These are only recommendations but are generally accepted by the Commission and taken into account. It is specifically not allowed for the evaluators to query or dispute man rates etc. in the proposal as this is deemed to be out of their competence – they are technical experts. Such things are discussed at contract negotiation time with the Project Officer.

There is then a panel meeting where all of the evaluators covering a technical area meet together and review the relative rankings of the proposals and agree a priority list of those that did not fail on one of the criteria thresholds. This is an effort to normalise scoring. They include comments and recommendations from the evaluators. For IPs and NoEs an additional step is to invite short-listed consortia to appear before the panel to answer questions regarding their proposal. See "4.8.1 Hearings" below.

The panel then reconvenes and as a result of the hearings may modify some of the scoring and consequent ranking of individual proposals. We have noted that in some non-collaborative R&D evaluations, individual evaluator comments were included in the ESR.

Generally within eight to ten weeks of the closing of the call for proposals, these ESRs are sent out to the Coordinators and each will indicate whether it has been ranked or not. However in the first call it usually always takes a little longer due to its size and the newness of the process. Unranked proposals are almost certainly not going to be funded. Depending on the amount of funding available per technical area some, most or all of the ranked proposals in each area will be contacted to initiate negotiations on a contract. Some proposals may be held in a reserve list for when and if funding becomes available as some proposals may fail if agreement on a contract cannot be reached or if additional funding can be found.

Proposals likely to be considered for funding will be subject to a separate Ethical Review whenever there is any suggestion (by the proposers, evaluators or Commission staff) that ethical issues could be raised by the subsequent project.

Each funding country is represented on the relevant Program Management Committee and these delegates can clarify status and as necessary suggest changes to the resulting rankings. On completion of the contract negotiation activity, this committee gives an opinion on the negotiated contracts.

It is this phase from completion of the evaluation until contract issuance and signature the committee

delegates can assist in resolving “problems” that may arise.

4.8.1 Hearings

For IPs and NoEs, when the initial evaluation by the team of normally 5 independent experts is completed and they have in a consensus meeting come to an agreed conclusion on the marking of each proposal, those that have not initially failed any thresholds are invited to a "Hearing". The initiation of this process is by notification to the Coordinator. The timetable is known in advance from the Guide for Applicants for this call. A limited number of representatives are invited on a specific date and time. There is usually limited opportunity to alter this. Normally the coordinator plus three representatives are invited. In addition a series of questions are provided consisting of some standard questions for all consortia plus some questions specific to each proposal. The panel are not permitted to raise a topic that is not covered by one of the formally notified questions. It would be normal to try and have members of the team that can deal with the most important questions attend. However, the Coordinator should circulate the invitation with the questions to everyone and solicit input and clarifications.

Additionally, each consortium will be provided with instructions about what they can present at the hearing. It is normal to invite them to provide a number of slides - usually equal to the number of questions. I suggest one slide for each question and as they will be given full size in hard copy to the panel members, use the opportunity to provide them with as much detail on the slide as you can. Using slide overlays is a good way of giving more information to the panel. This is your only opportunity to provide additional written information to the panel. Any other material must be removed at the end of the Hearing.

The actual atmosphere at the hearing is extremely off-putting. The panel members are not allowed to ask further questions directly and are told not to show any emotion. Thus it is difficult to present without feedback. Hearings are normally restricted to 60 or 90 minutes and any supplemental questions will be asked through the chairman. These rules appear to be observed differently by different Units. Some seem to permit more or less discussion across the table whereas others are extremely strict.

After the hearing, the panel will convene again when they have heard all the invited consortia and review the scoring based on the answers they received. At this point it is possible to increase or lose points. It is even possible for a proposal after the hearing to fail a threshold in the final ESR.

4.9 What to do if your Proposal Fails

You have been part of a consortium and received back the ESR (Evaluation Summary Report) and it shows that your proposal has not been retained. This could be because it did not reach the threshold score on one or more criteria or was not ranked high enough to get funded. In either case you should follow these steps in an orderly fashion – the lead being taken by the Coordinator.

4.9.1 Check the ESR carefully

Go over the ESR very carefully to ensure that it is factually correct. This does not include what you would consider invalid opinions. If the evaluators did not correctly understand the proposal, it is almost always because it was not written correctly. If there are factual errors, it is possible to clarify via the National Program Committee delegate, if this is really an error. The delegate will be aware to whom such representations should be made. In the past, this has very rarely led to a re-evaluation of the proposal. See 4.9.5 regarding the new redress procedure introduced in FP7.

4.9.2 Get further information

Ask for clarification of the reasons for failing. The ESR is a sanitised consensus summary of the individual evaluation reports. The relevant Project Officer will have the originals and will usually be prepared to read most of the content to you over the phone and add his own thoughts. This information can be extremely helpful if you wish to resubmit. It is normal to make contact via the Coordinator's

National Delegate to the Program Committee.

4.9.3 Use of the Program Committee - "Lobbying"

Lobbying during the evaluation is not helpful and counter-productive. The best lobbying time is when the call is issued. But here we discuss post evaluation activities and "pseudo appeals" specifically. There is a great deal of misinformation about this process. Firstly the NCPs (National Contact Points) are not involved unless they also happen to be the National Delegate. Also, it is impossible to have a proposal's score changed in any way. At best if there has been an obvious clear mistake (not a matter of opinion) or if there has been a clear procedural error, then it has been known that a proposal has been re-evaluated. Although I am unaware of such a re-evaluation resulting in a proposal passing. It is so rare. The best that can be done is, if a proposal has passed the evaluation but is ranked too low to get funding, to encourage additional funding to cover it. But here again, it is unknown to skip intervening proposals. So this may only work if it is very close to the funding line.

In the past the best that come from lobbying in most cases is perhaps a better chance of getting funded next time. If your proposal has passed the evaluation but is either on the reserve list or not being considered for funding because of its relatively low score, the National Program Committee delegates of the principal consortium members led by the Coordinators can make representations in Brussels to try to promote the proposal and get it funded. This can succeed, especially if the Commission staff think the proposal is better than the evaluators scored it. In the past, the staff generally has some funding in reserve for such representations or could borrow it from the following year's budget. However it has been noticeable that from the start of FP6, such flexibility seems to have been extremely limited.

In FP7 a formal appeals procedure has been instituted - see 4.9.5 below for details.

4.9.4 Resubmit where possible

Finally, it may be possible to improve the proposal and resubmit, assuming there is a suitable call coming up. In such cases you have to note on the Forms that it has been previously submitted and it is essential to have an in depth discussion with the Project Officer to ensure you address their concerns adequately. Of course there may not be any suitable call – in which circumstance the only option is to try to ensure a suitable Action Line is included for the following year and then go for it or, if all else fails, forget it.

4.9.5 Request for Redress

This is new for FP7. See http://CORDIS.europa.eu/fp7/redress_en.html

When you have received an "initial information letter", together with the Evaluation Summary Report (ESR), showing the outcome of the evaluation by experts of your proposal or, you may have received the results of the eligibility checks. You may submit a request for redress if you feel that there has been a shortcoming in the way your proposal has been evaluated that may affect the final decision on whether to fund it or not, or if you believe the results of the eligibility checks are incorrect. An internal review committee of the Commission will examine requests for redress. The committee's role is to ensure a coherent interpretation of such requests, and equal treatment of applicants.

Requests must be:

1. Related to the evaluation process, or eligibility checks, as described in an Annex to the Guide for Applicants for the call and funding scheme in question
2. Set out using the form below, including a clear description of the grounds for complaint.
3. Received within the time limit specified on the initial information letter you have received.
4. Sent by the co-ordinator

This committee will review each case and will recommend an appropriate course of action to the Commission services responsible for the call for proposals concerned. If there is clear evidence that a

shortcoming that could affect the eventual funding decision, it is possible that all or part of the proposal will be re-evaluated.

Please note:

This procedure is concerned with the evaluation and/or eligibility checking process. The committee will not call into question the scientific or technical judgement of appropriately qualified experts. A re-evaluation will only be carried out if there is evidence of a shortcoming that affects the final decision on whether to fund it or not. This means, for example, that a problem relating to one evaluation criterion will not lead to a re-evaluation if a proposal has failed anyway on the other criteria.

The evaluation score following any re-evaluation will be regarded as definitive. It may be lower than the original score. Only one request for redress per proposal will be considered by the committee. All requests for redress will be treated in confidence.

In practice it appears that after the initial calls many redress requests were received – most were completely inappropriate and will probably be quickly rejected. Questions of opinion have little chance. Redress is limited to specific cases of procedural or factual errors or mistakes. In the first two years of FP7 we are only aware of a single case where a redress appeal was upheld as most of the others addressed the opinion of the evaluators and not the process.

5 Types of Project, Roles & Structure

There are many different ways to characterise projects and roles. I try here to mention the main categories. This should be useful for newcomers to become familiar with the possibilities as well as to be aware of the terminology if it arises in discussions. It is important to understand this when you are considering forming a consortium or joining one. I have estimated the ICT specific characteristics and have summarised some of their different aspects as follows –

Funding scheme	Minimum participants*	Typical participants	Typical Duration	Typical Funding
CP (STREP)	3	4 – 8	2 – 3 years	1 – 4 M€
CP (IP)	3	8 – 15	3 - 4 years	6 – 25 M€
NoE	3	6 – 12	3 - 4 years	2 – 8 M€
CSA (CA)	3	3 – 12**	1 – 3 years	0.5 – 2 M€
CSA (SA)	1	3 – 12**	1 – 3 years	0.5 – 2 M€
SICA	4***			

* Legal minimum, is three need to be from member, accession or associated state. For SA legal minimum is one from Member/accession or associated state.

** Very dependent on the type of activity - many have considerably larger consortia.

*** From two Member or Associated States and two from ICPC countries (or regions of a single large country).

The above funding guidelines are only relevant to ICT. CPs in other programs funding is differentiated by being above or below a specific grant level as specified in the specific call. The official text used outside ICT is as follows:

"The size, scope and internal organisation of collaborative projects can vary from research theme to research theme and from topic to topic. A call may distinguish between different forms of collaborative projects (projects can range from small or medium-scale focused research actions to large-scale integrating projects for achieving a defined objective) based on limits to the requested EU financial contribution. Any such limits will be indicated in the call fiche, and be applied as eligibility criteria."

Additionally several programs such as Health and NMP have instruments defined as e.g. IPs and/or STREPs for SMEs where for example at least 40% of the funding needs to be assigned to SMEs. See individual Workprograms for details.

5.1 Refined Instrument Definitions

In FP7 (apart from in the ICT program) they now define IPs as large STREPs and vice versa. In the ICT program the different content is still maintained.

5.1.1 STREP versus IP

Instrument	Purpose	Target audience	Activities	Flexibility	Enlargement of partnership within the initial budget	Specific characteristics
ICT CP(IP)	Ambitious objective-driven research dealing with different issues through a “programme approach”	Industry, including SMEs Research institutes Universities (Possibly) Potential end-users	One or more of: Research Demonstration Training Innovation linked activities Management of the consortium	If needed a yearly update will be provided for in the grant agreement.	Possible through “competitive calls”	“Program approach”, focussing on multiple issues As a rule several components Often multi-disciplinary
ICT CP (STREP)	Objective-driven research more limited in scope than IPs and usually focussed on a single issue	Industry, including SMEs Research institutes Universities	One or more of: Research Demonstration Innovation linked activities Management of the consortium	Fixed overall work plan	Possible	“Project approach”, focussing on a single issue As a rule one component Often mono-disciplinary
CP	Developing new knowledge, new technology, products, including scientific coordination. Demonstration activities or common resources for research.	As per WP	Research Demonstration Management of the consortium Other activities such as dissemination, training.	Description of work is normally fixed. If needed a yearly update will be provided for in the grant agreement.	Enlargement of partnership within the initial budget Possible	As per WP

5.1.2 NoE

Instrument	Purpose	Target audience	Activities	Flexibility	Enlargement of partnership (within budget)	Specific characteristics
NoE	Durable integration of the participants’ research activities	Research institutes Universities Mainly indirectly: Industry (possibly through steering committees, governing boards, scientific committees) SMEs (possibly through take-up actions)	<u>Joint Program of Activities (JPA):</u> Integrating activities Joint research program Spreading of excellence <u>And</u> Management of the consortium	Periodic if appropriate update of the work plan	Possible through “competitive calls”	Institutional commitment at strategic level from the very start and for the whole duration As a rule limited number of partners

5.1.3 CA versus SA

Instrument	Purpose	Target audience	Flexibility	Enlargement of partnership (within the initial budget)	Specific characteristics
CSA (CA)	Coordination, networking	Research institutes Universities Industry including SME	Fixed overall work plan	Possible via contract amendment	No funding of research activities Consistent set of activities focussing on coordination ("program" approach)
CSA (SA)	Preparation of future actions, support to policy, dissemination of results	Research institutes Universities Industry including SMEs	Fixed overall work plan	Possible via contract amendment	No funding of research activities Project approach Possibility of one single participant

5.1.4 Security Program Project Types

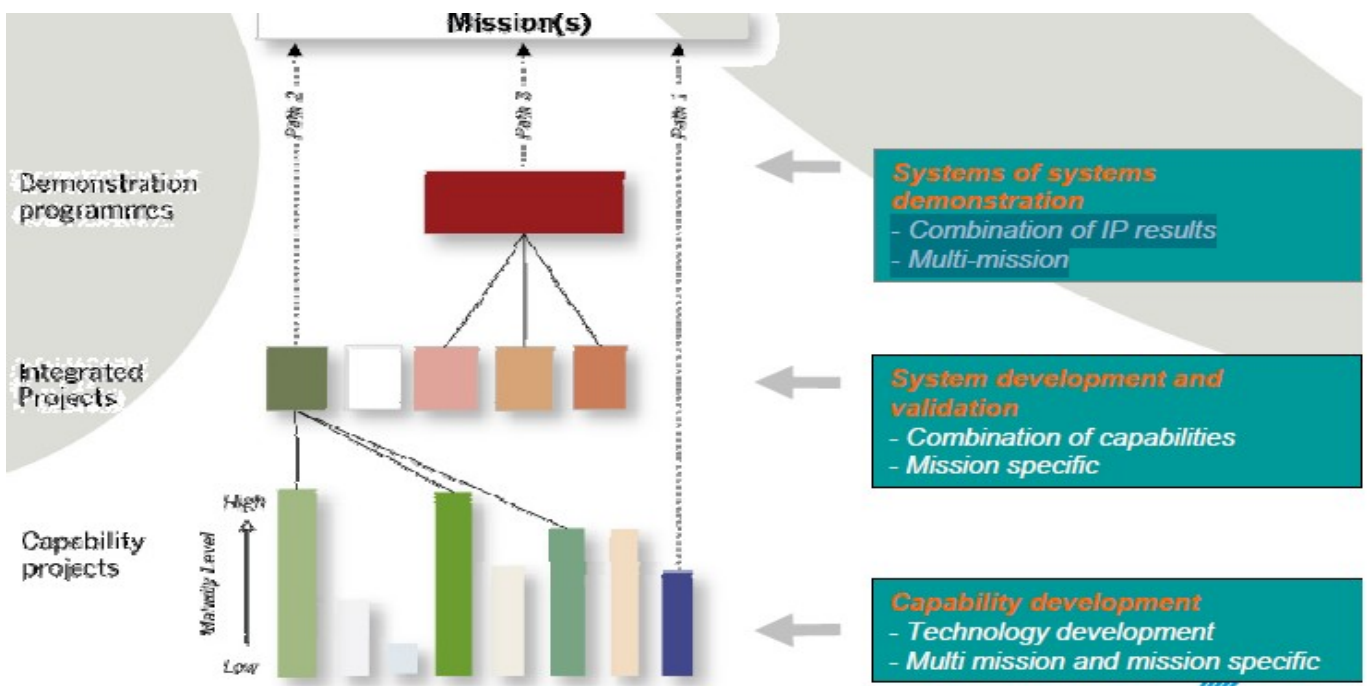
As an example of the variation between different themes, the Security Program defines their types as:

- Collaborative projects:
 - ✓ Integration projects (large scale)
 - ✓ Capability projects (small and medium scale)
- Coordination and support actions (including Demo phase 1)
- Networks of Excellence

Note the terminology of "Capability Project" being equivalent to an ICT STREP in size.

This program also has so-called Demonstration Program made up of Phase 1 and a Phase 2. Phase 1 demonstration projects define the strategic roadmap and trigger Europe wide awareness, involving end-users, industry and academia; Phase 2 will then technically implement the systems of systems demonstration projects, taking into account steps which have to follow the research (standardisation, development of marketable products, etc). They are seen to be a Combination of IP results and be Multi-mission.

Thus this program has hierarchy of projects as follows:



5.2 ICT STREPs

This is a continuation of the RTD projects used under earlier Framework Programs and renamed STREPs in FP6. However they are subject to some new emphasis in FP7. Although the formal name has changed in FP7, we shall continue for the time being to call them STREPs for short in this book.

Targeting a specific objective in a sharply focussed approach; they shall have a fixed overall work plan where the principal deliverables are not expected to change during the lifetime of the project.

Their content will consist of either of the following two, or a combination of the two:

1. a research and technological development project designed to generate new knowledge which would improve European competitiveness and/or address major societal needs
2. a demonstration project designed to prove the viability of new technologies offering potential economic advantage but which cannot be commercialised directly (e.g. testing of product-like prototypes)

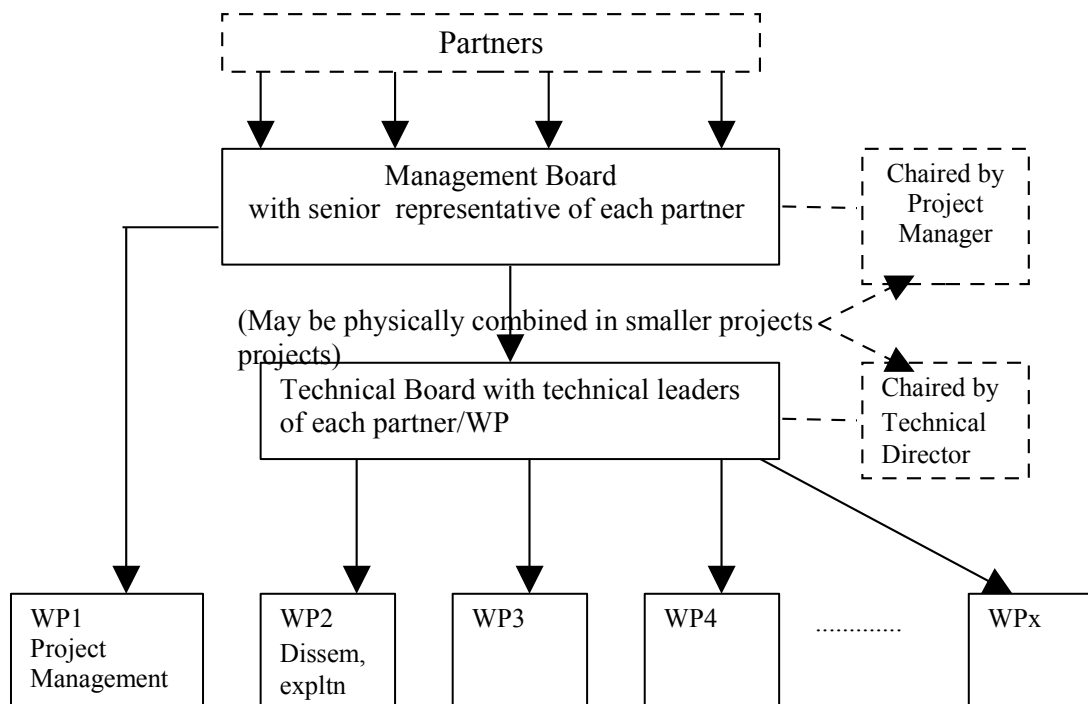
It is suggested you should avoid the use of demonstration activities as the result could be lower funding for partners except large industrial companies. In most cases the same work could be carried out using different terminology under RTD instead of Demonstration.

Small or medium-scale focused research actions should also include an overall management structure. Over and above the technical management of individual work packages, an appropriate management framework linking together all the project components and maintaining communications with the Commission will be needed.

Consortium management activities include:

1. the overall legal, contractual, ethical, financial and administrative management;
2. quality management of the overall project processes including safety issues as appropriate;
3. coordination of knowledge management and other innovation-related activities;
4. overseeing the promotion of gender equality in the project if appropriate;
5. overseeing science and society issues related to the research activities conducted within the project if appropriate;
6. obtaining audit certificates as required by each of the participants;
7. maintenance of any consortium agreement;

5.2.1 Typical Structure of Small or medium-scale focused research actions



For smaller projects and depending on the technical abilities of the company representatives, it is possible and more effective to combine the Management and Technical Boards although they must continue to deal with both aspects.

5.3 ICT IPs

Larger scale actions, including a coherent integrated set of activities tackling multiple issues and aimed at specific deliverables; there will be a large degree of autonomy to adapt content and partnership and update the work plan, whereas appropriate. Their content will consist of a combination of most or all of the following (1 and/or 2 below being a must):

1. objective-driven research and development, i.e. clearly defined scientific and technological objectives, aiming at a significant advance in the established state-of-the-art; in addition, typically of multidisciplinary character
2. a demonstration project designed to prove the viability of new technologies offering potential economic advantage but which cannot be commercialised directly (e.g. testing of product-like prototypes)
3. innovation activities relating to the protection and dissemination of knowledge, socio-economic studies of the impact of that knowledge, activities to promote the exploitation of the results, and, when relevant, "take-up" actions; these activities are inter-related and should be conceived and implemented in a coherent way
4. training of researchers and other key staff, research managers, industrial executives (in particular for SMEs), and potential users of the knowledge produced within the project. Such training activities should contribute to the professional development of the persons concerned
5. any other specific type of activity directly related to the project's objectives (as identified in the relevant work programme or call for proposals)
6. project management activities.

IPs are defined as being extensive, independent and ambitious. IPs should have a common research objective and Workprogram. The project can also decide on its operation independently. It could organise calls for proposals to select additional participants. Projects can be divided into sections that are independent of each other to some extent. However, there must remain a connection between the sections.

Therefore, the projects demand a good coordinator and strong management.

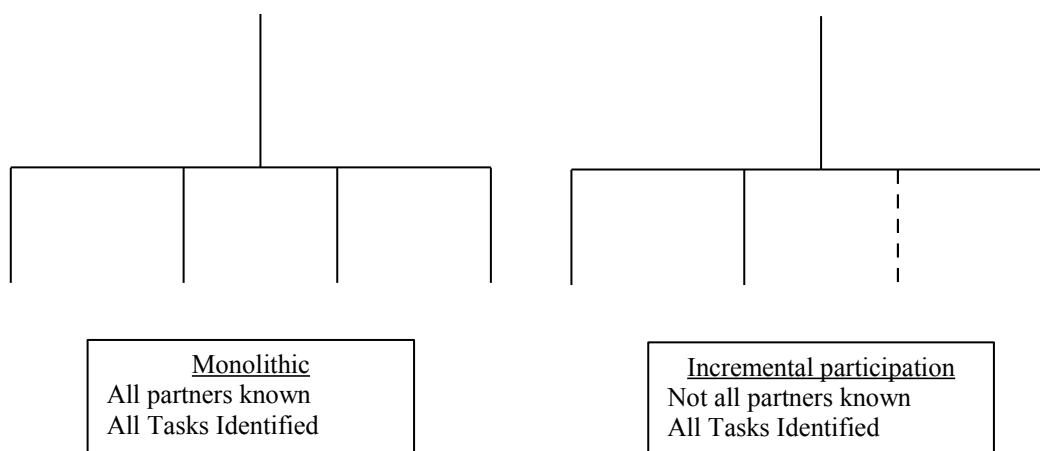
The focus of an IP can, however, also include demonstration, technology transfer or training of researchers and/or potential users. The Commission funding covers each sub-project at the rates and rules appropriate to that activity. An IP may receive up to several million Euros a year. The projects are selected on the basis of calls for proposals.

There must be enough participants in the IPs to obtain sufficient critical mass for the matter. The minimum is from three countries. In practice, the projects will certainly be larger. However, in practice in ICT, sizes of IPs differ from topic to topic. Some may be 5-7 MEuro funding and others 15-20 MEuro funding for example. Each potential coordinator should verify what size is anticipated in that specific Strategic Objective.

Two different potential configurations of IP are possible as per the following illustration. The Monolithic was the only form of project that was permitted in FP5 RTD and in FP6 STREPs. Incremental Participation for IPs and NoEs was introduced in FP6 and continues into FP7. It is up to the proposers to decide the most appropriate one. However in practice extremely few IPs have chosen this option in the past.

Note that both forms are possible in all non-ICT Collaborative Projects as well as in all NoEs. In the ICT program both forms are only permitted in IP and NoE Projects.

CPs (ICT IP) and NoEs - two possible configurations



All the activities carried out in the context of an Integrating Project should be defined in the general framework of an "**implementation plan**" comprising activities relating to:

1. research, **and as appropriate** technological development and/or demonstration;
2. management, dissemination and transfer of knowledge with a view to promoting innovation;
3. analysis and assessment of the technologies concerned, as well as the factors relating to their exploitation.

In pursuit of its objectives, it may also comprise activities relating to:

1. training researchers, students, engineers and industrial executives, in particular for SMEs;
2. support for the take-up of new technologies, in particular by SMEs;
3. information, communication and dialogue with the public concerning the science/society aspects of the research carried out within the project.

The combined activities of an integrated project may represent a financial size ranging from several million Euros to several tens of millions of Euros.

Integrating Project proposals should comprise the following elements:

1. the scientific and technological objectives of the project;
2. the main lines and timetable of the execution plan, highlighting the articulation of the various components;
3. the stages of implementation and the results expected in each one of them;
4. the role of the participants within the consortium and the specific skills of each of them;
5. the organisation and management of the project;
6. the plan for the dissemination of knowledge and the exploitation of results;
7. the global budget estimate and the budget for the different activities, including a financial plan identifying the various contributions and their origin.

The partnership may evolve when necessary, within the limits of the initial Community contribution, by replacing participants or adding new ones. In most cases, this will be done through publication of a **competitive** call. The **implementation** plan may be updated periodically. This updating may entail the reorientation of certain activities and the launching of new ones. In the latter case, and where an additional Community contribution is needed, the Commission will identify these activities and the participants who will carry them out, by means of a call for proposals.

So, what is the best strategy for an ICT IP?

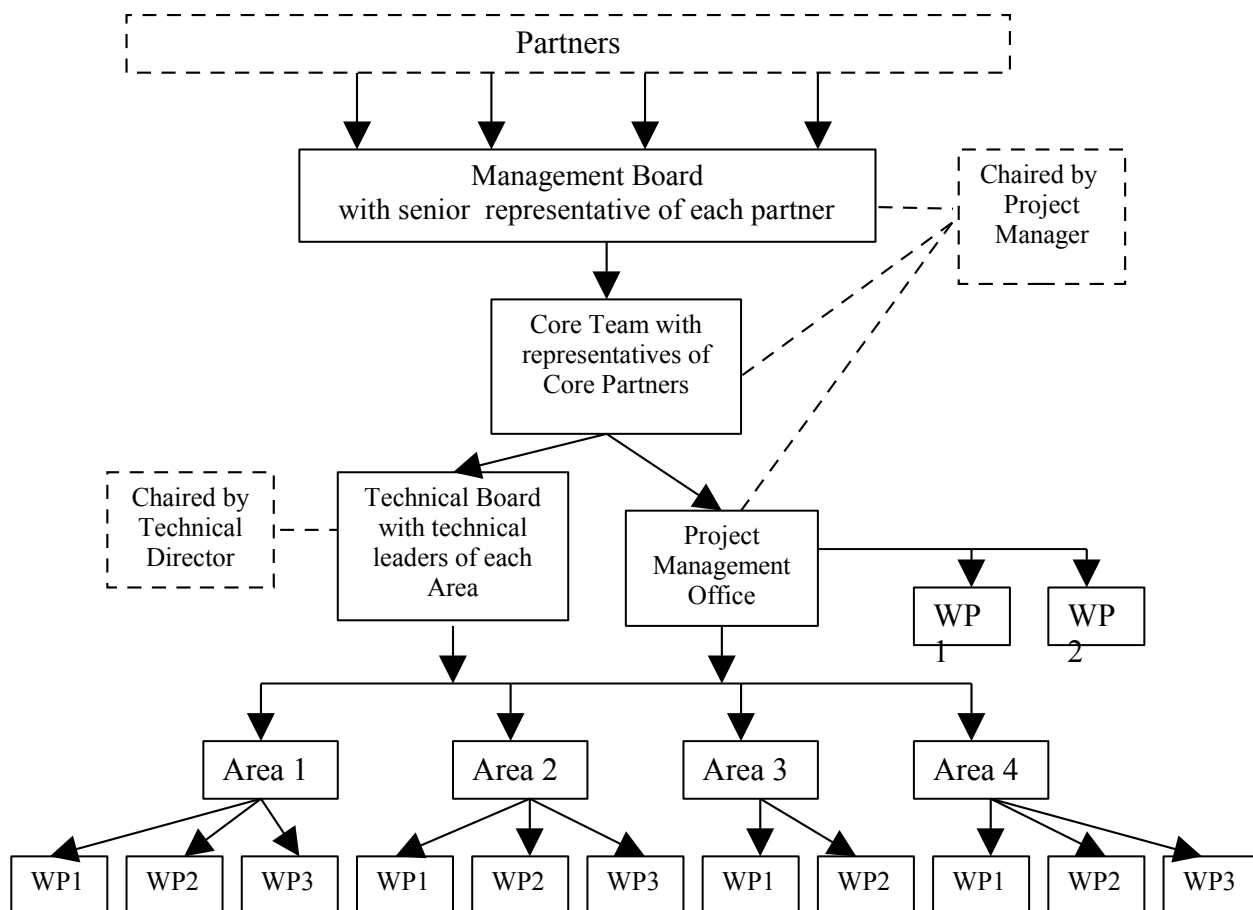
I would suggest approaching an IP as follows -

- It appears attractive to use the “Incremental” model and put some money aside for future additional partners. However, given the extremely tight budgets, such a call for additional participation could use much valuable research money. It may be better to ensure all partners are on board from the start. i.e. use the “Monolithic” model.
- For a reasonably small IP i.e. say 8 - 12 participants over 4 years and requiring say 6 - 10 MEuro funding, ensure it is broken down into sub-projects addressing individual aspects and types of work e.g. research, development, take-up and dissemination as appropriate.

I strongly recommend you discuss the best course to follow with the respective Head of Unit in Brussels/Luxembourg.

5.3.1 Structure of IPs

Some valid IPs could be structured as large STREPs (below) - in particular where there are not many partners i.e. say less than ten. But in most cases I would expect it to be structured into sub-projects – these could be called Activities or Areas or simply Sub-projects. I also believe it necessary to differentiate structurally between the partners as follows -



In the above structure, I have indicated a possible configuration. Here all partners are not equal as would be defined in the consortium agreement. There are "Core partners" and "others". Overall, each partner is represented on the Management Board but the ongoing detailed management authority is vested in the Core Team Board. Some decisions are delegated to the Core Team. This is to shorten the decision cycle and enable faster consensus. A separate Project Management Office is identified and it runs several budgeted, common activities, broken into work packages. In addition, the overall technical work is broken down into sub-projects, called "Areas". The overall technical work is coordinated and controlled by the Technical Board, but each "Area" would have its own internal technical coordination.

All of the above is to make the project more transparent and manageable. Thus it tries to break down the span of control to manageable parts. How the areas, work packages etc. are defined is entirely dependent on the style of management envisaged as well as the form of the project itself. For example the project could have two areas running in parallel exploring different approaches, followed by a validation, then a development/refinement phase and then a trial. i.e. the areas could be time related or they could be phased in different ways.

The roles of the project management office could, if appropriate, include an activity related to a planned internal call for additional participants, including evaluation of proposals. It could also include activities common to Area projects such as say dissemination, aspects of innovation, training etc. For costing purposes it would be a good idea that activities being charged at different rates be grouped in separate Areas or Work packages.

5.3.2 Potential Scope of an ICT IP

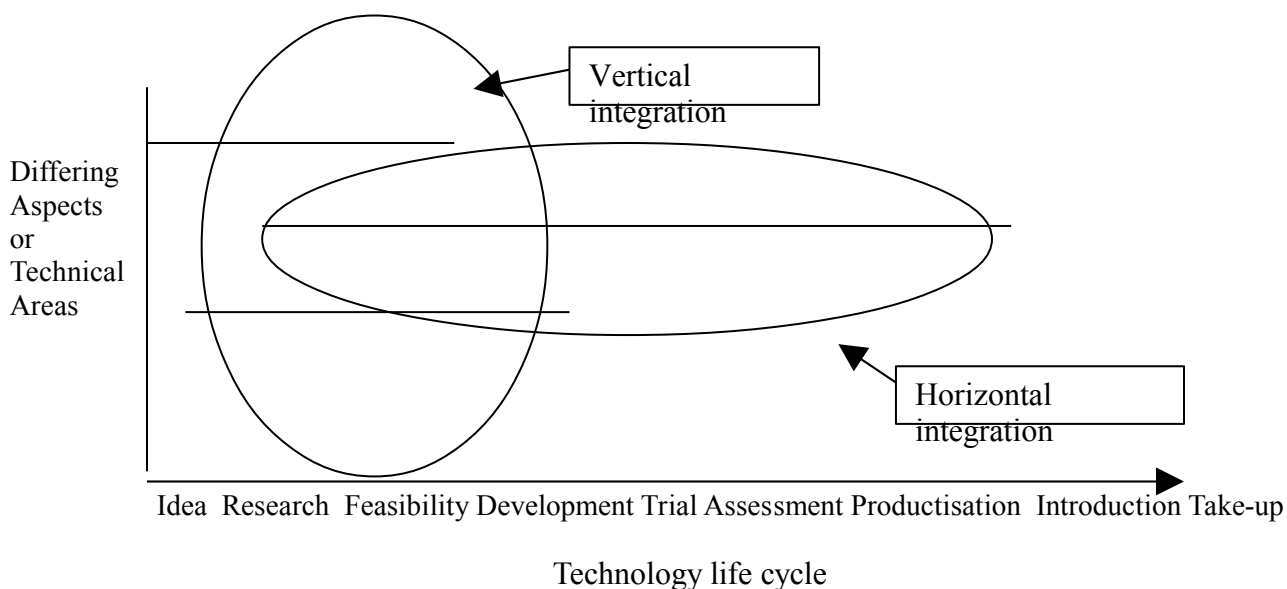
In the documentation you can detect multiple potential configurations for an ICT IP. They are expected to identify one or more of these "integrations" as being present. Most calls would expect a variation in those

accepted but the ideal configuration for each area must be clarified prior to preparation. The following forms (slightly modified) can be identified -

1. Vertical integration of a range of multidisciplinary activities.
2. Horizontal integration: integrating various research activities from fundamental to applied research and with other types of activity, including take-up activities, protection and dissemination of knowledge, training, etc., as appropriate.
3. Integration of the full “value-chain” of stakeholders from those involved in knowledge production through to technology development and transfer.
- 4) Sectoral integration of actors from private and public sector research organisations, and in particular between academia and industry, including SMEs.

The effective management of knowledge and its dissemination and transfer, will also be an essential feature of each integrated project together with the analysis and assessment of the technologies developed and of the factors relating to their exploitation, where relevant.

In order to illustrate a particular point related to ICT, we offer the following -



Even within a single Focus of a specific Workprogram Objective they may wish two separate IPs . One of each as illustrated above. It depends on the needs and goals of the Objective.

5.4 Network of Excellence

The Networks of Excellence are intended to gather top research institutes to collaborate in one virtual centre of excellence. The network must have a joint program of activity which will facilitate the integration of the institutes. The NoE must also carry out actions supporting integration and dissemination of expertise.

The measures that support integration refer to close virtual and physical collaboration, personnel exchange and the development or use of common resources. The dissemination of expertise can consist of the training of researchers from outside the group and dissemination of information on achievements.

The networks are selected on the basis of a call for proposals and gathered around the core group. The EU funding may amount to several Million Euros a year. The amount of money depends on the network’s own input. “Grant for integration” is a cost principle developed for the Networks of Excellence. The principle is: the more you integrate, the more you receive funding. The participants sum up the resources they have integrated, and the Commission grant is based on the number of researchers in the network when the call

formally closes.

They are seen as providing support to a Joint Program 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 co-operation. The implementation of this Joint Programme of Activities will require a formal commitment from the organisations integrating part of their resources and their activities.

The funding scheme will support the long-term durable integration of research resources and capacities (researchers, services, teams, organisations, institutions) in fields of strategic importance for European research, through the establishment of a single virtual centre of research, in order to overcome demonstrable, detrimental fragmentation, thus strengthening European scientific and technological excellence on a particular research topic.

Networks of Excellence (NoE) will aim at consolidating or establishing European leadership at world level in their respective fields by integrating at European level the resources and expertise needed for the purpose. This will be achieved through the implementation of a Joint Programme of Activities (JPA) aimed principally at creating a progressive and durable integration of the research capacities of the network partners while at the same time advancing knowledge on the topic.

Since Networks of Excellence are aimed at tackling fragmentation of existing research capacities, they should be implemented provided that:

- research capacity is fragmented in the (thematic) area being considered;
- this fragmentation prevents Europe from being competitive at international level in that area;
- the proposed integration of research capacity will lead to higher scientific excellence and more efficient use of resources.

The implementation of the Joint Program of Activities will require a formal commitment from the organisations integrating part or the entirety of their research capacities and activities.

The Joint Program of Activities (JPA) is the collective vehicle for achieving the durable integration of the research resources and capacities of the Network of Excellence. In order to do so, the JPA should consist of a coherent set of integrating activities that the participants undertake jointly. The JPA will have several components:

- activities aimed at bringing about the integration of the participants research activities on the topic considered, such as:
 - establishing mechanisms for coordinating and eventually merging the research portfolios of the partners
 - staff exchange schemes
 - complete or partial relocation of staff
 - establishment of shared and mutually accessible research equipment, managerial and research infrastructures, facilities and services
 - exploration of the legal requirements (facilitators/barriers) for durable integration,
 - setting up of joint supervisory bodies
 - measures for joint public relations ...
- jointly executed research to support the durable integration, e.g. systemic development, or development of common tools, or at filling gaps in the collective knowledge portfolio of the network, in order to make the research facilities usable by the network. (NB: in addition to this research, participants in a network will pursue their “own institutional portfolio”, including research, development or demonstration in the area covered by the network itself. The latter research, development or demonstration activities are not part of the “joint programme

- of activities” and thus will not be part of the eligible costs of the network)
- activities designed to spread excellence, such as:
 - ➔ The main component of these activities will be a joint training programme for researchers and other key staff;
 - ➔ Other spreading of excellence activities may include: dissemination and communication activities (including public awareness and understanding of science), and, more generally, networking activities to help transfer knowledge to teams external to the network.
 - ➔ Spreading of excellence may also include the promotion of the results generated by the network; in such a context, networks should, when appropriate, include innovation-related activities (protection of knowledge generated within the network, assessment of the socio-economic impact of the knowledge and technologies used and development of a plan for dissemination and use of knowledge), as well as any appropriate gender and/or ethical related activities
- all the network’s activities should be carried out within a coherent framework for the management of the consortium linking together all the project components and maintaining communications with the Commission.

Within ICT, these would appear to be inappropriate for SMEs. They are aimed purely at Academic Institutions, Public or private Research Laboratories and, exceptionally, industrial research centres. Of course SMEs or industrial companies could have non-research roles in a NoE such as management, training, technology transfer as well as perhaps contributing to a technical steering committee. There are also IPR issues related to industrial participation in NoEs that do not appear to have been resolved to everyone's satisfaction.

Please note that the grant is determined by the “number of researchers to be integrated” and this is determined as of numbers on date call closes. **Addition of further partners during project will not increase the funding.**

NoE – JPA for integrating/shaping research

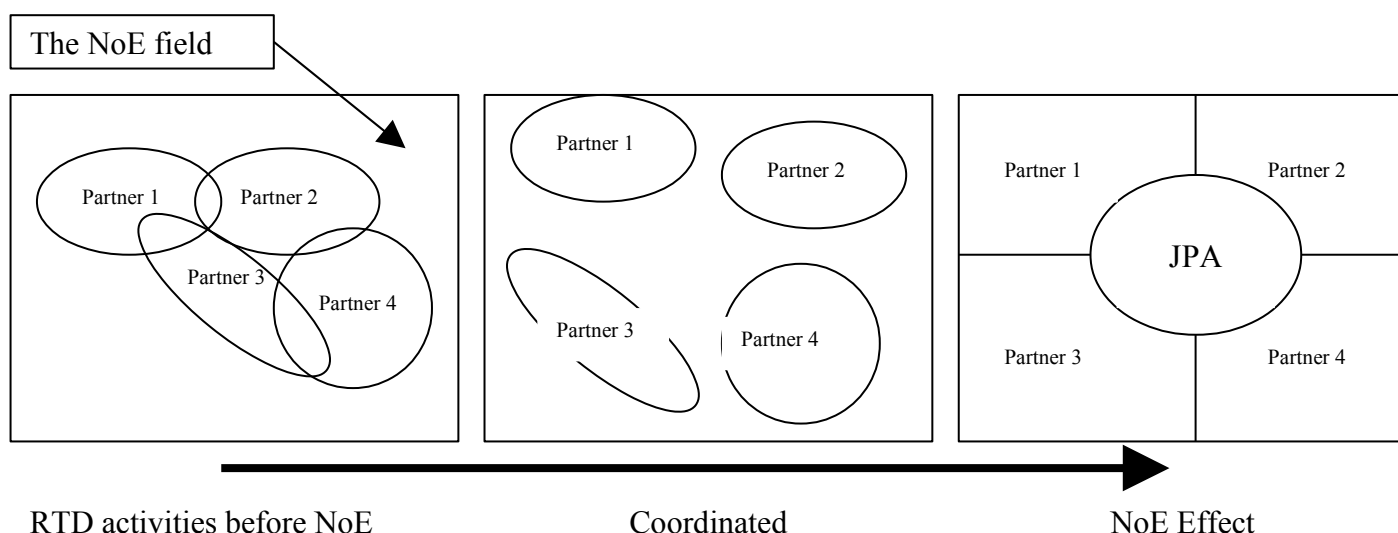


Diagram above represents the scope of the Joint Program of Activities for a Network of Excellence on the right. Note how it goes beyond coordination by ensuring better coverage of the technical area, not just avoiding duplication.

The size of the network may vary according to the areas and subjects involved. As an indication, the

number of participants should not be less than six or so. On average, in financial terms, the Community contribution to a Network of Excellence may represent several million Euros per year.

The partnership may evolve when necessary, within the limit of the initial Community contribution, by replacing participants or adding new ones. In most cases, this will be done through publication of a **competitive call**.

The Community's financial contribution initially will continue as a grant for integration but it is intended in FP7 to eventually move to **the form of a "Lump sum", the amount of which is determined in relation to the value of the capacities and resources which all the participants propose to integrate. It shall complement the resources deployed by the participants in order to carry out the Joint Program of Activities.** It should be sufficient to act as an incentive for integration, but without creating a financial dependence that might jeopardise the lasting association of the network.

5.4.1 NoE Practical Points

As outlined already above, within ICT, these would appear to be inappropriate for SME research. They are aimed at Academic Institutions, Public or private Research Laboratories and, exceptionally, industrial research centres. Of course SMEs or industrial companies could have non-research roles in a NoE such as management, training, technology transfer as well as perhaps contributing to a technical steering committee.

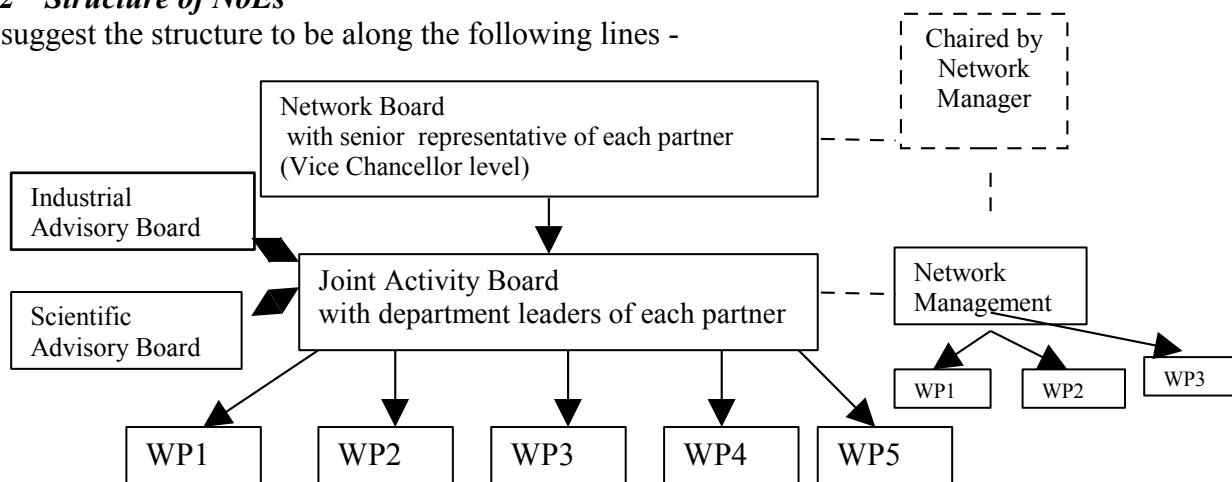
I would suggest that the quality of the participants is of paramount importance, not the quantity. Each laboratory must have executive commitment and be able to demonstrate it. For University departments for example the commitment of the Vice Chancellor or equivalent officer is vital. In most relevant research areas there are obvious centres of excellence in Europe and as many of them as possible should be involved. However an important commitment in the proposal is technology transfer and training of other "second tier" laboratories and NoEs should plan to broaden its membership on an incremental and manageable basis. There are major concerns about the ability of NoEs to manage a large number of participants and therefore a lot of attention must be paid to this aspect.

Technology transfer to industry and training is also extremely important and some resource and mechanism should be defined. Participation of key companies in the Network could emphasise this but generally they would not have a research role.

It is a peculiar fact that the proposals for NoEs don't need to supply a formal breakdown of the costs. However, I highly recommend coordinators asking partners for their man rates, cost models and other costs and then showing a small calculation against the JPA with man month estimate and costs per activity.

5.4.2 Structure of NoEs

We suggest the structure to be along the following lines -



It is necessary in an NoE to match the organisation to the instruments goals. Thus we talk about "Network Board" and the management of the "Joint Program of Activities". In addition a strong emphasis will be required on some management body; I have termed it Network Management. It would have a role related to information sharing, joint events, conferences, network expansion etc. as detailed in the JPA. A funded Scientific Advisory Board would seem to be a good idea. This would consist of invited world experts in this area. In addition I think it important for steering the relevance of the research and to aid in technology transfer that an Industrial Advisory Board also be constituted.

5.5 Coordination and support actions (CSA)

Support to activities aimed at coordinating or supporting research activities and policies (networking, exchanges, trans-national access to research infrastructures, studies, conferences, etc.). These actions may also be implemented by means other than calls for proposals.

The Funding Scheme allows for two types of actions to be financed:

- “co-ordination or networking actions”,
- “specific support actions”.

5.5.1 Coordination or networking actions (CA)

Coordinating or networking actions will always have to be carried out by a consortium of participants, normally three from three different countries.

The coordination or networking actions cover the following activities:

- the organisation of events - including conferences, meetings, workshops or seminars
- related studies, exchanges of personnel, exchange and dissemination of good practices,
- and, if necessary, the definition, organisation and management of joint or common initiatives together of course with management of the action.
- Coordination of activities with relevant National and Regional actions.

The coordination and networking actions normally stretches over a longer period. See section 5.5 for further details.

5.5.2 Support actions (SA)

Support actions may be carried out by a single participant, which can be based in any member state, associated country or a third country. Therefore there are no restrictions on the size of the consortium.

Although normally awarded following calls for proposals, there are also the possibilities to award specific support actions through public procurement carried out on behalf of the Community or to grant support to legal entities identified in the Specific Programmes or in the work programs where the Specific Program permits the work programmes to identify beneficiaries.

The objective of specific support actions are to contribute to the implementation of the Framework Programs and the preparation of future Community research and technological development policy or the development of synergies with other policies, or to stimulate, encourage and facilitate the participation of SMEs, civil society organisations and their networks, small research teams and newly developed or remote research centres in the activities of the thematic areas of the Cooperation programme, or for setting up of research-intensive clusters across the EU regions.

The specific support actions can be of different types covering different activities:

- monitoring and assessment activities,
- conferences,
- seminars,

- studies,
- expert groups,
- high level scientific awards and competitions,
- operational support and dissemination,
- information and communication activities,
- support for transnational access to research infrastructures or preparatory technical work, including feasibility studies, for the development of new infrastructures,
- support for cooperation with other European research schemes,
- the use by the Commission of external experts,
- management or a combination of these.

5.6 ICT FET Open Scheme

This is part of the Future and Emerging Technologies within the ICT program. It is primarily aimed at Universities and Research Institutions but they do like to see at least one commercial partner with a minor role to ensure eventual exploitation. It has some distinguishing features -

1. It is a two step process.
2. It is aimed at long term research with exploitation not expected in less than ten years time.
3. The subject matter can be anything related to ICT - there are no specific topics.

The success rate here is relatively high and therefore it should be considered for anything very speculative or very long term and high risk.

Note it should not be used for resubmitting a proposal that failed on a regular call as the time horizons, intention and scope are significantly different.

As a reminder, let me quote directly from the Workprogram - I have highlighted parts:

“FET Open targets *foundational breakthroughs* that open the way towards *radically new forms and uses* of information and information technologies. It flexibly accommodates the exploration of new and alternative ideas, concepts or paradigms that, because of their *radical, fragile or high-risk nature*, may not be supported elsewhere in the ICT Workprogram. Research under FET Open is aimed at achieving a *first proof-of-concept and at developing its supporting scientific foundation*. The novelty of this research comes from *new ideas* rather than from the refinement of current ICT approaches.”

Note that in the 2011 WP FET Open it states that "although FET is open to broad participation, two new objectives specifically aim to give leadership to young researchers and high tech research-intensive SMEs. These are completely new additions to FET Open.

5.6.1 FET One step and two step proposals

Most normal calls use the one step proposal. In this mode, a full proposal is submitted in response to a specific Call for proposals. In some specific areas the two step process is used. FET Open is one such area. Under FET Open the first step proposal should be anonymous. The identity of participants would only appear in the accompanying forms.

Two step proposals are aimed at reducing the cost of submitting a proposal and increasing the chances of success for a full proposal. Outline proposals are first evaluated, if successful, full proposals are requested. The idea is that there will be at least a 50% success rate on full proposals. The part of the program where this applies is under Future and Emerging Technologies.

5.7 Project Roles

Most official business in this program is conducted in English. It is “Euro-English” and it is sometimes difficult even for a native English speaker to comprehend - not all the words are in an English dictionary

and even if they are, the meaning may be different. This is particularly true with project roles. Most of the terms have synonyms - I will identify them. See Appendix 7 for a discussion of this problem.

5.7.1 *Beneficiary*

A Beneficiary was formally known as a Contractor. Every partner to a project, in effect, signs the Grant Agreement with the Commission and is formally known as a Beneficiary. However formally, only the Coordinator and the Commission sign, the others accede to the agreement.

5.7.2 *Coordinator*

Also previously known as Prime Contractor or Project Coordinator. Please note that this is a legal entity i.e. an organisation not a person. This is the principal interface to the Commission - both during proposal and project stages and is responsible for submitting the proposal. The Coordinator also conducts the contract negotiation. It is normal practice for the Coordinator to supply the Project Manager. A distinction between Financial Coordinator and Scientific Coordinator is no longer recognised in the contract. The Coordinator is responsible for the financial control. Any distinctions of role between the partners must be embodied in the Consortium Agreement.

Contrary to what most coordinators say and legally speaking, the Coordinator has no more rights than any other beneficiary, he only has additional obligations. In other words, a Coordinator is not a Director General, their role is more that of Secretary General.

Please note that legally a beneficiary from any country could act as coordinator however, in practice this happens only extremely rarely and then generally only in CSA projects.

5.7.3 *Sub-contractor*

A Sub-contractor is responsible to a Beneficiary. **Use of sub-contractors is permitted but frowned upon. In general, R&D work must not be subcontracted. Also consortium management activities, especially financial management will also not be permitted to be subcontracted.**

The normal use for subcontracts is to outsource work of a low tech nature required for a project. There are many types of example such as special enclosures for devices, veterinary services, event organisation etc. In the past the Commission was very vigilant to the attempted use of subcontracts to try and get round some of the program rules.

Sub-contractors will not sign any contract with the Commission. A new aspect is the need for some form of open tender before awarding sub-contracts. This should normally only be required when the nature of the subcontract would normally require a tender if specified in the organisations normal management practice. However any large subcontract may require such a tender – how this is being applied in negotiation in reality seems to be via local interpretation..

5.7.4 *Project Manager*

Every project must have a Project Manager. He could be called a Project Director. He will be responsible for the Management of the Project and execution of the contract and is the formal interface to the Commission. He is normally appointed by the Coordinator and chairs the Project Management Board. The Project Manager is in overall control of the project. He approves all outputs and reports, is the prime external interface and also may be the Technical Director (if one is deemed necessary). In a large IP, some of these technical roles may be delegated to technical leaders of various sub-projects.

5.8 **Two Stage Submission**

As noted previously a two step proposal submission procedure is used in ICT FET and some SME measures. However it also is used for Collaborative R&D Projects in other Thematic Programs where

specified in the Call.

In these cases, at stage 1 of a two-stage process, detailed Part A input is required from the coordinator only. Part B of this first stage is also curtailed as follows:

Cover page

Contents

1.1

1.2

1.3 summary only

2 - not required

3.1

3.2 - not required

4

5 Consideration of gender aspects - not required

6 Partnership and Budget (This section is required for stage 1 submissions only)

Note that specific details must be verified for each call and each program.

6 Financial Aspects

Note that many aspects are being clarified as they are implemented or as problems are seen.. Interpretation is also varying within the Commission itself especially between Directorates. Be extremely cautious on the use of this information and double check everything with the Commission before making decisions based on it. Please also ensure you are using the latest version of this Book by checking on-line for amendments. In general the final judge is that part of the Commission you are interfacing with and its management. We also only deal in this section with the four main types of funding schemes.

Note that the latest version of the “Guide to Financial Issues relating to FP7 Indirect Actions” was released on 30 June 2010 and that of the “Auditors Notes” dated 1 July 2010.

The Commission has also just released a "Simplification" to some of the rules which are included as 6.26.

6.1 Cost Calculation

Formally Cost Models are no longer used in FP7, however they still exist in effect under a different guise.

All legal entities shall use what was previously known as the full cost (FC) model. However:

1. Organisations can choose to use a fixed overhead rate to cover their indirect costs. This rate is set at 20% of all eligible direct costs.
2. Academic institutions, research organisations, other non-commercial or non-profit organisations established either under public law or private law and international organisations or SMEs which do not have an accounting system that allows the share of their direct and indirect costs relating to the project to be distinguished may opt in the interim for a transitory special derogation as explained below.

See section 6.5 for details of overhead calculations.

The Community financial contribution covers (fully or partly) the total costs. The financial contribution is calculated as a maximum percentage of the total eligible costs of the action (always within the limits of Community State aid framework).

	<i>Large industrial</i>	<i>SME</i>	<i>Academic</i>	<i>Other</i>
RTD	50%	75%		
Demonstration	50%			
Other including Consortium Management, Training, Dissemination* etc	100%			

* when it can be reported under management costs and not required to be RTD expense (note there are differences between ICT and other programs in interpretation of this)

A consequence of defining STREPs in the way that DG INFSO does is that they must be focused on research and demonstration activities without extra bells and whistles. So no "Other activities" cost category in STREPS in ICT.

But STREPs should do dissemination work of course. This could be seen as part of their research effort (and therefore be funded at 50 or 75%), but since IP projects can classify their dissemination activities as "Other activities" and get 100%, ICT judges it fairer to allow their STREP projects to claim dissemination

as "Management", so that they get 100% too.

Of course indirect costs i.e. organisational overheads can also be added see 6.5 Overhead (or Indirect) Cost Calculation.

Natural persons will also be eligible for funding. However, that means that only eligible personnel costs of employees and non-personnel costs will be allowed (i.e the proprietor can not charge his/her time). In some cases, the legal status of a natural person could be assimilated to that of an SME, if they comply with the requirements set by Commission Recommendation 2003/361/EC in the version of 6 May 2003. Their costs are eligible if they fulfil the conditions of Article II.14 of ECGA and they are calculated on the basis of the evidence (e.g. tax declarations) submitted within the framework of national law (usually fiscal law). But see 6.22 Simplification of FP7 Rules.

The *beneficiary* should use the same cost basis already used in other contracts with the Commission within FP7 (**except that they can still opt to "move up" to "FC" in future contracts but not down/back to flat rate**). Beneficiaries, new to FP should **select a cost basis and maintain it for all its participation in FP7 contracts. Where organisations submit proposals from various departments, it is essential that the first approved proposal basis is used by all departments in future proposals.**

In FP7, all departments, faculties or institutes which are part of the same legal entity must use the same system of cost calculation.

The EC funding limits for each activity, together with the principle of the co-financing, define the financial "regime" applicable to the beneficiaries. The Community financial contribution is calculated as a maximum percentage (%) of the total eligible costs for a specific action, within the limits permitted by the intensity of the public support, regulated by the Community framework for the state aid to the research and technological development.

The types of activities per funding scheme are as follows:

Types of funding scheme or actions / Types of activities	Research & technological development or innovation activities	Demonstration activities	Training activities	Dissemination activities	Consortium Management activities	Other specific activities**
Network of Excellence	•				•	•
Large collaborative projects	•	•	•	•	•	•
Small collaborative projects	•	•	*	***	•	*
Cooperative research	•				•	
	Collective research	•	•		•	
Coordination or Networking actions					•	•

The percentage of funding to be expected will not exceed the following rates per activity.

Maximum reimbursement rates of eligible costs	Research & technological development	Demonstration activities	Training activities	Dissemination activities	Consortium Management activities	Other specific activities**
Network of Excellence	as for CP				100%	100%
Large collaborative projects	Large industrial companies 50% Others 75%	50%	100%	100%	100%	100%
Small collaborative projects	Large industrial companies 50% Others 75%	50%	*	***	100%	*
Specific research project for SMEs	Large industrial companies 50% Others 75%		100% (for collective research only)		100%	
Coordination or Networking actions			100% for CA		100% (indirect costs: flat rate 7%)	100% (indirect costs: flat rate 7%)

- Training and other specific activities in non-ICT projects as per Large Collaborative Projects unless specified differently in specific call

** Other specific activities means:

- for NoE Joint Program activities, except consortium management
- for CA: activities except consortium management
- for SA: any specific activity covered by Annex 1

*** ICT takes the view that there are two instruments under CP, STREPs and IPs, which are qualitatively and not just quantitatively different. IPs are big industry sector initiatives which do just about anything, but STREPs are the classic focused research projects for which only three main cost categories are allowed, Research, Demonstration and Management. Dissemination and IPR protection or any other activities in STREPs can be put under Management (of course they could also go under R&D if the consortium wanted to bear part of the cost).

The members of the consortium can decide how to distribute the financial contribution received from the Commission. This may be in strict accordance with the indicated distribution in the Grant Agreement or may be in accordance with the consortium's preferences. Whatever the choice, it is important that it is clearly indicated in the consortium agreement in order to avoid problems.

6.1.1 Interpretation of R&D funding rates for non-profit bodies

The Guide to Financial Issues relating to FP7 Indirect Actions defines a list of organisation types entitled to up to 75% R&D funding. There has been some confusion regarding the status of non-profit private bodies such as charities. It appears to be being interpreted that any non-profit body must either be "a research organisation" or a public body to receive 75% funding. We find this rather disturbing as it results in many charities whose main goal is not research to fall under the 50% funding rule.

Under FP7, participants will be reimbursed according to the type organisation, action and/or activity (article II.16.1 of the EC GA). RTD activities for example, will be reimbursed up to 50% of eligible costs. However, it can be up to 75% for

- non-profit public bodies;
- secondary and higher education establishments (for example, universities)
- research organisations

- SMEs
- also for Security related research (in certain cases)

6.1.2 Definition of Research Organisation

Research Organisation means a legal entity which is established as a non-profit organisation; a legal entity is qualified as "non-profit" when considered as such by national or international law. Associations or explicit non-profit making legal entities would fit here (see below); and carries out research or technological development as one of its main objectives. The research organisation might be of a private or public character but it must be a non-profit organisation which carries out research or technological development as one of its main objectives.

The definition of Research Organisation can be found;

- in the REGULATION (EC) No 1906/2006 OF THE EUROPEAN PARLIAMMENT AND OF THE COUNCIL of 18 December 2006 laying down the rules for the participation of undertakings, research centres and universities in actions under the Seventh Framework Programme and for the dissemination of research results (2007-2013) as well as in
- Article II.1.13 of GA (ftp://ftp.CORDIS.europa.eu/pub/fp7/docs/fp7-ga-annex2_en.pdf), p.3: "research organisation" means a legal entity established as a non-profit organisation which carries out research or technological development as one of its main objectives";
- As stated in the Guide to Financial Issues relating to FP7 Indirect Actions (ftp://ftp.CORDIS.europa.eu/pub/fp7/docs/financialguide_en.pdf): "research organisations: this means a legal entity which is established as a non-profit organisation; a legal entity is qualified as "non-profit" when considered as such by national or international law and • carries out research or technological development as one of its main objectives"

In most cases the type of legal entity will be determined by the participants' national law. It will be up to the legal entity to prove it. In certain cases, a legal entity may find it difficult to determine its status. In these cases other indicative facts or evidence should be established.

The detailed analysis of the legal status "vis-a-vis" the 7th Framework Programme is usually made during the negotiations prior to the first grant Agreement signed with the Commission, moment at which beneficiaries are required to produce all legal documents which may support their status.

This analysis will be made by a "Unique Registration Facility" (URF), a one-stop shop which analyses and certifies the legal status and the financial viability of the beneficiaries of an FP7 Grant at the moment of their first participation. Following this analysis, this certification of the legal status will be valid for all participations of the same beneficiary in FP7.

6.2 Allowable Consortium Management Costs at 100%

Costs for management of the consortium shall be reimbursed up to 100% of the incurred eligible costs, under the Other activity (Note: for ICT STREPS it is still the Management Activity). But what constitutes management costs? There are two categories:

1. The following costs must be included here.
 - Certificate on financial statement (Audit certificate) costs (but without overhead as it is technically viewed as a subcontract)
 - Certification of the accounting system
 - For large collaborative projects and NoEs, the costs of implementing competitive calls by the consortium (Publication and Evaluation) to find new members (if required)
2. The following may be included in the consortium management cost activity
 - Updating and managing the consortium agreement (incurred after project start only)

- Managing at a consortium and participant level of the technical activities of the project
- Overall legal, contractual, ethical, financial and administrative management of the consortium
- Co-ordination at consortium level of knowledge management and other innovation related activities
- Overseeing promotion of gender equality in the project
- Overseeing science and society issues related to the research activities
- Patents (to be verified)

The first category above takes precedence over the second within the permitted funding levels. Overheads can be added to management costs except for subcontracts, third party costs and audit certificates (regarded as subcontracts) and other direct costs, where the overheads have been calculated as a percentage of salaries. Generally consultants should be partners, not subcontractors.

Neither the Consortium Management or Other costs will not be limited to 7% as per FP6. However, the ceiling level will be subject to contract negotiations - in ICT very strong justification will be required for levels much higher than 7%.

Note that in FP7, Technical Management is now excluded from Consortium Management.

6.3 Explanation of activity costs

Questions have arisen about funding of STREP projects in ICT. The notes in the Guide for applicants give the following three definitions for activities in a STREP:

- RTD activities means activities directly aimed at creating new knowledge, new technology, and products, including scientific coordination.
- Demonstration activities means activities designed to prove the viability of new technologies that offer a potential economic advantage, but which cannot be commercialised directly (e.g. testing of product like prototypes).
- Management activities include the maintenance of the consortium agreement, if it is obligatory, the overall legal, ethical, financial and administrative management including for each of the participants obtaining the certificates on the financial statements or on the methodology and, any other management activities foreseen in the proposal except coordination of research and technological development activities.

6.3.1 Research Costs

Research cost would normally cover all the material/immaterial resources deployed by the participant to carry out the research activities as indicated in the Annexes to the action. Those activities are strictly attached to generation, expansion and deepening the scientific and technological knowledge and to the achievement of identified scientific/technological objectives and relevant deliverables according to the time schedule of the project.

6.3.2 Demonstration Costs

Demonstration costs cover those activities of the project which can be seen as demonstrating in a real live use environment a product to prove their viability for future applications and commercialisation. I strongly suggest that in ICT projects this is avoided and in place of it either “Trials” or “result validation” are carried out on prototypes or pre-production systems and as appropriate classified under the Innovation or Research activity types respectively.

6.3.3 Other Costs

Typical examples of Other costs include:

1. **intellectual property protection**: protection of the knowledge resulting from the project (including patent searches, filing of patent (or other IPR) applications, etc.);
2. **dissemination activities** beyond the consortium: publications, conferences, workshops and Web-

- based activities aiming at disseminating the knowledge and technology produced;
3. **studies on socio-economic aspects:** assessment of the expected socio-economic impact of the knowledge and technology generated, as well as analysis of the factors that would influence their exploitation (e.g. standardisation, ethical and regulatory aspects, etc.);
 4. **activities promoting the exploitation of the results:** development of the plan for the use and dissemination of the knowledge produced, feasibility studies for the creation of spin-offs, etc., "take-up" activities to promote the early or broad application of state-of-the-art technologies. Take-up activities include the assessment, trial and validation of promising, but not fully established, technologies and solutions, and easier access to and the transfer of best practices for the early use and exploitation of technologies. In particular, they will be expected to target SMEs.
 5. **promotion of the exploitation of the project's foreground*** (for example feasibility studies for the creation of spin-offs or "take up" activities regarding the assessment, trial and validation of promising, but not yet established technologies and solutions) * Remark: Actual commercial exploitation and any concrete preparation thereof (as opposed to the above mentioned feasibility studies or "take up" activities), as well as related activities (e.g. marketing) cannot receive funding.
 6. **Management Activities:** please see section 6.2.
 7. **Training Activities:** they may cover the salary costs of those providing the training but not the salary costs of those being trained.

6.3.4 Eligible Costs

- actual*
- during duration of project and up to 60 days thereafter, if related directly to the project
- in accordance with its usual accounting and management principles
- recorded in accounts of beneficiary

* Average personnel costs accepted if,

- Consistent with the management principles and accounting practices and
- They do not significantly differ from the actual personnel costs = if identified according to a methodology approved by the Commission (NEW)
- Approved by EU that they can be used by specific beneficiary

6.4 Personnel costs

Under FP6 beneficiaries were not permitted to use average employment costs. They are now permitted (for each "class" of employee - e.g. engineers, technicians, researchers) – as long as the average is a fair representation of the salaries of those charging to the project. Averages are normally also used to estimate the project budget over its duration. However see 6.22 Simplification of FP7 Rules.

All eligible costs must be determined in accordance with the beneficiaries' usual accounting principles. As far as productive hours are concerned, contracting parties must calculate their specific productive hours according to their normal procedures (taking into account national holidays, illness, training, etc.).

Beneficiaries using direct staff hours would normally apply a utilisation rate (i.e. hours actually used after holidays, sickness, etc). This utilisation rate must be calculated for the life of the project and must reflect the real productive hours.

If a legal entity established in a third country participates without receiving any EC funding, it has to calculate the person months and costs according to its usual accounting and management principles. This input should be identified in the technical annex to the grant agreement (Annex I) and the budget estimated for that beneficiaries' costs be included as part of the total costs of the project (but not part of the estimated maximum EC contribution). If a legal entity established in a third country receives EC funding, it is treated like any other beneficiary: it must meet all the provisions of the contract including those concerning the eligible costs. Third country participants can elect themselves to receive their

funding using the Lump-Sum method.

Working time to be charged must be recorded throughout the duration of the project through any effective tool (including time sheets), in accordance with the beneficiary's normal accounting rules. The person in charge of the work designated by the beneficiary should certify the records. An estimation is insufficient. Employees normally record time sheets on a daily basis while the certification of the person in charge could be done monthly. Certified time sheets must include the person's identity and her/his time spent on the project. If the person is working in different "activities" under the contract it is necessary to be able to distinguish among the tasks as they relate to each activity. ("activity" here means at a specific rate.) In addition, a full overview of the working time should be possible in the event of an audit (i.e. for persons working part-time on the project it should be possible to determine where their time was spent when not on the project). **Time estimates (except for staff working all of their time on the project) are still not acceptable.**

6.4.1 Personnel Definitions

The definition of personnel necessary to carry out the activity (RTD, Demonstration, etc) should conform with the following cumulative criteria:

1. Directly employed by the beneficiary in accordance with national law
2. Under the beneficiaries' sole technical supervision (in essence the technical output must belong to the beneficiary)
3. Remunerated in accordance with the normal practices of the beneficiary provided these are acceptable to the Commission.

6.4.2 Personnel Status

Because of the change of rules under FP7, differentiating between "Permanent employee" and "Temporary employee" has no practical meaning.

An "In-house consultant" or "intra-muros consultant" is a worker that fulfils simultaneously the following conditions:

- ✓ The beneficiary has a contract to engage a physical person to work for it and some of
- ✓ that work involves tasks to be carried out under the EC project,
- ✓ The physical person must work under the instructions of the beneficiary (i.e. the work is decided, designed and supervised by the beneficiary),
- ✓ The result of the work belongs to the beneficiary (Article II.32.3 of Annex II (General conditions) to the FP6 model contract,
- ✓ The costs of employing the consultant are not significantly different from the personnel costs of employees of the same category working under labour law contract for the beneficiary.
- ✓ Travel and subsistence costs related to such consultants' participation in project meetings or other travel relating to the project would have to be paid directly by the beneficiary in order to be eligible. Moreover only the actual costs of the consultant should be charged to the project.

By way of explanation, it is implied that the consultant makes use of the employer's administrative services, and therefore has no "overheads" of his own. By way of explanation, it is implied that the consultant makes use of the employer's administrative services, and therefore has no "overheads" of his own.

Previous requirements for the consultant to work in the offices of the concerned beneficiary have been relaxed in FP7 in recognition of rights of home workers. For the justification of the costs incurred, in the case of "work contracts", the costs excluding VAT, should be taken from the invoice received for the work performed. Invoices should indicate the project on which the persons have worked, the tasks carried out and the hours spent.

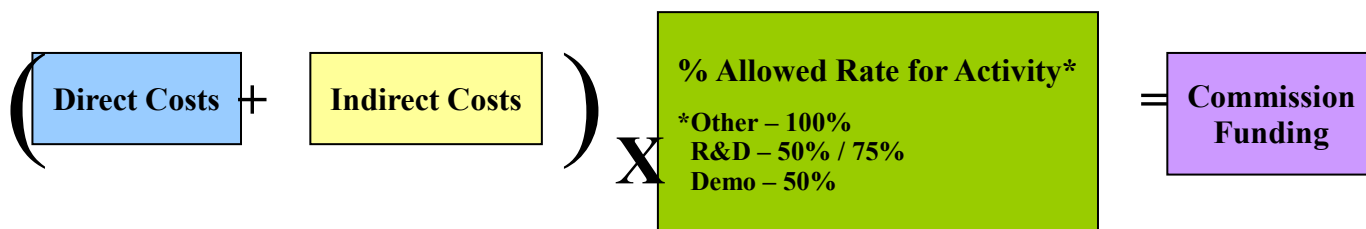
6.4.3 Overtime

The Commission will not normally approve payment of personnel costs in respect of overtime payments. Assuming your organisation rules allow it, overtime is allowed if you work 100% of your time on one project only. The problem arises when you work on more than one project because you cannot identify which project the overtime belongs to. Therefore, if you work on more than one project overtime is disallowed.

6.5 Overhead (or Indirect) Cost Calculation

Indirect Costs (also known as Overheads) can be claimed in FP7 Projects in addition to any Direct Costs. Direct costs are those costs which are directly related to a project, can be clearly identified and justified by the normal accounting rules and principles of the beneficiary and are shown as direct costs in the organisation's own annual financial reports.

Indirect Costs are costs that the organisation incurs and that can not be directly attributed to particular project or other productive process of the organisation. Non- variable costs or costs that do not vary proportionately to the productive and research processes undertaken, are typical examples of indirect costs. Indirect Cost rates are important as they directly affect the amount of Commission Funding to an Organisation. Indirect Costs are added to the Direct Costs and depending on the activity the Commission will fund different percentages of the total amount. See diagram below:



6.5.1 Different Overhead Methods or ICM:

In FP7, Organisations overhead recovery may be identified according to one of the following methods:

1. Analytical indirect costs (Actual)
2. Simplified method (Actual)
3. Standard flat rate
4. Special transition flat rate

Recently the term “Indirect Cost Method” (ICM) has begun to be used by some Directorates for this.

For R&D projects and Networks of Excellence, Beneficiaries must select one of the following overhead calculation methods: 20% flat rate, 60% derogation rate (Note: 60% derogation rate will be reduced for calls after 1 Jan 2010), or Actual Costs. The EC preference is that overheads are calculated either via the Simplified or Analytical Accounting method described in the “Guide to Financial Issues relating to FP7 Indirect Actions”. Both of these methods are known as “Actual Costs” calculations of overheads.

- All beneficiaries have the option of using the 20% flat rate.
- The 60% derogation rate (reduced from 2010 calls) may be used by non-profit public bodies, secondary and higher education establishments, research organisations and SMEs, which, due to the lack of analytical accounting, are unable to identify with reasonable certainty their real indirect costs for the project. For further information, please refer to the Finance Helpdesk Paper “Issues surrounding 60% Derogation Overhead Rate for SMEs”.
- Beneficiaries using the flat rate of 20% or the derogation rate of 60% (or reduced rate) will not be required to justify these Indirect costs were incurred to auditors of form Cs before submission to EC.
- Simplified and Analytical accounting methods require that the Beneficiary has a system and accounting records to allocate its real indirect costs to its projects. “The organisations need a fair

"key" or "driver" to distribute these costs from the "pool" of indirect costs into the different projects. Different allocation methodologies are acceptable as long as they are in line with the general accounting policy of the beneficiary (i.e. allocation of indirect costs to the project via personnel hours, either as a percentage of personnel costs or a fixed hourly rate)."

- Simplified and Analytical accounting methods (the basis of which do not vary during the period of the project without approval from EC) are required if the Beneficiary intends to use a Certificate of Methodology.

6.5.2 Actual indirect costs

Both Simplified and Analytical Accounting Method are actual costs calculated from the Organisation's accounting system and reports (excluding non-eligible costs as defined by EC).

The key difference between the two methods is:

- In the Simplified method the organisation's accounting system enables it to determine total indirect costs (overheads) only at the level of the entity as a whole. i.e. the beneficiary is not able to identify its indirect costs to a particular department, cost centre, or individual personnel member.
- In the Analytical Accounting system, overheads can be identified for each department, cost centre or individual member of personnel.

For both Simplified and Analytical Accounting methods, the identified eligible indirect costs should be apportioned to a project using employer's total personnel costs or hours as driver. i.e.

Even for the Simplified Method, any identifiable eligible indirect costs by department should first be removed and remaining indirect costs should be treated altogether and normally allocated as a proportion of ALL of the productive hours or productive personnel costs of the entity and not only for the research productive hours.

The calculated overheads could include the following types of costs:

- in house technical service departments utilised by project such as QA, design services
- allocations for internally funded R&D if it is normal practice
- costs related to general administration and management;
- costs related to ongoing professional training of staff
- costs of office or laboratory space, including rent or depreciation of buildings and equipment, and all related expenditure such as water, heating, electricity, maintenance, insurance and safety costs;
- communication expenses, network connection charges, postal charges and office supplies;
- depreciation on common office equipment such as PC's, laptops, office software;
- miscellaneous recurring consumables.

See 6.7 below regarding non-eligible costs.

The *beneficiary* should use his own "normal" accounting basis for calculating overheads, whether it is based on salaries only or on all direct costs. The reporting rate is based on historic accounting information per published accounts of the organisation.

The indirect costs claimed must be based upon the actual costs for the life of the project not on the last set of financial accounts. Only indirect costs relevant to the project are eligible and they have to be actual costs for each period concerned. While an estimate can be used to identify the expected costs over the life of the project, only actual costs may be claimed at each reporting period. Any necessary adjustments to reflect corrections to amounts claimed in a previous period must be identified in the subsequent period.

The basis for allocating and calculating the indirect costs must be calculated *on a consistent basis* for the life of the project. It is possible to use the figure from the period of the last financial accounts if their

period is similar to the Form C reporting period - however it is preferable to use management accounts and figures from the organisations period trial balances. Ideally the figures will be a composite rate based on audited accounts for two periods covering the Form C report period (proportioned according to the number of months in each set of audited accounts. Often the short period to prepare and submit the Form C prohibits this, so often the first period is an estimate which is corrected in subsequent C Forms (if significantly different) as previous period adjustment. Only the indirect costs relevant to the project are eligible and they have to be actual and adjusted where they deviate from the estimates. Please note that in FP7 Form C there is no longer a line for modifications to the previous Form C as was the case in FP6. It is apparently now required to resubmit an amended Form C.

In all calculations of actual overheads used in form Cs any non-eligible costs as defined by the contract/and/or the Guide to Financial Issues, must be deducted from total overheads (or by department etc per analytical method), even where this conflicts with the organisations normal accounting principles/system.

6.5.3 Simplified method for calculation of indirect costs

A participant may use a simplified method of calculation of its full indirect eligible cost at the level of its legal entity if it is in accordance with its usual accounting and management principles and practices. Use of such a method is only acceptable where the lack of analytical accounting or the legal requirement to use a form of cash-based accounting prevents detailed cost allocation. The simplified approach must be based on actual costs derived from the financial accounts of the period in question.

Can be used if an organisation has multiple centres or departments or only one centre or department.

If an Organisation only has the ability to calculate their total overhead costs but cannot systematically allocate actual costs per project or department or person, then they may use the “Simplified Method” for working out their overheads. The “Simplified Method” is a universal way of calculating overheads by percentages as per the organisation’s normal practice.

For example by:

- Salary Costs
- Area Occupied
- Etc.

6.5.4 Standard Flat rates for indirect costs where applicable

Any participant may opt for a flat-rate of 20% of its total direct eligible costs, excluding its 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 participant.

The organisation can then decide to upgrade and choose either the “Simplified Method” or “Analytical Indirect Costs” in future participations with no penalty for past projects.

In these cases, either the *beneficiary* has opted for the flat rate or is not capable of identifying its real costs.

Indirect costs covered by a flat rate should normally include all costs related to general administration and management. Subject to the accounting principles of the *beneficiary* the following items:

- costs related to general administration and management;
- costs of office or laboratory space, including rent or depreciation of buildings and equipment, and all related expenditure such as water, heating, electricity, maintenance, insurance and safety costs;
- communication expenses, network connection charges, postal charges and office supplies;
- common office equipment such as PCs, laptops, office software;

- miscellaneous recurring consumables.

Therefore, beneficiaries using this flat rate should not try to charge such costs direct to the project. **Types of expenses claimed as direct costs can not also be claimed as overheads.**

This allows all eligible direct costs to be charged to the project with a flat rate to cover indirect costs. Direct costs are reimbursed at different rates according to the activity and project type. A flat-rate rate of a maximum of 20% calculated on the eligible costs of the action, excluding those related to subcontractors (including third parties whose report is separate on the Form C with their own overheads), is allowed to cover all related indirect costs.

This choice is critical from a financial point of view. **We strongly recommend every organisation to use an accountant experienced with the rules to determine the best way to assess the overhead rate as applicable.** Virtually no new participants do this and most end up receiving substantially less funding than they could have received.

6.5.5 Special Transition flat rate

Non-profit public bodies, secondary and higher education establishments, and research organisations and SMEs, which are unable to identify with certainty their real indirect costs for the project, when participating in funding schemes which include research and technological development and demonstration activities may opt for a flat-rate of 60% of the total direct eligible costs excluding costs for subcontracting and the costs of reimbursement of resources made available by third parties which are not used on the premises of the participant. If these participants change their status during the life of the project, this flat rate shall be applicable up to the moment they lose their status.

Organisations can use the 60% transitional flat rate if they are either:

- non-profit public bodies
- secondary and higher education establishments
- research organisations
- SMEs

AND

The organisation is unable to identify with certainty their real overheads per project.

AND

The type of project they are proposing for does not cap the overhead rate.

This transitional rule will permit those organisations who cannot identify project indirect costs (i.e. previously could have used the AC or FCF model) to optionally claim more than the default 20% fixed overheads for projects under calls that close during the first three years of FP7. For projects resulting from calls closing until 31 Dec 2009, they can use 60% overheads. This figure will be maintained for the balance of FP7.

An important change for those that could previously have used AC is that permanent staff can now be funded, however they would receive less for Demonstration activities than under AC rules.

The Commission motivation in introducing this derogation model appear to have been two-fold:

1. To encourage Universities and others who previously used AC model to move from a cash based accounting to an accrual based system
2. To address the apparent under-funding of SMEs.

We find that the second reason to be questionable given that the funding rates were already raised from 50% to 75%.

6.5.6 Mixed systems

Where a legal entity has a MIXED accounting system (composed of one which allows to distinguish indirect costs and another which doesn't allow it), so long as the direct costs of the project can be identified, the normal model can be used. Where it is not possible to distinguish the share of the direct and indirect costs to this project it is possible to use the derogation model, so long as the legal entity meets the criteria for its use.

6.5.7 Applicability of Overheads

It is normal and acceptable in collaborative R&D projects for organisations using the flat rate 20% or 60% (or reduced) derogation rate, to apply overheads on to all costs (except Subcontract, Audit and Third Parties).

Organisations using Actual Overheads (using the Simplified or Analytical methods of calculation) should normally only be applied / added to Personnel Costs or hours.

6.5.8 Important Overhead Notes:

- a) Indirect costs only include those costs which cannot be directly allocated to specific projects and support the functioning of the whole organisation.
- b) Indirect costs must not include costs which relate exclusively to non-research parts of the organisation.
- c) Indirect costs must not include costs considered by EC as non-eligible costs.
- d) If an organisation carries out activities other than research (e.g., manufacturing, education etc), and they can be identified within the accounting system of the organisation they must be excluded in calculations of overheads for projects even where the Simplified method is used. In the Analytical method these indirect costs are to be separated in the organisation's accounting system, and do not form part of any Form C claim for costs.
- e) Where a Beneficiary has allocated overheads to individual departments or cost centres, they should provide the auditor with a list of allocation methods used. (usage records, floor space, metered usage, headcount etc or standard costing, or activity-based-costing,) per type of expense.
- f) Where estimates are used indirect cost calculation, all estimates must be clearly described to the auditor and should be based on factual criteria which can be objectively confirmed.
- g) Types of Direct Costs claimed in Form Cs (e.g. overseas travel for projects) have to be normally reported within the Organisation's accounts as direct costs (and not only direct costs in this category for EC projects) Otherwise the costs will be indirect costs or overheads
- h) A Beneficiary's accounting system must also provide for fully traceable elimination of EC non-eligible costs e.g.:
 - identifiable indirect taxes including value added tax
 - duties
 - interest provisions for possible future losses or charges
 - exchange losses,
 - costs related to return on capital
 - costs declared or incurred, or reimbursed in respect of another Community project
 - debt and debt service charges,
 - excessive or reckless expenditure
 - Taxes on profits

6.5.9 Example of third party costs eligible for project and conditions for acceptability

Third parties making available resources

- "Third parties" to be indicated in Annex I
- Costs may be claimed by the beneficiary
- Resources "free of charge" may be considered as receipts

Resources placed at the disposal of a participant by third parties could be eligible and therefore be

refunded. This provision was introduced in FP6 and was specifically conceived with a view to encouraging the participation of common legal entities (e.g. EEIG and similar entities without legal personality) instead of its members.

This provision is implemented in practice as follows:

- In accordance with the Rules for Participation, this provision requires that a prior agreement between the third party and the beneficiary exists prior to the signature of the EC grant agreement. The beneficiary has to submit the aforementioned **agreement to the Commission during the negotiation phase**. In the event of agreement of the Commission the third party and its tasks, will be mentioned in Annex I of the grant agreement. Any other provision that could emerge during the implementation of the action cannot be considered as potential eligible cost from a third party.
- These costs, even if incurred by a third party, will have to be certified by an external auditor, and they are under the beneficiary's responsibility, which will declare them for its account.

If you cannot comply with the above then it could be classed as a receipt to the project

6.5.10 Overheads on “Consortium Management or Other Costs”

Beneficiaries may charge overheads on costs no matter what the activity except subcontracts, certificates on financial statements and third party costs. Normally the percentage would be as defined by the organisations normal accounting principles, either on all direct costs or salaries only, depending on standard basis within the organisation.

6.5.11 Special case of CSA

The overhead rate for CSAs (i.e. SAs and CAs) will be limited to 7% instead of previous 20%. However in calculating budgetary costs, it is normal for each organisation to calculate it based on their normal overhead rate; however when the amount requested is calculated the overheads are recalculated at 7%.

Please also note that the FP6 rule that in SAs where all funding is not spent by end of the project, the overall funding is reduced from 100% to 95%, has been removed.

6.6 Equipment costs

Depreciation of durable equipment should be applied according to the organisation's normal practice.

However complying with the principle of sound financial management, the cost claimed for durable equipment leased with option to buy cannot exceed the costs that would have been incurred if the equipment had been purchased and depreciated under normal practices. (i.e. interest element must be excluded).

The following formula gives an indication on how depreciation may be calculated within the organisation's normal accounting system **using accrual based accounting system** and could therefore be charged to the project:

Depreciation = (A/B) x C x D

Where:

A = the period in months during which the durable equipment is used for the project after invoicing,

B = the depreciation period for the durable equipment: as per regular accounting practice for the organisation within its published accounts

C = the actual cost of the durable equipment,

D = the percentage of usage of the durable equipment for the project.

The durable equipment may be purchased or leased with option to buy.

Normally the depreciation should be a linear and beneficiaries cannot charge the total depreciation cost of the durable equipment in their first financial statement.

On the other hand, those beneficiaries **using cash based accounting system or where their normal accrual basis accounting system allows immediate 100% depreciation on equipment under specified circumstances**, they may charge the total depreciation cost of the durable equipment in the first financial statement, providing that they buy and use it for the project this durable equipment during this first financial/scientific period.

Many Universities and Public Research Institutes operate cash based accounting system or depreciate their research equipment at 100% upon acquisition (sometimes with upper cash limits on cost which will be depreciated at 100% - e.g. up to 25,000 Euro 100% depreciation and above that at 33% per annum). In cash based accounting system, there is no accrued accounting for depreciation and the cost is written off when expended like any other costs.

Therefore beneficiaries using an accounting system with immediate write off of all fixed assets (usually to an upper limit set by management) may have their depreciation costs of durable equipment reimbursed in a single amount in line with their normal accounting system. In other words, they may charge the total depreciation cost of durable equipment in the financial statement covering the period of purchase of this durable equipment.

6.7 Non-eligible costs

Costs calculated in accordance with other conventions e.g. "current costs", "notional rents", "opportunity costs", etc. are not eligible. Therefore, no notional costs should be charged, e.g. in respect of revaluation of buildings or capital equipment, estimated or imputed interest, estimated rentals, etc.

Costs, which are not eligible, include in particular:

"return on capital employed", including dividends and other distributions of profits

- provisions for possible future losses or charges
- costs related to any interest
- provisions for doubtful debts
- unnecessary or ill-considered expenses
- marketing, sales and distribution costs for products and services, unless they are directly related to and necessary for the action
- indirect taxes and duties, including VAT (in any country where expense is incurred, not just in partner's home country).
- any cost incurred or reimbursed from other sources such as in respect of another Community project
- leasing costs (or part thereof) where the leasing arrangement has the effect of unnecessarily increasing the charge made to the project (e.g. where the cost without interest of the leased equipment is higher than if purchased).

6.8 Costing of Network of Excellence

In a Network the funding determination is entirely different. The maximum annual payment to the Network is determined by the number of researchers. Please note that the grant is determined by the "number of researchers to be integrated" and this is determined as of numbers on date call closes. The lump sum, when used, would be € 23,500 per researcher per year (with update every two years).

Addition of further partners during project will not increase the funding.

The financial regime for Networks of Excellence is based on the concept of an incentive for integration; i.e. a fixed amount to support the Joint Program of Activities. The estimation of the financial amount of the grant takes into account the degree of integration (by defining a minimum threshold to be reached in

the evaluation), the number of researchers to be integrated, the characteristics of the research field and the joint programme of activities. Grant agreements for Networks of Excellence will contain a table such as the following to determine the average annual amount of the grant:

For Networks of Excellence, a special "lump sum" is proposed in the Rules [if this form of financing is indicated in the work program]. The lump sum would be € 23,500 per researcher per year (with update every two years). Payments based on assessment of progress in implementing the joint programme of activity (measured by indicators of integration).

In the 1st Calls of FP7, the Lump-Sum method is not being implemented for Networks of Excellence. For the 1st calls, costs are claimed via eligible costs.

In addition an additional amount of 4,000 Euros per year (up to a maximum of 10 % of the grant for the researchers) will be granted for each registered doctoral student in the network. Note – above figures are "maximum grant" - in many cases it will be only a proportion of it.

Initially the lump-sum grants may also be liable to report costs (as per FP6) with R&D costs also being allowed within specific parameters that have yet to be determined.

6.9 Creating a Participant's Budget

There are differences between the type of Instrument and the activity. This section is purely an overview of the things to be taken into account. Please note that there are no predefined rates or costs. Budgeting should be done on expected actual costs to be incurred.

6.9.1 Items common to all costing methods

It is vitally important for each participant to involve an accountant experienced in the new FP7 rules to determine the best costing option for the organisation. If the organisation has existing FP7 contracts, it should continue to use the chosen method. However it is possible, within certain constraints, to change this.

The accountant should also calculate, for budgetary purposes, the man rate or rates to be used for this participant for this proposal. This rate is made up of two distinct parts: the salary and the other costs of employment. The gross salary should be a future estimate with allowance for inflation built in. Added to that should be non-salary costs of employment such as employers social security, any payroll tax, retirement plan, insurance, provision for severance pay, car or other benefit. Each of those is of course highly dependent on the norm for the individual country. These two parts together make up the base cost of employment.

We assume in this section that the number of man months or man days that the participant is entitled to for each activity that he will contribute has been agreed within the consortium.

The calculation of labour cost should be straight forward, if the number of man months and their costs are already known.

Other costs should now be addressed. The principal of those will be international travel, equipment and sub-contracts. The travel to be expected should be calculated by number of expected trips per activity and the normal cost of a trip which comprises travel, accommodation and living expenses. The acceptable levels for those would be those recognised within each country by the tax authorities. Equipment should be handled as per 6.6 above.

Sub-contracts are somewhat different in that they include projected audit costs (see 6.11, below) as well as other sub-contracts as justified in the proposal and not related to core activities of the project. Such work should be minimised (see also 6.16, below).

In addition to the above other costs such as material should be identified and taken into account. It is also important from an administrative point of view to have a split of all costs by activity type.

Finally non-large commercial organisation participants can choose to add 20% for unspecified overheads to everything except sub-contracts and third parties. See 6.1 above and 6.9.4 below.

6.9.2 The fixed overhead participant

Main point here is first to have a check undertaken to ensure you are not better off using the calculated overhead option. As otherwise the overhead is only 20% or 60%, if you can justify say 80%, you would be better off. In case of doubt, you may wish to postpone the use of an external expert to determine your valid overheads until your proposal is accepted. In those cases, I would advise to put down some rate such as 50%, as thought appropriate. During contract negotiations, when you more or less know you will get funded you can always request less and even revert to the 20% option. The point being, when you establish in a proposal a budget, it is very difficult to get it increased. It is relatively easy to give some back! However, in the latter case, try increasing your budgeted manpower to use up available budget! Most people underestimate to keep proposal costs low.

6.9.3 The calculated overhead participant

See 6.5.1 above for details of what can be included in your calculated overheads. The Commission says it will accept the current practice in a company for computing of R&D overheads. Most companies do not have such a system set up, so this is an opportunity to establish one of maximum benefit to you with respect to what you can claim. A danger is that a company may be participating in other external funded R&D programs with their own more restrictive rules. There is no compulsion to use this in calculating your overheads.

6.9.4 Note on NoE budgeting

Although the overall grant requested will be calculated by the number of researchers integrated – see 6.8, above, the Joint Program of Activities in my opinion should be costed as per other types of projects. If for no other reason than to justify the requested funding.

6.10 Receipts of the Project

First calculate funding based on total costs - then funding plus income must not exceed total costs. In addition, contributions in kind (staff or technical assistance from a third party, equipment, materials etc.) should be reported as costs and income. Overheads can be charged on in kind expenses/income - so 100 in kind expense plus overhead 100 has funding (at 50%) of 100 (200-100) or another example 100 in kind expense plus overhead 20 has funding (at 20%) of 60 but restricted to 20 (120-100) - but if there are other costs there is unlikely to be any restrictions. However they must charge and report it. In this case, the "equivalent cost" will be a full receipt.

6.11 Claiming costs in a running project

Payment modalities per beneficiary are one pre-financing (within 45 days upon entry into force of Grant Agreement) for the whole duration, depending on how many reporting periods are foreseen:

- a) 1 or 2 cost periods: between 60 & 80% of total EC contribution
- b) 3+ cost periods: 160% of the average fund per period (around 53% of total EC contribution)
 - Interim payments based on financial statements (EC contribution= amounts justified & accepted * funding rate)
 - Retention (10%)
 - Final payment
- c) Previous 70% rule on pre-financing dropped

- d) Retention (10% + 5% of entire indicated funding for Guarantee Fund)
- e) Final payment (105 days)

6.11.1 Dealing with Exchange Rates in Financial Statements

Contracts, funding, payments and cost statements in FP contracts are all in Euros. Several EU Member States and all Associated States use currencies other than the Euro. Thus for them there is some risk in taking what is effectively a fixed price contract in a foreign currency.

In an R&D project, claims are normally made at the end of each year or occasionally at the end of six months from formal start date of the project via a Cost Statement. The actual period is determined during contract negotiation. It is foreseen in FP7 that for example STREPs may be able to negotiate substantially different periods with valid reasons. The cost claim is submitted to the Coordinator by each partner as quickly as possible, with an Audit Certificate as required. This is so the Coordinator can clarify them, consolidate them and forward to the Commission within the mandated sixty days. It is usually accompanied with a progress report. The key source of information with respect to this aspect is the contract and in particular Annex 2.

It has been normal practice and usually mandated by FP contracts, when submitting periodic cost statements to use the official Euro exchange rate of the first of the month following the period. The European Central Bank publishes official daily exchange rates. However, not all currencies are there. In the case of a currency not being quoted there it is normal practice to use the rate from that country's central bank against the Euro for the date in question. If there is no rate published for that specific date, then the first day after when one is published should be used.

In the past when there has been wide fluctuations of the Euro against other currencies this has caused some problems and a great deal of concern in some organisations. Although there was always means to minimise or offset at an organisational level, the problem was addressed in FP6 directly. In FP6 they introduced a different in the exchange rate policy. It is now possible in the cost statements for FP6 and FP7 to choose to convert direct eligible costs at the date that they are incurred. However, this can only be implemented where the beneficiary keeps dual currency books of account showing the actual cost in local currency and in Euro, converted at the rate of exchange that the cost was incurred. Once a system has been chosen for reporting it must be used for the whole of the periodic reporting period. While changing from the period end basis to actual conversion rate per accounting records may be acceptable after the end of a periodic reporting period, once during the project period, it is probably not possible to revert to the period end system in future reports.

6.12 Audit Certificates or Certificates on Financial Statements

Audit Certificates are now formally called "Certificates on Financial Statements"

- A certificate is compulsory whenever the cumulative amount of interim payments and balance payments to a participant is equal to or more than 375,000 Euros. A further one will then only be required each subsequent time the un-certified costs again reach 375,000 Euros.
- For indirect actions up to two years, when a certificate is required it will only be at the end of the project.
- No certificates if action is entirely reimbursed by means of lump sums or flat rates
- The Certification process itself is new, see 6.12.1 below

For each period for which a certificate is required, each beneficiary shall provide a certificate prepared and certified by an external auditor, certifying that the costs incurred during that period meet the conditions required by the agreement. The certificate should expressly state the amounts that were subject to verification. Where third parties' costs are claimed under the contract, such costs shall be audited in accordance with the provisions of the contract.

The cost of this audit is an eligible cost under the activity relating to Management of the consortium. Each beneficiary is free to choose any qualified external auditor, including its usual external auditor, provided that it meets the cumulative following professional requirements:

- a) the external auditor must be independent from the beneficiary;
- b) the external auditor must be qualified to carry out statutory audits of accounting documents in accordance with the 8th Council directive 84/253/EEC of 10 April 1984 or similar national regulations.

Because of the more detailed checking required in FP7 as per the AUP, we expect the cost of Certificates on Financial Statements to be significantly higher than in FP6.

Audit reports can be provided by independent auditors qualified under the 8th Directive. However, a beneficiary that is a public body, secondary and higher education establishments and research organisations may opt for a competent public officer to provide certification, provided that the relevant national authorities have established the legal capacity of that competent public officer to audit that public body.

Reports by external auditors according to the contract does not diminish the liability of beneficiaries according to the contract nor the rights of the Community with respect to carrying out its own controls and audits. The reasonable cost of Certificates on Financial Statements should be included in the management costs of a project under Other Costs (see 6.2 above) and are then 100% refundable (except for VAT) by the Commission within its contribution. As previously mentioned, overheads can not be put on this cost as it is regarded as a sub-contract.

In FP7, one of the tasks for the auditor will be to validate claims that a company is indeed an SME. Another will be to certify that where average personnel costs are being used in a claim, they are a representative average of the real costs.

6.12.1 Certification

See also 6.22 Simplification of FP7 Rules.

Certification concept is new in FP7 and will be gradually introduced for those organisations that request it and the request is approved by the Commission. Only the most frequent participants will be so approved.

- Certification will be provided on the basis of "Agreed Upon Procedure" (AUP)
- AUP, the auditor provides information according to a specific format specified via agreed terms of reference (ToR)
- ToR is annexed to the Grant Agreement (Annex VII)
- AUP is derived from common practice in audits and corresponds to international audit standards
- 2 types of AUP: Report of factual findings on
 - expenditure verification
 - system verification

Certification on the methodology = AUP for system verification aims at certifying the methodology of calculating (average) personnel costs and overhead rates. Note that it is only as an option on this AUP for system verification that use of average salaries is possible.

- Valid throughout FP7, on a voluntary basis, must be accepted by EC
- Particularly aimed at legal entities with multiple participations. Waives the obligation of certificates for interim payments
- Simplifies certificate for final payment

Advantages for system verification

- The EC will receive consistent certifications and cost claims cleaned from errors
- Beneficiaries will gain legal security

- Beneficiaries in many projects will have to submit less certificates
- EC and beneficiaries will have less processes to handle: less certificates
- EC gains significantly in terms of assurance on legality and regularity

	Certificate on Financial Statements (CFS)	Certificate on the Methodology	Certificate on average personnel costs
Basis	Article II.4	Article II.4	Article II.14
Who	Mandatory for all beneficiaries based on conditions set up in the GA	Optional and foreseen for a limited number of beneficiaries based on criteria to be defined by the Commission	Mandatory for beneficiaries which will use average personnel costs unless a certificate on the Methodology is provided. In this case, the certificate on the Methodology replaces the certificate on average personnel costs
Condition	If total contribution < 375,000 €, no certificate For projects > 2 years: Interim and/or final payment Each time that the cumulated EC contribution not yet certified > 375.000 € For projects = 2 years: If total contribution > €375,000 Only one CFS at the final payment. Exception: When Certificate on the Methodology is accepted by the Commission, CFS not required for interim payment.	For beneficiaries with multiple participations	The method has to be consistent with the management principles and usual accounting practices of the beneficiary The average costs cannot differ significantly from actual personnel costs.
Scope	The project and reporting periods concerned. It covers all eligible costs not yet certified	By default, all the beneficiary's projects throughout FP7	By default, all the beneficiary's projects throughout FP7
Timing	For projects = 2 years: at the final payment For projects > 2 years: When criteria are met	At any time of the implementation of FP7 but at the earliest 6 months after the start date of the first project signed under FP7	At any time of the implementation of FP7 but at the earliest 6 months after the start date of the first project signed under FP7
Form	Detailed description verified as factual by external auditor or competent public officer Independent report on factual findings (Annex VII form D)	Independent report on factual findings (Annex VII form E)	Independent report on factual findings (relevant part of form E)
Advantages	Applying the CFS will increase the certainty on the eligibility of costs for the beneficiary	When a Certificate on the Methodology is accepted by the Commission, no CFS required for interim payments If the Methodology is accepted, no risk of rectification after audit if the method is applied correctly	If the Methodology is accepted, the average costs are deemed not to differ significantly from actual costs. If the Methodology is accepted, no risk of rectification after audit if the method is applied

6.13 Accounting Principles

First of all it is vital that you read the Commission documents. There are no binding "Financial Rules" beyond the FP7 legislation and it is far from clear that any will be published in FP7. As was the case in previous Framework Programs, the Financial Guidelines are only a guide and are non-binding.

All organisations, including universities and other public institutions must keep proper books of account and supporting documentation to justify their eligible costs claimed that they charge and relevant

documentation must be kept for a period up to five years after the end of the action.

Explanations and justifications, especially concerning the allocation and apportionment of overheads, must be readily available for inspection by the Commission and its authorised representatives and by the European Court of Auditors.

Each potential beneficiary must satisfy the condition that it will have all the necessary resources as and when needed for carrying out the action. In preparing Financial Statements the following principles must be applied:

1. The participant must be presumed to be carrying on its business as a going concern
2. The methods of valuation must be applied consistently from one financial year to another

Use of GAAP (Generally Accepted Accounting Principals) has always been mandated. In 2008, it has been replaced by IFRS (International Financial Regulation Standard).

The Financial Statement should possess the following qualities that render the information they present useful to the readers; they must be:

1. Understandable. Excessive detail and overly complex reporting formats should be avoided. Information should be presented clearly and simply.
2. Relevant. Relevant information is timely and covers full nature and extent of the financial activities presented. Information is relevant if it helps those who use it to carry out their activities.
3. Reliable. Reliable information represents what it purports to represent. It is accurate within acceptable tolerances, free from bias, complete and verifiable.
4. Timely. Information cannot be out of date and must reflect the most recent information available.
5. Consistent. To be understandable, financial reporting should be presented on the same accounting basis to the extent possible. If the basis of accounting and presentation has changed from one *accounting period* to the next because, for example, a more appropriate accounting policy or standard has been adopted, this fact and the effects on the financial report resulting there from should be highlighted and explained clearly.
6. Comparable. As with consistency, the basis of accounting and presentation, and the effects of any changes from one period to the next, should be highlighted and clearly explained.
7. Materiality. Insignificant events may be disregarded, but there must be full disclosure of all important information. Therefore, an item is material if its disclosure is likely to lead to the user of accounting information to act differently.

The external independent auditor in performing its duty has to confirm that above-mentioned principles and factors concerning the quality of information are fulfilled and financial statement gives a true and fair view of the financial position corresponding with the underlying economic reality. Financial statements must be derived from the generally used accounting system of the beneficiary. The beneficiary must be able to verify the audit trail between the financial statement and its bookkeeping (general ledger) regarding all transactions recorded in the financial statement.

A major change in FP7 is that it is an explicit requirement for the first time that all charges (direct and indirect) to the project must appear in the organisations book of accounts. It is how they are actually recorded that determines their eligibility. For example if your accounting department automatically records travel as overhead, they are not a direct chargeable cost. As previous years books of accounts will be closed by the end of a specific project and thus unalterable, any such deviations cannot be corrected as was the case in previous Framework Programs.

We therefore recommend that you ensure your cost recording system is compliant with these new more stringent rules and perhaps implementing changes so things such as travel can be split depending whether it is a FP7 project or not. One also must remember that items can only be recorded once.

In our opinion, the Commission has not highlighted these changes sufficiently and with the removal of need for most Audit Certificates, such errors may not be picked up until subsequent external audits. Thus organisations may have large future liabilities they are unaware of.

6.14 Example of different bases of cost calculation

This example is the potential effect on a University (all 3 possibilities) or on an SME depending on its choice of cost model for the identical work.

Overhead method	Calculated at 90%	20%	Derogation 60%
Project labour costs (permanent and temporary)	100	100	100
Other direct costs, excluding subcontracts/3rd parties	25	25	25
Total direct costs	125	125	125
Overheads: 20% of direct costs		25	
Derogation 60%			75
Calculated at 90% of personnel costs	90		
Subtotal	215.5	150	200
EU contribution: (say)			
RTD 75% of 99% of cost	160	111.4	148.5
Management at 100% of 1% of cost	2.2	1.5	2
Funding	162.2	112.9	150.5

Please note that this does not include other possibilities such as "demonstration" which is different in FP7.

6.15 Participation without funding

In FP7 it is possible for legal entities from EU countries to participate without receiving funding. Their costs will be taken into account for calculating the total cost of the project but not the Community financial contribution. For these cases, the contract can include the special clause for such beneficiaries, indicating that they are not subject to financial audits and audits on accounting and management principles referred to in Article II.29.1. As a consequence, Section 1 of Part B of Annex II (eligible costs of the project, direct costs, indirect costs, cost reporting models, receipts of the project Community financial contribution, reimbursement rates, audit certificates, interest yielded by pre-financing provided by the Commission, payment modalities) do not apply to those beneficiary(s).

6.16 Pre-financing Interest

Interest on pre-financing - the guidelines for FP6 were clear that bank interest earned by the coordinator on pre-financing monies is a receipt of the project. However under FP7 if the capital amount is less than 50,000 Euro the interest on it will not be regarded as income to minimise bureaucracy. However, interest earned by beneficiaries once the pre-financing has been transferred to them is never regarded as a receipt. See also 6.22 Simplification of FP7 Rules, below.

The pre-financing provided to the beneficiaries remains the property of the Commission until reimbursed. The pre-financing will be spent continuously from the moment it is transferred until the financial

statement is accepted. On the other hand, the principle of co-financing also means that the beneficiaries should notionally draw from the pre-financing and from their own resources during each period.

6.17 Sub-contractors

As a general rule beneficiaries must have the capacity to carry out the work themselves. Subcontracting is a derogation to this general rule and is limited to specific cases.

- Subcontracts: Tasks have to be indicated in Annex I
- awarded according to best value for money
- External support services may be used for assistance in minor tasks (not to be indicated in Annex I)
- Specific cases: EEIG, JRU, affiliates carry out part of the work (special clause)

6.17.1 Conditions related to activities subcontracted:

1. Subcontracts may relate only to a limited part of the project They may only cover the execution of a limited part of the project. Therefore, generally core elements of the project can not be subcontracted.
2. Recourse to the award of subcontracts must be justified having regard to the nature of the action and what is necessary for its implementation.
3. Even though certain services may be performed by a subcontractor, the beneficiary maintains fully responsibility for carrying out the project, retains the intellectual property generated, if any, and must ensure that certain of provisions of the grant agreement are reflected in the agreement with the subcontractor.
4. The subcontractor must be a legal entity.
5. Subcontracts are carried out only by third parties. Subcontracting between beneficiaries is not possible, except in very particular cases (It might be the case where a different independent department of one contractor, not involved in the project, has provided a service to another beneficiary. However, this should be avoided to the extent possible.)
6. Any subcontractor, whose costs will be claimed under the project, must be made to the best bid based on price/quality and in compliance with the national legislation of the beneficiary concerned.
7. A subcontractor is not considered as a participant. A subcontractor is a third party carrying out tasks identified in Annex I or other minor tasks not relating to the core work of the project, by means of a subcontract with one or more of the beneficiaries.
8. As a third party, the subcontractor is not reimbursed by the Commission directly but by the beneficiary on the basis of the agreement concluded between the beneficiary and the subcontractor. Once the subcontractor is paid by the beneficiary, this beneficiary will be able to claim the reimbursement of that subcontracting expense to the Commission as a form of direct eligible cost.
9. As direct eligible costs, the reimbursement rate of subcontracting cost will depend on the type of activities under which the cost of the subcontract has been incurred and the instrument in which the beneficiary is participating.
10. VAT is a non-eligible cost. Therefore eligible costs of subcontracting exclude VAT. For example, where the total price paid for a subcontract is €1,200 (the cost of the services were €1,000 and the VAT €200), the direct eligible cost is € 1,000.
11. Subcontractors do not submit Financial Statements. However, the costs incurred by the beneficiary for subcontracting must be identified in the beneficiary's Financial Statement. The beneficiary must ensure that its audit certificate also covers the eligible costs of the amount paid to the subcontractor.

6.18 Financial Guarantee Fund

In FP7 this replaces financial collective responsibility. It has been established and operated by the Commission. Each participant makes a contribution to the guarantee fund of maximum of 5% of the EC contribution, to be returned at the end of the project.

If interest generated proves not to be sufficient to cover sums due to EC, a retention of a maximum of 1% of EC contribution will be made at the project end. There will be an exemption of retention for public

bodies, higher and secondary education establishments, legal entities guaranteed by a MS/AC.

Ex-ante financial viability checks limited to coordinators and participants requesting > EUR 500.000 (unless exceptional circumstances)

This is a completely new facility introduced in FP7 to try to counter the many problems experienced in FP6 by the collective Financial Responsibility, especially by SMEs.

All participants are allocated 90% advances instead of 85% as in FP6. However 5% will be withheld and put into a central guarantee fund managed by the European Investment Bank. Thus in practice they will still receive 85% net as in FP6. The interest on the deposits will be kept by this fund.

When a project completes, this 5% will be returned to the participants with the final payment except for participants not covered by government guarantees (i.e. most commercial organisations except state owned ones). Those participants will have 1% withheld by the fund if required.

If during a project, a partner defaults financially and the partners decide as a result to terminate the project, then the fund will ensure that they are all paid for completed accepted work. If the partners decide to continue work, then the fund will compensate the project for any lost funding caused by the default. In both cases the Commission would then pursue the defaulting partner for the lost funds. Any recovered funds would go back into the guarantee fund.

Please note that the fund only covers financial default and not non-performance where a beneficiary refuses to give back any funding. This is a significant weakness and could be used as a justification for withholding of prepayments by the coordinator.

However we have noted that some parts of the Commission, notably the REA are being extremely strict in their interpretation of the rules. Even although their own financial viability spread sheet may indicate that an SME, although weak, does meet their own criteria, they will not be allowed to coordinate or receive more than €500,000. They seem reluctant to rely on the guarantee fund. This appears to be undermining its goal.

6.19 Reporting

Periodic reports to be submitted by coordinator 60 days after end of period

- progress of work
- use of resources
- Financial Statement (Form C)

Final reports to be submitted by coordinator 60 days after end of project

- publishable summary report, conclusions and socio-economic impact
- covering wider societal implications and a plan on use and dissemination of results

Commission has 105 days to evaluate and execute the corresponding payment

- No tacit approval
- After reception Commission may:
 - Approve
 - Suspend the time limit requesting revision/completion
 - Reject them giving justification, possible termination
 - Suspend the payment

6.20 FP7 Rule Clarification

The Commission has responded to financial questions, especially internally. There were worries about the Commission's own interpretation of its financial rules and the impact that could have upon evaluation of

proposals. They sought to allay initial fears by saying

‘Evaluation experts are firmly instructed to focus on the technical content of the proposal. They may certainly analyse the use of resources being foreseen by the proposers, and suggest there are too many person-months here and not enough there, but the amount of funding which is being requested, or the cost categories under which it is being claimed, are of no concern to them. These matters are Commission business. The final selection of proposals is made, based on the rankings supplied by the technical evaluation. The Commission analyse the funding requested by each of the successful proposals. If there are errors in the proposers' calculations –and of course these occur from time to time – they are simply re-calculated and a funding offer is made taking this into account which fully conforms to the rules’.

Of course, as mentioned above, many of the implementation decisions were made in order to finalise contracts for projects arising from the calls for proposals in 2007 and 2008. This appears to have led in some cases to local interpretations that sometimes differ from area to area.

The 60% derogation overhead model appears to have been applied to all SMEs that requested it. This appears to us to be questionable and the Court of Auditors may have a problem with it.

On the 2 April 2009, the Commission reissued Guide to Financial Issues with many clarifications and interpretations based on the questions and problems raised in the first two years of FP7. This book has been updated with those clarifications.

6.21 Form Cs - FORCE

FORCE stands for Form C Editor. This is being widely implemented across FP7 as the way to prepare and submit Form C. The status of its uniform implementation across all of FP7 is currently being reviewed.

FORCE is used for:

- The preparation of FP6 and FP7 Form Cs with updated and correct contract/grant information of each beneficiary participating in the project/grant
- Printing of Form C
- Electronic submission of Form Cs to the Commission (signed paper version to be sent afterwards)
- Correction of Forms C after refusal by Commission

Important notes about FORCE:

- FORCE relies on the contractual information encoded in the contract management system of the Commission
- The Forms C of new beneficiaries joining a grant agreement will appear in FORCE only when the relevant amendment is signed by the Commission
- If there are problems with your organisation's Cost models/indirect costs methods in FORCE, please contact your LEAR.

Access to FORCE is via SESAM:

1. The first thing to do is to register as a new user in SESAM/FORCE from <http://webgate.ec.europa.eu/sesam> and then, you have to request access to a specific project in SESAM/FORCE. (we note that the site seems to be currently unavailable, we hope this is just a glitch that will be shortly sorted out)
2. The EC project officer then receives an email whereby he is requested to approve your registration to the project - In case of problems or too long delays contact your project officer.

3. Once approved, FORCE will call up automatically the appropriate Form C for your project, taking into account the instrument/funding scheme and the framework programme (FP6 or FP7) under which your project falls.
4. You are now able to produce, edit, print and submit the Form Cs.

Please Note:

- Only the coordinator should submit Form Cs to the Commission
- When submitting Form Cs to the Commission please submit them as a group per reporting period and do not submit each Form C individually
- There can be a 'Request for Revision' where you can also view the Comments by the PO within FORCE.
- Complete Reporting Periods are locked by PO

Please remember to use the logout button of FORCE to log out. Closing the application via the web browser will leave the project inaccessible for 30 minutes

6.22 Simplification of FP7 Rules

The Commission released on 24 Jan 2011 a communication simplifying some of the rules. We reproduce this below.

6.22.1 Why is simplifying research funding important?

Research and Innovation are at the core of the EU's Europe 2020 strategy for growth and jobs as set out under the Innovation Union flagship initiative.

A pre-requisite for delivering the best results is that research programmes are highly attractive and accessible to researchers, European industry and entrepreneurs, universities and other research and innovation actors. This requires clarity of objectives and instruments, consistency and stability of rules, and lightness and speed of administrative procedures. The improvement adopted will feed through into better research results, achieved more efficiently, and lead to new products and services that will create new sources of growth and jobs.

European Framework Programmes invest large sums of money – well over €50 billion between 2007 and 2013 for the Seventh Framework Programme alone - and it is very important, not least in a time of austerity, to get the best possible value for every Euro spent.

6.22.2 How did the rules get so complicated in the first place?

Over 25 years, the scope and budget of the EU's Research Framework Programme has expanded significantly. This resulted in more participants and more diverse funding schemes and, of course, a need for more controls to ensure that the EU funds are spent correctly. Moreover, changing political and economic priorities have led to ad hoc actions with different sets of conditions to promote particular areas of research or research sectors. Thus, a number of different rules and administrative procedures were developed to optimise European effort in research, but participation in EU-funded projects became more complex.

More broadly, simplification also requires bridging the gap between funding rules and principles specific to the Framework Programme and a wide range of accounting practices used for other purposes by the research organisations and businesses that participate.

6.22.3 What are the main changes being made now?

Firstly, there will be more flexibility in how personnel costs are calculated so that EU research grant-holders can apply their usual accounting methods when requesting reimbursement, based on average

personnel costs.

Secondly, SME owners whose salaries are not formally registered in their accounts can now be reimbursed through flat-rate payments for their contribution to work on research projects. For this purpose the Commission has set up system of flat-rate allowances already applied in the Marie Curie research grant scheme. The hourly flat rate for a researcher will mainly depend on his/her experience and country of residence. For instance hourly rates applicable in 2011 for researchers established in Belgium will vary around €24 for early stage researchers to about €55 for very experienced researchers.

And thirdly, a new steering group of senior officials from all the Commission departments and agencies involved will remove inconsistencies in the application of the rules on research funding.

6.22.4 How does the reimbursement of personnel costs work?

A general principle governing EU research funding was that beneficiaries claim actual costs for the resources employed on the EU projects. For personnel costs this meant that grant holders had to calculate the payroll cost of each individual researcher for the time (usually expressed in hours) spent on the project. Very often this meant that they had to introduce a parallel method of calculating personnel costs for their participation in EU research projects, which was incompatible with their own practice and actually increased their costs.

The new changes allow them to group personnel in categories based on objective criteria (experience, seniority, level of salary, department, etc). The grant holder calculates an average rate based on the salaries of the employees within each category or group. This average is then used to charge the personnel costs to the projects by multiplying the average rate by the hours dedicated to the project under each category or group regardless of the actual costs of the individuals who performed the work (which could be higher or lower than the average).

Here is an example. One category could include two researchers: researcher one with a salary of €48.000 and researcher two with a salary of €36.000. The total cost of the category is €84.000 and the total hours worked in the year are, for instance, 3360 (1680 * 2 researchers). The average hourly rate of the category would be €25 (84.000 / 3360). Whenever the department collaborates in a project, the hours are charged at €25 irrespectively if it is researcher one or researcher two who actually performs the work. For certain beneficiaries, categories could include dozens of researchers and, thus, the average system is for them a real simplification in the calculation of costs.

6.22.5 How much money will these changes save?

Up to now grant holders who use average personnel costs, including SME owners and natural persons without a salary in the accounts, were obliged to produce a certificate on how they calculated their personnel costs. These certificates cost around two to three thousand euro in the simplest cases rising considerably for large institutions with complex structures. Moreover, beneficiaries frequently had to dedicate additional time and money to adapt their personnel costs calculation methods to the requirements of the Commission to obtain the approval of their methodology.

6.22.6 How much time will these measures save ?

It is impossible to quantify in advance but cumulatively, across the thousands of projects affected, a great deal of time will be saved. For example the new rules on accounting for personnel costs will make it easier and quicker for participants to compile and submit reimbursement claims and easier and quicker for the Commission or the Research Executive Agency to process those claims and get payments made.

6.22.7 Will existing projects be affected by the changes, or only new ones?

In most case the Commission will allow participants in ongoing projects under the Seventh Research Framework Programme (FP7) to benefit immediately from these changes. The measures are designed in

such a way that their retro-active application does not cause additional burden for beneficiaries.

6.22.8 Why has it taken since April to bring these changes forward?

The Commission has to guarantee the maximum level of simplification without undermining the sound financial management of European taxpayers' money. Therefore, an extensive analysis was needed on the impact of the new measures, from both financial and legal points of view. Moreover, based on the Commission communication on simplification from April broad inter-institutional discussions with the Council and the European Parliament took place to jointly determine the best approach.

6.22.9 How will the Commission ensure these changes do not lead to reduced financial control?

As the European Court of Auditors indicated in its most recent Annual Declaration of Assurance for the EU budget, simpler and clearer rules and procedures reduce the scope for error and increase assurance on the legality and regularity of expenditure. The new rules adopted are clearly defined in a transparent and unequivocal manner providing, in addition, a realistic balance between trust and control. The Commission is fully committed to ensuring sound financial management of European research policy.

6.22.10 Do these changes fully reflect the recommendations of the Mid-Term Evaluation?

Yes. The recommendations of the interim evaluation of FP7 were fully considered when designing these short-term simplification measures. More profound changes suggested in the report, which would require an adaptation of the overall legal framework, will be tackled in the Commission proposal for the rules of the next research and innovation programme.

6.22.11 What progress has been made towards simplification so far?

Important progress has already been made over the last few years. Some measures for simplification were already included in FP7 from the beginning, as compared with previous Framework Programmes. Others are the result of the Commission's ongoing efforts to improve the rules and procedures.

On the basis of 150 FP7 calls, there has been a significant reduction in "time-to-grant" - the interval between the deadline for bidding for funding in response to a call for proposals and the signature of a grant agreement - if compared with FP6 calls. The overall median (the interval after which half of all grants in a call are signed) in FP7 is currently 330 days, i.e. 30 days (or 10%) shorter than in FP6.

Achievements in FP7 include:

- A considerable reduction of ex-ante controls to ease the participation of SMEs and high-tech start-ups. 80% of FP7 participants are completely exempt from an ex-ante financial capacity check.
- A major reduction of the number of audit certificates to be submitted covering the costs charged to the research projects. Contrary to FP6 where all participants had to submit at least an audit certificate for the project, 75% of FP7 participants are exempt from providing such certificates. Since each certificate costs between some hundreds and several thousand euro, these exemptions are leading to saving of tens of millions of euro compared with FP6.
- The introduction of a single registration facility. Applicants no longer have to supply the same information every time they take part in a new grant application.
- A streamlining of reporting requirements
- Improvements to IT tools ("e-FP7")
- Improvements to the service and guidance offered to applicants

6.22.12 Will there be more changes before the end of FP7?

No further radical changes should be expected for FP7. The continuity of the rules in place is also important for participants in FP7 and this in itself avoids uncertainty.

However, certain additional measures could still be implemented, such as the removal of the requirement for beneficiaries to hold interest-bearing bank accounts. This measure would lift the current obligation to

open such bank accounts for managing the pre-financing funds paid by the Commission. This requirement implies in certain cases an important administrative burden for a number of beneficiaries. Nevertheless, the measure is part of the proposals for the new Financial Regulation applicable to all EU programmes, which are being currently discussed with Parliament and Council. Therefore, it cannot be treated separately only for research actions. A positive outcome of these discussions will lead to the removal of this requirement.

6.22.13 What kind of changes can we expect under the next research program?

The Commission is committed to adopting the proposals for the legal framework for the next programme by the end of 2011. A full public consultation based on a Green Paper will be launched during the first quarter 2011. Further substantive simplification will be a key priority for future research and innovation funding. A measure with a far reaching potential for simplification is the establishment of a single set of consistent rules for all participants, to provide predictability for participants. Other avenues that will also be explored include the simplification of the complex matrix of different funding rates, the introduction of more flat rate payments and simpler methods for determining indirect costs. Moreover, the broad acceptance of the usual accounting practices of participants should become the general rule.

6.22.14 Why not make some of these changes now?

Simplification is not just a question of what can be done under the Research, Innovation and Science portfolio. All Commission programmes are governed by the same financial regulation. Commissioner Lewandowski has put forward proposals to amend this to allow more flexibility. Some of the measures we want to apply for research funding depend on Council and Parliament decisions, and on whether they will allow an increase in Tolerable Risk of Error in certain fields, including research projects.

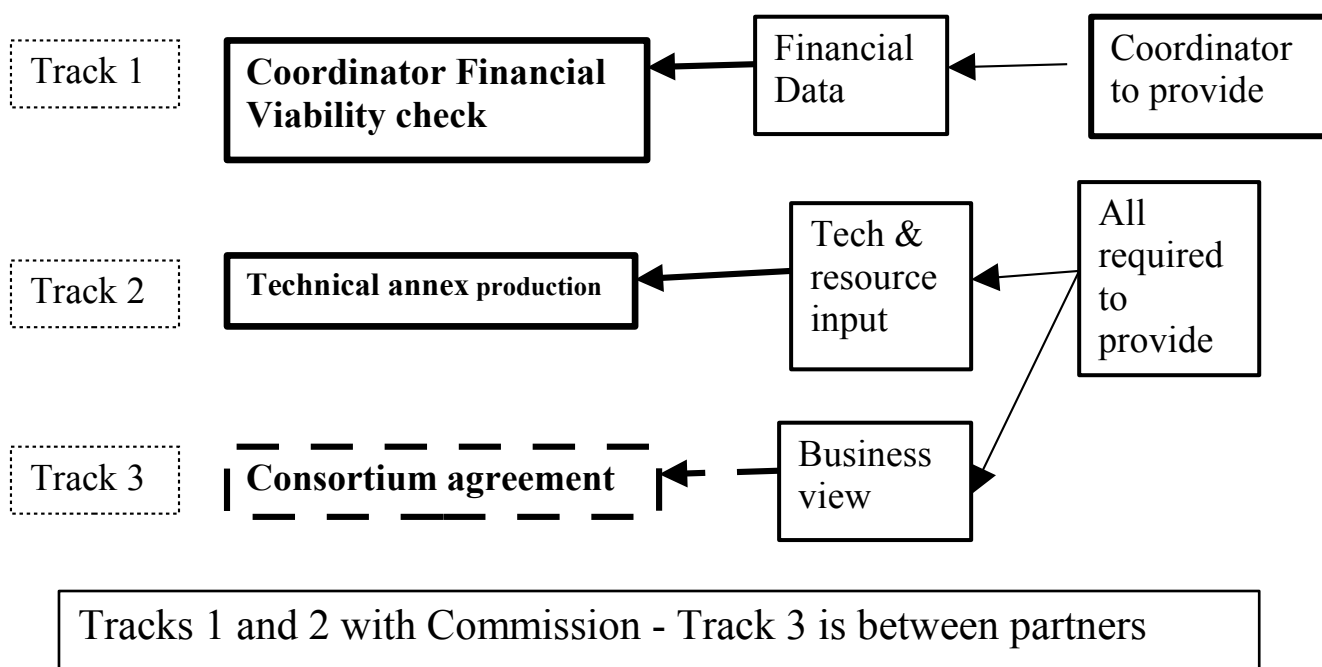
7 What to do when your proposal is to be funded

If you are the Coordinator, you will initially hear informally (but in writing) from the Commission about the disposition of your proposal and you should forward this immediately to your partners in the consortium. If you are not the Coordinator, ensure he passes on the feed-back immediately to you. In the past, preliminary results frequently leaked. Leaks originate from evaluators, project officers and even more senior Commission staff. In some countries the Program Committee delegate may also notify the result informally.

The process in is slightly different for IPs and NoEs proposals passing the initial evaluation are then invited to appear before the evaluation panel to answer questions. Final decisions on pass, fail and relative rankings will only be made for those after the hearing.

7.1 Contract Negotiation

I have outlined this previously – but in essence via the coordinator, the consortium is invited to contract negotiations with the Commission. In parallel, several activities need to happen. I have tried to illustrate them diagrammatically as follows:



Note that for partners not guaranteed by government, there is a requirement under Track 1 above for them to also undergo a financial viability and capability check by the Commission if their indicated funding is greater than 500,000 Euros.

Because of the major changes to the previous "cost models" and in particular the introduction of the derogation 60%, the Commission have interpreted the new rules as as being applicable to SMEs. We hope that this interpretation will be upheld by the Court of Auditors.

It has always been normal practice for the contract negotiations to be carried out by the consortium, led by the coordinator. If space is limited at the meeting, the Project Officer may only invite representatives of the consortium to attend.

However, we have noted that it is becoming prevalent in some directorates for only the coordinator to be invited to negotiate on behalf of the consortium with the other members being asked to sign a negotiation mandate. This is in conflict with the Negotiation Guidelines and we strongly believe that at least a sub-set of the consortium should attend the negotiation meeting.

7.1.1 URF - Validation of existence and legal status of participating legal entities

Before signing grant agreements in FP7, participants have to be validated by the Commission for their existence as legal entities and their legal status. The principle in FP7 is that this validation will only be done once for each entity. Once an entity carries the label "FP7 validated" it can participate in subsequent grants without repeated validation.

To implement this principle, a facility called PDM - URF (Participant Data Management – Unique Registration Facility) is progressively being introduced. The facility is introduced in several stages, so that changes to the validation procedure are necessary.

The Grant Agreement Preparation Forms have to be completed in an on-line IT tool called NEF (Negotiation Facility). The details of access to the tool will be given in the letter of invitation to negotiations. For entities that are already validated at the start of a negotiation, the start version of the GPFs in NEF, displays the validated data (read-only) and the validation status. Entities not yet validated at the start of negotiation have to undergo this validation as a matter of urgency.

The legal status validation is completely separated from the negotiation of individual grants. Each validated entity will receive a unique identifier (the PIC –Participant Identification Code), to be used for identifying the participant in proposals and negotiations. See info on URF and PIC at http://CORDIS.europa.eu/fp7/urf_en.html

Each legal entity appoints one person (the so-called LEAR – Legal Entity Appointed Representative) for managing the legal entity data stored in the central database. The LEAR will receive online access to the PDM-URF, for reading the data stored for the entity and for initiating change requests, if necessary). Legal entities starting negotiation without being validated will introduce a separate request (online) for appointment of their LEAR and validation via the PDM-URF.

See in particular:

The "Rules to ensure consistent verification of the existence and legal status of participants, as well as their operational and financial capacities, in FP7 indirect actions" (http://CORDIS.europa.eu/fp7/find-doc_en.html) i.e. how to conduct the ex ante check.

Negotiation Facility (NEF)

- The Central Validation Team (or CVT) centralises the collection of legal and financial documents and validates all participating organisations only once
- All organisations negotiating an FP7 grant agreement must appoint a Legal Entity Appointed Representative (or LEAR) who will be in charge of providing the legal and financial documents to the CVT and of requesting modifications to the legal and financial data held by the Commission using URF
- During negotiation, it will not be possible to directly modify the organisation's legal and financial data directly in NEF (NEF stands for Negotiation facility, which replaces the Grant Preparation Form editor). Hence, the appointment of the LEAR can become a blocking issue to conclude negotiations in case changes are required.

If your proposal is retained for negotiation, then the Central Validation Team will validate your legal and financial information. If an organisation tries to register more than once, the Central Validation Team will intercept and discard these requests. The already existing PIC will then be used and communicated back to the organisation.

Before joining the negotiation process, you will be invited to designate a LEAR. The LEAR provides the Commission with up-to-date legal and financial data (including supporting documents, where necessary) and commits to maintain the information so that it is up-to-date enabling future use for grants and other

transactions between the entity and the Commission research (and other) programmes

7.1.2 Collective responsibility

In FP6 there was financial and technical collective responsibility. However, in FP7 the collective financial responsibility no longer exists.

7.1.3 General - Handling of GPFs

There is a lot of mystique surrounding this aspect of the process, however the rules and procedures are clearly laid out and documented. It is a key activity as it allows you to modify your proposal and even change the consortium and funding under certain circumstances.

The process is initiated by a letter from the designated Project Officer to the Coordinator inviting him on behalf of the consortium to enter into negotiations on a contract. In parallel he will receive a package of material and a timetable for the negotiations. Several dates will be suggested for meetings in Brussels or Luxembourg to initiate the negotiations. By that initial meeting the Coordinator will generally have to -

- Prepare first draft of the Technical Annex based on the proposal
- Ensure each partner has a PIC
- If not ensure they complete the URF process
- Have to have the Grant agreement Preparation Forms (GPF) ready from each partner (now mainly an on-line process)
- And, in parallel should deal with the Consortium Agreement

During the negotiation under some circumstances, there is some opportunity to change partnership/Coordinator.

The Grant Agreement Preparation Forms have to be completed in an on-line IT tool called NEF (Negotiation Facility). The details of access to the tool will be given in the letter of invitation to negotiations.

The paper versions of GPFs in Appendix 9 (including a full set of explanatory notes) are just for information. The actual layout in the IT tool will be different. The forms in NEF are an extension of the proposal submission forms. They are pre-filled with the available information from the proposal. The coordinator should update and complete the information for all applicants (including those not requesting any funding).

The GPFs in NEF have sections for each individual applicant, and also a section to be completed by the coordinator for the project as a whole. The use of the IT tool NEF for completing GPFs is mandatory (except as noted above). It allows the coordinator to establish a complete set of GPFs for all applicants in the project and to exchange several versions with the Commission in an iterative process of negotiation.

As of January 2010 NEF has been upgraded to NEF2.

The main difference is that now in NEF2 as well as the administrative data that is required, there are other whole sections where you have to input a breakdown of the Workpackages, Tasks, Deliverables and Milestones.

NEF2 gives us a clue that in the future, all of the DoW will be produced online.

The set of GPFs will already contain some of the known information. They consist of A1, A2, A3 and A4 forms – with A2 and A3 having multiple sheets.

1. A1 General Information and Abstract
2. A2 .1, 2.2. 2.3, 2.4, and 2.5 Information on partners (one set per partner)
3. A2.6, Data Protection and Coordination Role (coordinator)
4. A3.1 and A3.2 Financial information on the project (multiple sheets)
5. A4 Coordinators bank information

Note that all partners fill in A2 sheets A2.1 – A2.5 and one A3.1 sheet. The coordinator fills in the rest. Also you must ensure that each partner organisation's legal name is in the local language as it is used to check its legal existence .

Important Note: When the GPFs are downloaded and printed out then the A? Number of the page is clearly marked. However, when working online- there is no reference to the Page titles A? - when comments are given by the Project Officer, he will refer to page A?, finding this page when online is not so easy.

Please note that eventually the project officer will require signed GPFs. But initially they should be submitted electronically unsigned until they are all accepted as correct then signed versions need to be collected and forwarded via the coordinator. It is always good practice for each partner to fax a signed version to the coordinator in parallel to mailing it to him and for the coordinator to fax on a full signed set to the project officer - this allows him to initiate the approval process a little faster.

7.1.4 Financial Viability and Capability of the Coordinator

The Commission will transfer funding to the consortium via the Coordinator and public money must be handled in a "safe" fashion. Thus the Commission will have to look not only at the Financial Viability of the Coordinator or any participant whose indicated share of the funding exceeds 500,000 Euros but also there capacity to carry out the work. This is represented above by Track 1. Due to the prominent position of the coordinator, the financial viability controls are strict. Additionally the Commission will wish reasonable assurance that they have the capability (experience and resources) to manage the project.

7.1.5 Negotiation on Annex 1

The principal activity during contract negotiations is to agree the exact content of the work to be carried out. It is basically copied from the proposal incorporating any requested changes. It is intended that the format and structure of proposals will match that of the Description of Work making this task simpler.

This is an opportunity for some modifications, either initiated by the consortium in the light of events since submittal of the proposal or more likely as a result of suggestions by the evaluators and/or requests from the Commission. Any such changes are only allowed with the agreement of the Project Officer and his major concern is that the essence of the proposal evaluated has not changed.

7.1.6 Funding Distribution between partners

The indicated breakdown is included in the contract but is not binding and can be reallocated within the consortium. Thus understandings on this between the partners should be included in the Consortium Agreement.

7.2 Consortium Agreement

This is between the partners and the Commission will not wish to see it. (Except in the SME program). However this is a mandatory document within most RTD projects (potentially some exception within ICT FET Open) and note that in the SME actions the Commission must see a signed copy prior to contract time. The Agreement must be prepared and signed by the partners prior to official start of the project and by each additional partner prior to him joining the project. I suggest that it should be based on a Memorandum of Understanding signed by each partner as they join the consortium prior to proposal submittal.

In view of the larger flexibility which is offered to FP contractors, and in order to make the most efficient use of it, they are obliged to enter into a specific consortium agreement, unless this has been exempted by the call for proposals. The Consortium Agreement sets out the internal management guidelines for the consortium and can provide for arrangements relating, for instance, to the granting of specific access rights in addition to those provided for in the standard IPR provisions. This is likely to be helpful in many projects, although the new IPR provisions were developed in such a way as to be self-sufficient, i.e. to make it possible to execute a project without defining additional IPR provisions.

Consortium Agreements may not conflict with the provisions of the Grant Agreement or the Regulation. Although, the participation rules state that Consortium Agreements are mandatory, except where otherwise provided in the call for proposals, they do not specify what they must contain. Accordingly, this requirement does not conflict with any flexibility objective and should not be seen as an administrative burden, but as a signal drawing the attention of the contractors to the importance of Consortium Agreements.

Nothing prevents the contractors to prepare several consortium agreements governing different aspects of their project (some before the signature of the contract and some possibly after), or to amend their initial consortium agreement or to make bilateral or other arrangements involving smaller groups of contractors.

A check-list for consortium agreements is available in the Commission rules site. Additional information relating to consortium agreements, are available, notably from the IPR-Help desk. Since the Consortium Agreement is a “private” agreement involving only the contractors, the Commission does not sign it and will not even check its contents. Nevertheless, the contract with the Commission will always prevail in case of conflicts with the consortium agreement, even in those cases where a Commission staff would have received the text of the Consortium Agreement and would not have raised any objections.

A major problem with the contents of the available Consortium Agreement templates (see Appendix 4) is that they have been produced by interested parties i.e. major organisations. Thus they are not SME friendly and encourage use of payments as a managerial tool. This is a major flaw.

Technical co-operation contracts could include any or all of the following clauses:

7.2.1 Consortium Check-list - Outline of Contents

1. General Information (Identify each party to the Grant Agreement).
2. Preamble (Subject of the Consortium Agreement) including definitions based on the contract, Rules and any additional definitions as needed by the consortium).
3. Subject of the grant agreement (Title of project).
4. Technical provisions
 - o Technical contribution of each party (as set out in Annex I to the grant agreement);
 - o Technical resources made available;
 - o Production schedule for inter-related tasks and for planning purposes
 - o Expected contribution, maximum effort expected
 - o Modification procedure;
 - o Provisions for dealing with non-performing contractor(s).
- 5 Commercial provisions
 - o Confidentiality;
 - o Ownership of results / joint ownership of results / difficult cases (i.e. background that is very closely linked to the result, making it difficult to distinguish the background from the result);
 - o Legal protection of results (patent rights);
 - o Commercial exploitation of results and any necessary access rights; Commercial obligations;
 - o Relevant patents, know-how, and information;

- o Sub-licensing;
 - o Background excluded from use in the project.
- 6 Organisational provisions
- o Committees – establishment, composition, procedures, role and nature;
 - o Steering, management, technical, IPR, financial etc;
 - o Co-ordination of committees;
 - o Amendment / revision of the agreement.
- 7 Financial provisions
- o Financing plan;
 - o Modification procedure; Mutual payments, common costs;
 - o Distribution of management costs;
 - o Auditing of costs;
 - o Audit certificates;
 - o Provisions for dealing with non-performing contractor(s);
 - o Third party resources - identifying parties and resources.
- 8 Legal provisions
- o Legal form of the co-operation;
 - o Duration of the agreement versus duration of the Grant Agreement (i.e. 6 months one year longer, etc.)
 - o Penalties for non-compliance with obligations under the agreement;
 - o Applicable law and the settlement of disputes;
 - o Secondment of personnel;
 - o What to do if all the contractors do not sign the EC Grant Agreement.

In addition I suggest that the following also be considered -

1. Distribution of the 100% management provision between partners
2. Distribution of the effort and funding between the partners
3. Process and rights of new participants added into the running project
4. Participation in competitive projects
5. Possible identification of a core project team, its membership and authority
6. All correspondence between Coordinator and the Commission to be copied to all beneficiaries.
7. How to deal with major errors in financial management by the coordinator

7.2.2 Dealing with serious errors made by Coordinator

The final point in the previous list is something only recently highlighted. What should happen if a coordinator makes a mistake in the financial management that results in cost penalties to the project budget? For example if the coordinator fails to claim the full amount in cost statements that results in lower prepayments or final payments. Who should suffer? Of course in the final analysis, the Management Board could under most Consortium Agreements, by vote, force the Coordinator to bear any shortfall itself as it is due to their own error. However, in full fairness, such situations should be clearly identified in the Consortium Agreement with possible remedies suggested.

Also to minimise such potential problems, consortia must insist that all reports/statements submitted to the Commission on behalf of the Consortium and notes/observations from the Commission must be promptly copied to all beneficiaries.

7.3 Project Initiation

When the negotiations complete successfully the Project Officer will seek the approval of the program committee, if formally required and in parallel prepare the grant agreement for signature. There also has to be a formal Commission decision to award the contract. Eventually the partners or their representatives will sign the grant agreement or accede to it. When the coordinator and the Commission sign the grant

agreement, unless otherwise stipulated, the project will officially start on the date as indicated in the grant agreement. Note that under FP7, the signature order is now flexible. This can be backdated to the date at which the project officer has a complete set of signed GPFs and an agreed Technical Annex or more normally, the first of the month following this. Additional contractors can join as they sign.

Only costs incurred from that date will be recognised provided that they fall within those allowable by the contract. The initial payment to Coordinator will be made within 45 days of contract signature. In practice this will normally turn out to be a net 85% per cent of the first period's budget and should be divided by the Coordinator between the partners as per their proportion of the initial budget as specified in the Consortium Agreement. The Coordinator should forward the advance to each partner as soon as possible in Euros without any charges.

Most important advice for the Project Manager is **“READ AND BE FAMILIAR WITH THE AGREEMENT AND ITS ANNEXES. (DON'T FORGET ANNEX 2!)”**

It is normal within a couple of weeks of project start to have a kick-off meeting - usually hosted by the Coordinator. It is also normal good practice to invite your Project Officer to attend part of the kick-off meeting. At that meeting the Project Manager should get agreement on his proposal of how the project will be managed and controlled - the so called "project handbook". Any outstanding issues related to the Consortium Agreement should be resolved and the detailed project plan and future meeting schedule agreed.

The advance payment is normally the only payment that is received fairly quickly (at least to the Coordinator). It has to be paid within 45 days of grant agreement coming into force but it is normally paid much more quickly.

A frequent misconception is how long payments take after submitting cost statements. In Annex 2 to your grant agreement it will probably say that the Commission will accept the periodic reports and make the corresponding payments within 105 days of their receipt. Of course frequently they ask for clarification after the 105 days. It is not unusual for payments to take 6 months. Note that if the Commission are late in payment (as defined in the contract) you are theoretically entitled to claim interest however, I am unaware of anyone ever succeeding in getting any.

A normal event for payment delays is that one or more partners don't supply their cost statements to the coordinator in time. The consortium agreement should stipulate that any partner more than x days late than requested date will have his cost statement delayed until the next period as only a single combined cost statement can be submitted by the coordinator. It is unfair for all partners having their payments delayed because of the incompetence of one. If the late one is your coordinator – tough luck – you have a major problem!

The worst payment problems are with the final payment. It is not uncommon for it to take a year! However, the positive cash flow through the majority of the project does offset this to some extent.

7.4 Problems during the project

It is vital to establish a good working relationship with the Project Officer. If you are not the Coordinator, then do it on your own. When you happen to be in Brussels set up an informal meeting to get to know each other and perhaps invite him to lunch. This meeting should not be portrayed as being directly related to the project but rather more related to helping you understand the area under his control to potentially identify other things of interest and of course to get to know each other and the ways of working.

Projects themselves should treat the Project Officer as a member of the team and he should be invited to project meetings and events. This is a team game – and both the partners and the Project Officer have a

stake in its successful outcome.

It is important to understand the ethos behind the contract. It is not the intention of the Commission to hold companies to ransom for two or three years and force them to undertake work that perhaps, because of external or internal events, is not in their commercial interest to do. There should be a critical review every year or when there is a significant related event. In this review it may become obvious that the original intentions of the project are no longer valid and some hard decisions must be made. In my own experience I can identify the following – I shall discuss them individually and then look at the options and their potential impact.

Partner problems

1. Technical problems
2. Market problems
3. Problems with the Commission
4. Contract changes

7.4.1 Partner problems

A partner organisation may die on you during the project i.e. they stop working or notify you they are leaving the project. In either case it is up to the Coordinator as soon as possible to contact the partner in question to confirm the situation. It is important for any such communication to be written. If it is not, then confirm the conversation in writing. As there may well be legal implications having a written log is vital. The next step is to escalate it to the partner's senior manager – the person who signed the contract on their behalf. It is important to remind them of the terms of the contract and that if they are in breach, they will have to repay any monies received such as the advance payment. In parallel it is important to keep the Project Officer in the picture and listen to his advice. If the partner in question is the Coordinator – and this has happened to me – then contact the Project Officer as soon as possible to decide on the best course. It may also help to involve the delegate to the relevant program Management Committee of the partner in question.

In most such cases, the remaining partners generally succeed in completing the project, either by splitting the work between them or via a contract amendment inviting a substitute organisation to join the consortium.

7.4.2 Technical problems

Sometimes, as a result of work undertaken in the project, it becomes obvious that for technical reasons the original goal is unachievable to the point it is a waste of effort to continue. Here it is important to recall that RTD projects are intended to push forward the state of the art. The Commission sees their funding as compensation for the implied technical risk. It is therefore normal that in a fair percentage of projects, it becomes apparent that the technical goals are unachievable – to the point of the results being unexploitable commercially. If this is not a result of consortium negligence and they have used their best efforts, it should be possible to close the project down with everyone being paid to date for the work undertaken. There is a result from the Commission's point of view and that could be seen as a particular line of research not being fruitful. This should be documented in the final report and the project wound up amicably.

On the other hand, it may be possible to modify the project within its overall objectives and achieve meaningful results. It is basically up to the discretion of the Project Officer as to whether the change would be within the overall framework of the current contract or not. He would generally seek the support of the external technical reviewers. Thus it may be possible to modify the project significantly and continue. This of course would require the agreement of not just the Project Officer, but also all the consortium.

Given the likelihood of this occurring in higher risk projects, it is prudent to have written into the project plan technical checkpoints at strategic times. This would allow for assessment and potential replanning. Such foresight makes it much easier to change direction or wrap up the work, if it should prove necessary.

7.4.3 *Market problems*

As the IT industry is extremely dynamic, external events may occur that results in it no longer making commercial sense to continue agreed work as it stands. Such events could include any of the following –

1. A market player coming out with something your project will not have for another two years.
2. A market discontinuity that you believe will result in technology moving in a different direction such that there will probably not be a market for your results.
3. Some other external event such as legislative that will drastically reduce the market viability of your results.

As for the scenario outlined above, assuming you are not in contract default, there are two basic choices if you have the agreement of both your partners and the Project Officer. These are to wind up the project amicably with everyone being paid for work to date or to seek to modify the project to take account of market changes where there is a sensible path forwards. This second option happens to some degree in most projects, even if it is to take account of accommodating or interfacing to new artefacts that appear on the market.

7.4.4 *Problems with the Commission*

From your point of view and that of the consortium, everything is going well but there is some problem as seen by the Project Officer or the external reviewers. This is not the best time to introduce as a reason one of the previous three situations. It is essential you involve the Project Officer immediately, even if only off the record, if you suspect one of the previous problems occurring. Some research areas have a formal procedure to highlight problems as seen by the Commission generally after an annual review. They are flag raising – An orange flag is a major warning that in the Commission’s view the project is in default of contract and a get well plan needs to be agreed and implemented. A red flag means that the Commission does not believe that the project can be saved and steps are to be taken to close the project down. In that case it is sometimes possible to negotiate that not all money needs to be repaid, depending on circumstances. However, there is a real danger that this may not be possible.

If the situation arises in which such steps are initiated “out of the blue” then there has been a major disconnect between the Project Manager and the Project Officer. The problem may be entirely on one side, but generally there is blame on both sides. Such surprises would not occur if there is good, open communication between them. It generally will result in some additional work having to be undertaken, frequently unfunded, or some work or deliverables being redone. With good will it is frequently possible to prevent getting to an orange flag, red flag situation.

A common reason for this type of problem is when Project Officers are changed and understandings reached with the original one are undocumented and/or the new has a completely different view or approach to the project. As part of resolving all disputes of the above nature, it is a good idea to discuss it with your country program committee representative, as frequently he can interface with the Project Officer in question and his management to get the other side of the story. The potential solutions for each type of problem are tabulated below -

Type	Options	Notes
Partner problems	<ul style="list-style-type: none"> • Force them to continue • Force them to complete current responsibilities • Sue them and divide the work • Bring in a replacement 	<ul style="list-style-type: none"> • Involve PO ASAP • Involve senior management • Involve Committee representatives

Technical problems	<ul style="list-style-type: none"> • Conclude the project • Modify the project significantly 	Assumes work was undertaken properly
Market problems	<ul style="list-style-type: none"> • Conclude the project • Modify the project significantly 	Assumes work was undertaken properly
Problems with the Commission	<ul style="list-style-type: none"> • Convince Project Officer it is OK • Undertake some additional work • Redo some work 	It may be necessary to escalate within the Commission i.e. to Head of Unit level but I suggest you involve Committee representatives

It should be also noted that as part of resolving any of the above problems it is usually necessary to replan the work. Such replanning could involve extending the project time-frame, but generally there is little chance of additional funding. With such replanning it is possible to drop some partners and/or bring some new partners in but only with the agreement of the Project Officer and the consortium.

It is also important to note that there is an Ombudsman. (www.ombudsman.europa.eu). The European Ombudsman investigates complaints about maladministration in the institutions and bodies of the European Union. If you are a citizen of a Member State of the Union or reside in a Member State, you can make a complaint to the European Ombudsman. Businesses, associations or other bodies with a registered office in the Union may also complain to the Ombudsman. Potentially one can complain to the Ombudsman about serious problems in respect of the Commission not correctly implementing the rules.

7.4.5 Contract changes

Any project replanning that would result in extending the contract or making a major change in the content of the work requires a contract amendment that has to go through a laborious process in Brussels and can take several months. With respect to increasing the contract time-frame – this frequently occurs and is fairly normal, however if you need to do this be extremely sure you can hold to the new time-frame. It is much more difficult to get a second extension. If you are unable to spend all your allocated funding within the contract period including any extensions, any work done subsequently in order to complete the contract will be at your own expense and the balance of the funding will be lost.

7.5 Project end

In all research projects and most others, a Final Review is held at project end. The project formally finishes on the date as defined in the contract unless some extension has been agreed. Expenses incurred after this date are not chargeable unless specifically allowed in the contract. For example it is normal to allow up to forty five days for charges related to the final review and preparation of the Final Report and for Dissemination activities for all parties, not just the Coordinator.

7.6 Potential audits

The Commission reserves the right to request a financial audit up to five years after the end of a project. It is an individual contractor that is audited and not a project. An audit could impact any and all projects the contractor has carried out under a framework contract. Audits are carried out on site usually by a local accounting company contracted by the Commission for this purpose and having no conflict of interest. I believe about 10% of participants are audited. Some of those are random and some are when there is suspicion of some irregularity. Contractors who have undertaken many/large projects are more likely to be audited.

The draft audit report is first given to the contractor for comments as is the final audit report. Any such contractor comments if provided, will be given to the Commission with the final report if the contractor does not agree with its contents. It is then up to the Commission to decide what action to take if any. Action can include claims for repayment of funds or for payment of funds if errors are found in the

contractor's favour.

7.7 Grant Agreement amendment

These can be amended during a project. There are two main reasons for this:

1. Project is expected to over-run its original time-frame
2. Change of contractor or a contractor's legal details

In all cases, the Coordinator requests amendments on behalf of consortium. Subject to the Consortium Agreement, this step is usually first agreed to by the project partners.

- Coordinator can accept an amendment proposed by the Commission (NEW)
- For adoption/withdrawal tacit approval by the Commission is given after 45 days if no objection is raised

8 Intellectual Property Aspects

This is an extremely important area and I will try to deal with some of the key regulation. Every participant should ensure that his own Background IPR that will be used in the project is identified and recognised by the other participants up front.

8.1 Main IPR provisions under FP7

FP7
<p>Background (Article 2.2) Information and rights held prior to accession to the grant agreement</p> <p><u>Excludes side-ground</u> <i>Side-ground created uncertainty as it was an unknown variable. In practice, it was rarely needed and was difficult to exclude in advance. During the consultation, participants generally agreed that it would be better to leave it to them to negotiate access to side-ground in the few cases where such access would be needed.</i></p> <p>Reference to “<u>needed</u>” for implementation or use</p>
<p>Foreground (Article 2.1) Change to “foreground” to achieve symmetry with “background” but no change in substance. <i>Foreground is the natural corollary to background and this term is better understood in the research and IPR-communities than the term “knowledge”.</i></p>
<p>Ownership of foreground (Article 39) Slight change in wording but no change in substance</p>
<p>Joint ownership of foreground (Article 40) <u>Default regime if no joint ownership agreement is reached</u> (each of the joint owners may grant, after having given prior notice, non-exclusive licences to third parties (without right to sub-licence) and requires payment of a fair and reasonable compensation to the other joint owners)</p> <p><i>This default regime will only apply if the parties have not (yet) agreed to a joint ownership agreement and will make certain that the results can be fully used while ensuring that the other joint owners receive fair and reasonable compensation.</i> <i>The default regime may also serve as an incentive to reach an agreement on a joint ownership agreement.</i></p>
<p>Ownership of foreground by specific groups (Article 41) Foreground shall be jointly owned by the participants which are members of the specific group benefiting from the action, unless otherwise agreed by those participants.</p> <p><u>Where the owners of the foreground are not members of that group, they shall ensure that the group is provided with all the rights to foreground that are required for the use and dissemination of that foreground</u></p> <p><i>As it may be too burdensome for the members of the specific group to manage an IPR portfolio, they may agree to a different ownership. However, the new owner(s) must ensure that the members of the group can use and disseminate the foreground.</i></p>
<p>Transfer of ownership (Articles 42-43) <u>No prior notice</u> required if transfer to a specifically identified third party (with the prior agreement from</p>

all participants)

To simplify transfers of ownership to a specifically identified party (for example to the mother company or an affiliate of a participant), the participants may agree that for such a transfer no prior notifications are necessary.

Commission does not have to be notified unless foreseen in grant agreement (see cases below)

This change was introduced to simplify the transfers of ownership while retaining the flexibility for the Commission to introduce such a requirement in those projects where it is appropriate. It was a general feeling among FP6 participants that the requirement to notify the Commission across the board for each and every transfer was too burdensome, time-consuming and unnecessary.

Commission can object to a transfer to a legal entity established in a third, not-associated country on competitiveness or ethical grounds – transfer will not take place until Commission is satisfied

The possibility to object to transfers to third parties in MS or associated countries is removed as this is not deemed necessary for competitiveness or ethical reasons. This possibility also removes a lot of uncertainty on behalf of participants. In certain types of actions (e.g. security and space research), specific provisions may be introduced in the grant agreement widening the possibility to object (see below).

Protection of foreground (Article 44)

If a participant does not protect, the foreground may be transferred to another participant or the Commission may protect

If the owner of foreground does not protect it, transfer to another participant in the project is now explicitly mentioned. The participants are usually much better placed than the Commission to evaluate the value of the results, seek protection where necessary and use the results. The Commission would be offered the option where other participants do not take up that ownership or where the original owner does not offer them the option (for example, because they are competitors).

Community Financial Support (Article 45)

Statement indicating Community support must be included in patent applications, publications and other dissemination activities

This is a mechanism to create more visibility for the Community funding and to facilitate impact assessments that has little cost for participants

Dissemination (including publications)

(Article 46)

Prior notice of any dissemination activity must be given only to the participants (unless foreground is not protected nor transferred).

Any of the participants may object if it considers that its legitimate interests in relation to its foreground could suffer disproportionately great harm.

The obligation to notify the Commission was removed as the other participants are much better placed to deal with such dissemination intentions.

Access Rights (Articles 48-52)

Background may be freely defined by written agreement by the participants

- No time limit for exclusion of specific background
- It is clearer that only “needed” background is to be excluded – by definition if not needed not necessary to exclude therefore no need for long lists of exclusions.

Changes ensure maximum flexibility for the participants in organising their cooperation. The removal of the time limit permits adjustments which may be necessary during the course of the action.

Exclusive licences possible if all participants waive their access rights (explicit)

Exclusive licence can be granted if all access rights are waived, which increases the freedom of the participant concerned, the value of its IPR and the likelihood that the results will be exploited.

Commission can object to the grant of an exclusive licence to legal entity established in a third, not-associated country on competitiveness or ethical grounds – grant will not take place until the Commission is satisfied

The greater freedom to grant non-exclusive licences to third parties in MS/Associated countries encourages greater use and dissemination of results. More stringent provisions in the grant agreement remain possible in certain projects (e.g. sensitive projects from an ethical viewpoint/security research etc.) (see below) and this wording clarifies the effect Commission objection would have on the proposed agreement.

Access Rights for implementation (Article 50)

Access rights to foreground royalty-free

Access rights to background royalty-free, unless otherwise agreed before accession to the grant agreement (same)

Access Rights for use (Article 51)

Access rights for use to foreground either under fair and reasonable conditions, or royalty-free – no time limit for agreement on terms

As some participants (e.g. universities) may not have the possibility to exploit their results commercially, the possibility for royalty bearing access was put on equal footing with royalty-free access and greater flexibility for negotiating terms and conditions was included.

Access rights for use to background either under fair and reasonable conditions, or royalty free

Royalty-free was added to clarify explicitly that if participants wish, royalty-free access is also allowed.

Access rights for use may be requested up to one year after the end of the indirect action or the termination of the participation of the owner of the foreground or background, unless the participants agree otherwise

Access rights for “frontier” research (Article 52)

Access rights for implementation and use shall be royalty-free to other participants

As “frontier” research actions tend to cover more basic or fundamental research and the Community financial contribution may reach a 100% of the total eligible costs, access right, to other participants in the same frontier research project must be royalty-free.

Access rights for the benefit of specific groups (Articles 50-52)

RTD Performers shall grant access rights to background for implementation royalty-free

RTD Performers shall grant access rights to background for use royalty-free

RTD performers normally receive 100% of their eligible costs from the EC financial contribution, whereas the members of the specific group are required to use the results, therefore it is justified that they should provide royalty-free access to their background to the other participants.

If all the owners agree, access rights to foreground shall be granted to the RTD Performer, on fair and reasonable conditions to be agreed, for the purposes of pursuing further research activities

This allows the RTD performers to use the results in further research which was requested by them.

When the specific group benefiting from the action is represented by a legal entity that participates in the action in their place, that legal entity may grant a sub-licence, in respect to any access rights granted to it, to those members which are established in a Member State or an Associated country

In some cases the members of the specific group benefiting from the action are not participants so, the entity representing them must be able to grant a sub-licence to its members so that they can use the results. Normally, access rights do not confer entitlement to grant sub-licences.

Additional provisions (Article 20)

Additional provisions re access rights, use and dissemination may be established in grant agreements and further provisions may be established in the consortium agreement

Depending on the nature of the project, it may be appropriate to foresee additional requirements regarding access rights, use or dissemination.

Specific provisions (Article 22)

The grant agreement may lay down specific provisions:

- in indirect actions to support existing research infrastructures and, where applicable, new research infrastructures: re confidentiality, publicity, access rights and commitments that might affect users
- in indirect actions to support training and career development of researchers: re confidentiality, access rights and commitments relating to the benefiting researchers
- in indirect actions in the field of security and space research: re confidentiality, classification of information, access rights, transfer of ownership of foreground and the use thereof
- in indirect actions addressing security issues, other than those referred to in the preceding paragraph: re confidentiality, classification of information, access rights, transfer of ownership of foreground and the use thereof

Particular types of research actions may warrant specific provisions in the grant agreement.

8.2 SME projects

As stated above, in Collective and Cooperative Research Actions, knowledge is jointly owned by the SMEs or industrial groupings. Here also, co-owners should agree among themselves on the allocation and the terms of exercising the ownership of the knowledge, and may for instance decide that one single SME will own a certain piece of knowledge.

In addition, specific arrangements may be agreed upon before signature of the contract, e.g. with a view to provide the RTD performers with some rights, for instance ownership rights or access rights for conducting further research

The agreement distribution of ownership and access rights of Foreground IPR produced in the project is termed “the transaction” and is included in Annex 1 of the contract.

8.3 Joint Research Units (JRUs)

A JRU is a structure having no legal personality, set up by two or more distinct research organisations, e.g. in order to run a joint laboratory. (A typical example is the French "Unité mixte de recherche" (UMR))

structure.) Since JRUs have no legal personality, they cannot participate as such in FP7 projects. Only one (or more) of their individual "members" can be considered as contractor(s).

In the event one such member participates in a FP7 project, it (alone) would be the owner of the results it would generate. This may lead to problems if the internal arrangements governing the JRU state that all results generated with the JRU will be co-owned by all "members" of the JRU. In that case, care must be taken to fulfil the contractual obligations, especially regarding the granting of access rights to other contractors.

In addition, the other contractors should be informed as soon as possible of the fact that one contractor is a member of a JRU. The same is true for any other contractor using the resources of third parties which must be identified in the EC contract and for which a pre-existing contract must exist between contractor and third party.

8.4 The common legal structure

Where the contract is signed by a legal entity ("common legal structure" – "CLS") set up by several contractors for the purpose of carrying out the project, the IPR provisions apply to this CLS as such, not to the individual contractors which are its members. This means for instance that the CLS as such will be the owner of the results, and that the provisions relating to access rights do not apply to the contractors belonging to the CLS but to the CLS itself.

However, transfer of ownership from the CLS to one its "members" is not prohibited. As a consequence, it is strongly recommended that the contractors which are members of such a CLS agree on specific arrangements, relating in particular to ownership and access rights issues.

9 People Program (Marie Curie)

9.1 Program Overview

Host Actions	Individual Actions
<ul style="list-style-type: none"> ● Initial Training Networks (ITN) ● Industry Academia Partnerships and Pathways (IAPP) ● IRSES (International Research. Staff Exchange Scheme) ● COFUND (EU Co-funding of National programs) 	<ul style="list-style-type: none"> ● Intra- European Fellowships (IEF) ● Incoming International Fellowships (IIF) ● Outgoing International Fellowships (IOF) ● Career Integration Grants (CIG)

The 'People' Specific program from WP2009 onwards is implemented through actions under five headings:

1. Initial training of researchers ITN
2. Life-long training and career development (IEF; CIG; COFUND)
3. Industry-academia pathways and partnerships (IAPP)
4. World Fellowships (IOF, IIF, IRSES)
5. Specific actions (NIGHT, EURAXESS)

Please note the following major points:

- Marie Curie (MC) = People Program = Mobility
- Transnational projects i.e. when a researcher changes country
- Inter-sectoral mobility (Industry-Academia) is also a key feature
- Multi/inter Disciplinary training; Complementary skills
- Bottom-up approach i.e. research fields are chosen freely by the applicants
- Individual actions only open to experienced researchers
- For Individual actions level of experience determined at call deadline
- For Host-driven actions level of experience determined at the time of secondment to other partner or his/her recruitment
- Multiple submissions not allowed for the following actions; only one proposal may be in evaluation procedure at any one time: IEF, IOF, IIF, CIG
- Consortium Agreements not required but recommended for Host Actions
- A target of at least 40% participation by women set for 2008 and also 2009.
- EU has outsourced Marie-Curie program to The Research Executive Agency (REA) <http://ec.europa.eu/research/rea/index.cfm?pg=home>
- Important to keep timesheets for all researcher activities in MC actions

The "People" Specific program

1. 'Initial training of researchers' to improve young researchers' career perspectives in both public and private sectors, by broadening their scientific and generic skills, including those related to technology transfer and entrepreneurship (ITN)
2. 'Life-long training and career development' to support experienced researchers in complementing or acquiring new skills and competencies or in enhancing inter/multidisciplinarity and/or inter-sectoral mobility, in resuming a research career after a break and in (re)integrating into a longer term research position in Europe after a trans-national mobility experience. (CIG, COFUND)
3. 'Industry-academia pathways and partnerships' to stimulate inter-sectoral mobility and increase knowledge sharing through joint research partnerships in longer term co-operation programs between organisations from academia and industry, in particular SMEs and including traditional manufacturing industries (IAPP)

4. 'World fellowships', to contribute to the life-long training and career development of EU-researchers, to attract research talent from outside Europe and to foster mutually beneficial research collaboration with research actors from outside Europe (IOF, IIF, IRSES)
5. 'Specific actions' (NIGHT, EURAXESS) to support removing obstacles to mobility and enhancing the career perspectives of researchers in Europe.

9.2 Early-stage researchers (ESR):

ESRs are defined as those who are, at the time of selection by the host institution, in the first four years (full-time equivalent) of their research careers. This is measured from the date when they obtained the degree which would formally entitle them to embark on a doctorate, either in the country in which the degree was obtained or in the country in which the research training is provided, irrespective of whether or not a doctorate is envisaged.

9.3 Experienced researchers (ER):

They must, at the time of recruitment/call deadline (i) be in possession of a doctoral degree, independently of the time taken to acquire it, or (ii) have at least four years of full time equivalent research experience, including the period of research training, after obtaining the degree which formally allowed them to embark on a doctorate.

9.4 Which Actions to use

Individual Actions include:

- Fellowships (IIF, IOF, IEF)
- Career Integration Grants (CIG)
- Each Fellowship and Integration grants consists of a single researcher and a host institution which is located in MS or AC

Host Actions

- ITN, IAPP, COFUND, IRSES
- Involve multiple beneficiaries and researchers

Individuals/organisations from ICPC countries (including Moldova) can participate and will receive funding in: IAPP, COFUND, ITN, IIF, CIG, IRSES. These actions are described below. ICPC researchers will also be able to participate in some COFUND projects (depending on the rules of the specific projects).

9.4.1 Fellowships

Only Experienced researchers can apply for Marie Curie Fellowship awards.

Experienced researchers (ER):

Experienced Researchers must, at the time of recruitment/call deadline (i) be in possession of a doctoral degree, independently of the time taken to acquire it, or (ii) have at least four years of full-time equivalent research experience, including the period of research training, after obtaining the degree which formally allowed them to embark on a doctorate.

IIF - To encourage top class researchers who have been working in third countries to work on research projects in Europe, with a view to developing mutually beneficial research co-operations between Europe and third countries. Individual applies with host. 12 – 24 months incoming phase in EU Member or Associated State (FTE). Proposals from all areas of S&T research of interest to EU. The following rules apply to IIF calls published from the 2009 Workprogram onwards:

- researchers can be of any nationality
- researcher must move from a third country to an MS/AS

- major condition is that the researcher must have been active in Third country prior to the submission of the proposal; guideline is more than 1 year

9.4.2 Career Integration Grants (CIG)

Researchers can be of any nationality and must be hosted by private and public organisations in MS/AS. Researchers must not have resided or carried out their main activity in the outgoing country for more than 12 months in the last three years prior to call deadline. Grant can cover a period of 2 – 4 years. Flat rate contribution of 25,000 Euro per year to contribute to research costs of the researcher.

9.4.3 Host Actions

ITN - Initial training of early stage researchers (first 5 years) in order to improve their research and complementary skills, to help them join established research teams, and to enhance their career prospects in both public and private sectors. Networks should comprise of at least three participants (e.g. universities, research centres, companies, SMEs) proposing a coherent research training program. In certain cases single or twinning host organisations may also be eligible. I

ICPC countries and, other third countries (OTH) may participate (but not in the case of single or twinning host organisations). In 2010 WP, no “twinning” are allowed. OTC countries such as the USA, Canada, Australia, Japan, Singapore etc. and international organisations normally expected to fund their own participation Evidence of letter of commitment required from industry for all levels of participation. Single stage evaluation process (30 page proposals). Funding up to 4 years.

IAPP - Partnerships between public and private research organisations, (including Universities, SMEs, manufacturing industries), based on a common research project and aiming to increase skills exchange between the two sectors. At least one organisation from each sector. At least two different EU Member States or Associated States (one partner from EU 27). In addition, ICPC countries and, other third countries (OTH) may participate. OTC countries such as the USA, Canada, Australia, Japan, Singapore etc. and international organisations normally expected to fund their own participation in the partnership. Financial support for 3-4 years.

COFUND - To encourage existing or new regional and national programs to open up and provide for transnational mobility, as well as to reinforce international programs. Open, merit-based competition with peer review. Freedom of fellows to choose research topic and research organisation fitting their individual needs is a key element. For public or private bodies with a public mission, responsible for funding and managing fellowship programs (ministries, research academies or agencies, international bodies running schemes at ‘European’ level, etc.). Co-funding is a fixed percentage of 40% of the full transnational fellowship costs of eligible experienced researchers.

IRSES - Aims at strengthening research partnerships through short period staff exchanges and networking activities between European research organisations and organisations from 29 countries with which the Community has an S&T agreement or are in the process of negotiating one, and countries covered by the European Neighbourhood policy. Minimum 2 independent EU/AC research organisations from at least 2 different countries, not including Commercial Organisations + one or more organisations in a third country. Coordinator from EU/AC. Duration of Partnership: 2-4 years. No evidence of costs required. Reporting limited to accomplished results e.g. Number of person-months exchanged, scientific results achieved etc.

9.5 Concept of Panels

- Panels used in all MC actions except COFUND and IRSES
- Proposals classified under 8 major areas of science:
 - Chemistry (CHE)
 - Social and Human Sciences (SOC)
 - Economic Sciences (ECO)

- Information Science and Engineering (ENG)
- Environmental and Geo-Sciences (ENV)
- Life Sciences (LIF)
- Mathematics (MAT)
- Physics (PHY)
- Broken down into scientific area
- Applicant chooses associated panel at proposal stage
- Core discipline
- Commission reserves right to move proposals between panels
- No pre-defined budget allocation between panels
- Budget distributed between panels based on above threshold proposals

9.6 Financial Considerations

- Applicants are not required to submit a budget (except for COFUND, IRSES)
- Budget calculated according to flat rates e.g. Living Allowance, Mobility Allowance, Travel
- Commission will calculate budget according to info given in A4 forms (Levels number of research months etc)
- Most funding categories are treated as Lump Sum (there are exceptions, e.g. Management Category)
- Important to understand budget calculations as there are indicative budget levels for different MC projects

Up to and including 2010 Marie Curie Workprogram, EU Funding for Marie-Curie Actions is split into the following Categories:

Category A (Living Allowance)

Category B (Mobility Allowance + Travel)

Category C (Career Exploratory Allowance)

Category D (Contribution to participation expenses of eligible researchers)

Category E (Contribution to the research/training/transfer of knowledge program expenses)

Category F (Contribution to organisation of international conferences, workshops, events)

Category G (Management activities including audit certification)

Category H (Towards Overheads)

Category I (Other Expenses)

2011 Workprogram

Category 1 (Living Allowance)

Category 2 (Monthly Household Allowance)

Category 3 (Contribution to the research/training/transfer of knowledge program expenses)

Category 4 (Management Activities)

Category 5 (Overheads)

Category 6 (Other Eligible Costs)

Lump-Sum/Flat-Rate

EU funding is given for the most part as Lump-Sum or Flat-Rate for each of the above categories. An important exception is Category G (Management activities including audit certification), where funding is given against real eligible costs up to a maximum percentage of the total community contribution. Please note that in the 2011 Workprogram, for Individual fellowships, Category 4 (Management Activities) is non-applicable.

Lump-Sum is a fixed amount for a specific type of activity. e.g. Career exploratory allowance (Category C).

Flat-Rate can be considered a synonym for scale of unit costs i.e. Amount per unit of measurement – Quantity x Rate. In the case of Category A Living allowance, this is therefore calculated as: man months times annual rate (e.g. €35,300 in 2009 WP and €36,700 in 2010 WP per researcher per year for an early stage researcher)

The term Flat-Rate can also be used with percentages. e.g. in the case of Category H (Overhead Calculation) the EU contribution is calculated as a percentage of direct costs e.g. for an Individual fellowship (IIF), 10% of direct costs except for subcontractors and the costs of the resources made available by third parties which are not used in the premises of the beneficiary

Management Category

For most Marie-Curie Actions, reimbursement for Management (Category G) is based on real costs ie. Invoices and proof of payment. **In the 2011 Work program, for IIF Management Activities are not applicable.**

Employment

In Marie Curie actions, the Commission expects to see employment contracts between the researcher and the host organisation. Stipends are an exception and used, for example, if there is a problem with work permits. Researchers should work on their projects on a full-time basis. Part time work or split stays may be considered for justifiable reasons e.g. Family commitments, type of research.

9.7 Transnational Mobility Requirements for all actions

- Must not have been resident in host country for more than 12 months in the last 3 years immediately before application deadline (for individual actions)
- A researcher that holds more than one nationality will be eligible if he/she has not resided in this country during the previous 5 years. Short stays e.g. Holidays are not taken into account. In 2009, the nationality rule, that excluded researchers from participating in training actions in their country of nationality, was removed, leaving as the sole eligibility concept trans-national mobility.
- Cannot be a national of host country unless
 - Conducting Fellowship/secondment/recruitment at International organisation
 - Rules specifically state that it is possible
- Normal mobility rules do not apply to International Organisations e.g. IEIOs (CERN, EMBL etc) e.g. A German researcher who has lived and studied in Germany is eligible to apply for an IEF fellowship at European Molecular Biology Lab (EMBL) in Heidelberg. However not entitled to mobility allowance

For projects funded from the 2009 Workprogram onwards, as a major amendment of past practice, the nationality rule, that excluded researchers from participating in training actions in their country of nationality, is now removed, leaving as the sole eligibility concept trans-national mobility.

9.8 Important Documents

- Marie Curie Relevant Workprogram
- Guide for Applicants
- Annex 3 of Grant Agreement
- Financial Guidelines Document
- Links:
 - CORDIS
 - Finance Helpdesk www.finance-helpdesk.org
 - Slides
 - NCPs

9.9 Eligible Organisations

- Host organisations mainly include the following:
- National organisations (e.g. Universities, research centres etc.)
- Commercial enterprises (especially SMEs)
- Non-profit or charitable organisations (e.g. NGOs, trusts etc)
- IEIO (e.g. CERN, EMBL etc)
- JRC

For individual actions legal Host entities must be based in Member States and Associated Countries except only for the re-integration phase of an IIF, where the host organisation is established in an ICPC.

Appendix 1 European Union

A1.1 States Participating in the Framework Program

A1.1.1 Member States

The European Union from 1 January 2007 is comprised of the following twenty seven member states -

- Austria
- Belgium
- Bulgaria
- Cyprus
- Czech Republic
- Denmark
- Estonia
- Finland
- France
- Germany
- Great Britain
- Greece
- Holland
- Hungary
- Ireland
- Italy
- Latvia
- Lithuania
- Luxembourg
- Malta
- Poland
- Portugal
- Romania
- Slovakia
- Slovenia
- Spain
- Sweden

A1.1.2 Associated Countries

The following 13 countries have concluded Associated Agreement as of 1 Jan 2010 -

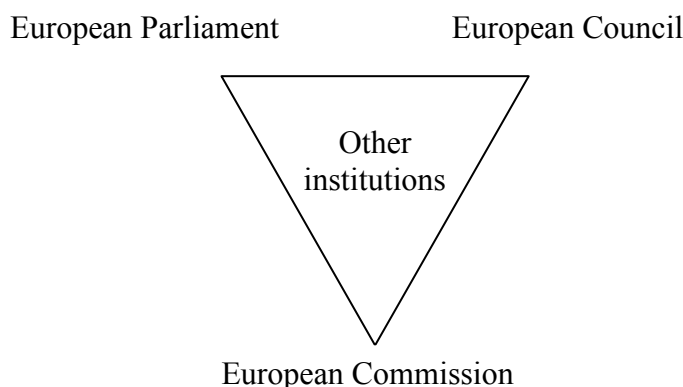
- Albania
- Bosnia
- Croatia
- Faroe Islands
- FYR of Macedonia
- Iceland
- Israel
- Liechtenstein
- Montenegro
- Norway
- Serbia
- Switzerland
- Turkey

A1.1.3 International Cooperation Partner Countries (ICPC)

"International Cooperation Partner Country" means a third country which the Commission classifies as a low-income, lower-middle-income or upper-middle-income country and which is identified as such in the work programs. For a complete list with notes, see <ftp://ftp.cordis.europa.eu/pub/fp7/docs/icpc-list.pdf>

A1.2 Organisation of the European Union Institutions

The European Union "Government" has three primary institutions and several other minor ones that I will not elaborate here. From the Framework Program perspective the most important entity is the Commission but it is best to view it in context with the other two major institutions it interfaces with, the European Parliament and the European Council. In effect, at the highest level the EU is governed by a triumvirate as follows -



A1.2.1 European Parliament

Elected every five years by direct universal suffrage, the European Parliament is the expression of the democratic will of the Union's 500 million citizens. Brought together within pan-European political groups, the major political parties operating in the Member States are represented. Parliament has three essential functions:

A1.2.2 Council of the European Union

The Council is the EU's main decision-making body. It is the embodiment of the Member States, whose representatives it brings together regularly at ministerial level. According to the matters on the agenda, the Council meets in different compositions: foreign affairs, finance, education, telecommunications, etc. The Council has a number of key responsibilities:

A1.2.3 European Commission

The European Commission embodies and upholds the general interest of the Union. The President and Members of the Commission are appointed by the Member States after they have been approved by the European Parliament. The Commission is the driving force in the Union's institutional system:

The Commission itself is subdivided into a number of Directorate Generals which are equivalent to Government Ministries. Each is headed by a political appointee, the Commissioner, equivalent to a government Minister. Under him is the Director General, who is equivalent to the top civil servant in the Ministry and is responsible for the day to day running of the DG.

The departments of the Commission directly involved in running FP7 are:

Directorates-general:

- Research
- Information Society and Media
- Mobility and Transport
- Education and Culture
- Enterprise and Industry
- Energy

Agencies:

- ERCEA (European Research Council Executive Agency),
- REA (Research Executive Agency)

Appendix 2 Glossary

3D	Three Dimensional
AAL	Joint Undertaking Ambient Assisted Living
AC	Additional Cost model with 20% fixed overhead rate Assistant Contractor designation - only in FP5
AC ARE	ETP Advisory Council for Aeronautics Research in Europe
ACC	Associate Candidate Countries
Access	A type of Take up measure
Access rights	Means licences and user rights to knowledge or pre-existing know-how
Accompanying Measure	An activity contributing to the implementation of the program or to the preparation of future activities of the program
Acknowledgement of receipt	Applicants are informed electronically after the deadline that a proposal has been successfully submitted (but not that it is necessarily eligible). Contact the FP7 Enquiry service urgently if you do not receive such an acknowledgement.
ACP	Africa, Caribbean, Pacific
Action Line	In the FP5 IST Workprogram Key Actions were broken down into areas and those into Technical topics. Proposals are submitted against a specific Action Line.
ACTS	Advanced Communications Technologies and Services (FP4 Program)
Adventure projects	Type of project to support research in "New and Emerging Science and Technology" (NEST). Adventure projects will be used to respond to unforeseen new scientific opportunities or to apply innovative and multidisciplinary approaches to address long-standing challenges.
AEC	Advanced Equipment Control
Agreed Upon Procedure	See AUP
AL	See Action Line
Allowable costs	See Eligible Costs
Ambient Intelligence	A concept in ICT that explores what should come beyond the current "keyboard and screen" interfaces to enable ALL citizens to access ICT services wherever they are, whenever they want, and in the form that is most natural for them. It involves new technologies and applications both for the access to, and for the provision of applications and services. It calls for the development of multi-sensor interfaces which are supported by computing and networking technologies present everywhere and embedded in everyday objects. It also requires new tools and business models for service development and provision and for content creation and delivery.
APC	Advanced Process Control
API	Application Programming Interface
Applicant	The term used generally for a person or entity applying to the Framework Program. The term 'participant' is used in the more limited sense of a member of a proposal or project consortium
ARTEMIS	Embedded Computer Systems ETP
Artemesia	ARTEMIS Joint undertaking
Article 169	New instrument for FP6 and FP7 relating to complementary funding for Member States national R&D programs - not used in FP6 by IST. However in FP7 ICT is initiating an AAL initiative using this mechanism

Article 171	An article under which the Community may set up joint undertakings or any other structure necessary for the efficient execution of Community research, technological development and demonstration programs
Assessments	Type of Take-up measure or type of FET Open project
Assessment Action	This is specific type of IP. Aims at assessment of prototype equipment and materials in state-of-the-art manufacturing.
Associated Country (or State)	"associated country" means a third country which is party to an international agreement with the Community, under the terms or on the basis of which it makes a financial contribution to all or part of the Seventh Framework Program. The list of associated countries is given in Appendix 1.
Audit certificates	FP6 term now formally called "Certificate on Financial Statement" Audit certificate are used to enable the Commission to ensure that the costs charged to a European Community funded research project meet the conditions for financial support. In most contracts, contractors shall provide audit certificates prepared and certified by an external auditor (for public bodies by a competent public officer) at least once during the life of the project. (in Integrated Projects and Networks of Excellence each contractor must provide one per year). The audit certificate shall certify that the costs: <ul style="list-style-type: none"> • are incurred during the duration of the project, • are recorded in the accounts of the contractor, • are determined in accordance with the usual accounting principles of the contractors, • meet the other main contractual requirements regarding eligibility of costs (except for necessity).
AUP	Agreed Upon Procedure - Certification of a participant's in house system in which the auditor provides information according to a specific format specified via agreed terms of reference (ToR) ToR is annexed to the Grant Agreement (Annex VII) AUP is derived from common practice in audits and corresponds to international audit standards 2 types of AUP: Report of factual findings on expenditure verification system verification
Background	"background" means information which is held by participants prior to their accession to the grant agreement, as well as copyrights or other intellectual property rights pertaining to such information, the application for which has been filed before their accession to the grant agreement, and which is needed for carrying out the indirect action or for using the results of the indirect action
Beneficiary	New term in FP7 for what was always known as Contractor
Best Practice actions	Type of Take-up measure . In FP6 and FP7 can only exist within IPs
BioFuels	European Biofuels ETP
Budget	Budget means a financial plan estimating all the resources and expenditure needed to carry out a research activity.
Bursary: (international co-operation training bursary)	Granted for training activities only e.g. to allow the applicant to learn a new scientific technique or to work on a particular experiment or set of experiments where the host institution has particular expertise and which cannot be performed in the home institution of the candidate.
CA	See Coordination Action
CA	Consortium Agreement

Call fiche	The part of the work program giving the basic data for a call for proposals (e.g. topics covered, budget, deadline etc). It is posted as a separate document on the CORDIS web page devoted to a particular call.
Call for Proposals (or Call)	An announcement, usually in the Official Journal, inviting proposals for research activities in a certain theme. Full information on the call can be found on the CORDIS website.
Candidate Countries	Those NAS countries that are in process of becoming members of the EU
CAP	See Common Agricultural Policy
CEC	Commission of the European Communities
CERN	European Organisation for Nuclear Research
Certificate on Financial Statement	See CFS
Certification (of a proposal)	The process in FP5 by which the Coordinator may apply a digital signature to the proposal, before it was submitted to the Commission.
CFP	See Common Fisheries Policy
CFS	Certification on Financial Statements - what was called "Audit Certificate"
Change of control	Means any change in the control exercised over a contractor
CIP	Competitiveness and Innovation Program
Cluster	A group of RTD projects and/or other cost-shared actions and/or accompanying measures that address a common theme or area of interest.
CMOS	Complementary metal-oxide semiconductor
CND	See Communication Network Development
CNI	See Construction of New Infrastructure
COFUND	EU Co-funding of National programs – part of People program.
Collaborative Project	Known as CP. New term in FP7 that includes both Small or medium scale focused research actions and Large scale integrating projects interpreted differently under the ICT program.
Collective Research	A special SME instrument (together with Cooperative Research). Collective Research is a form of research undertaken by RTD performers on behalf of Industrial Associations/Groupings in order to expand the knowledge base of large communities of SMEs and to improve their general standard of competitiveness
Collective Responsibility	This is a mechanism applied in FP6 and modified in FP7 contracts by which a contractor may be held liable, technically and/or financially, fully or partially, for the action of another contractor. It is a consequence of the principle of autonomy of the consortium, which can decide about the allocation of the grant and the tasks. It is applied as a last resort in the case of a breach of the contract by one or more participants. Financial liability of a participant is limited in proportion to the participant's share of costs in the project, up to the total payment it is entitled to receive. International organisations, public bodies or entities guaranteed by MS/AS are solely responsible for their own debts.

Comitology	<p>Under the Treaty establishing the European Community, it is for the Commission to implement legislation at Community level (Article 202 of the EC Treaty, ex-Article 145). In practice, each legislative instrument specifies the scope of the implementing powers granted to the Commission and how the Commission is to use them. Frequently, the instrument will also make provision for the Commission to be assisted by a committee in accordance with a procedure known as "comitology".</p> <p>The committees consist of representatives from Member States and are chaired by the Commission. There are different categories of committees (advisory, management, regulatory).</p> <p>For the implementation of FP7, the Commission is assisted by one management committee per specific program.</p>
Commissioner	<p>This is a member of the Commission. They are appointed by the member countries and are similar to Government Ministers in that they head different Directorate Generals.</p>
Common Agriculture Policy	<p>The Common Agricultural Policy (CAP) is the set of legislation and practices adopted by the Member States of the European Union in order to provide a common, unified policy on agriculture. The CAP is the most integrated of the Community-wide policies implemented by the EU. It aims to ensure that agriculture can be maintained over the long term at the heart of a living countryside. This means that the policy is targeted not just at agricultural producers but also at the wider rural population, consumers and society as a whole.</p>
Common Fisheries Policy	<p>Common Fisheries Policy (CFP) are a set of common rules and regulations covering all aspects of Community policy and activities in the fisheries sector.</p>
Communication Network Development	<p>Communication Network Development (CND) are a special type of Specific Support Action within the "Research infrastructures" activity.</p> <p>The objective of this scheme in support of existing research infrastructures was to create a denser network between related initiatives, in particular by establishing a high-capacity and high-speed communications network for all researchers in Europe (GÉANT) and specific high performance Grids and test-beds (GRIDs).</p> <p>In general, the Communication Network Development scheme will be concerned with the development of a "cyber-infrastructure" for Research capitalizing on new computing and communication opportunities and will promote a further breadth and depth to the collaboration amongst researchers in Europe. In this context, broadband communication networks and Grid technologies are key; in general, they are also highly relevant to the political goals set out by the European Research Area and the eEurope+ initiative and should be used as a means to enhance scientific co-operation with third countries.</p>

Community financial contribution	<p>For indirect actions in FP, in general the European Union contributes only a certain percentage of the total costs of a project. Participants have to mobilise their own resources accordingly. The percentage of the financial contribution depends on the type of activities to be carried out in the instruments and can be in the form of:</p> <p>a grant to the budget, as a contribution to the cost incurred, with specified maximum rates of support for the different types of activity within the project;</p> <p>a grant for integration, as a fixed amount to support the joint programme of activities of a Network of Excellence;</p> <p>a lump sum for certain specific support actions, scholarships and prizes.</p>
Competitive call	<p>In FP6 and FP7, for Integrated Projects and Networks of Excellence, not all participants have to be identified already at the start of the contract. In the implementation plan or in the joint programme of activities, tasks and related costs can be defined, for which a participant has to be found later. For choosing new contractors, the consortium has to prepare a competitive call. Details will be fixed in the contract with the Commission.</p>
Concertation	<p>Euro English – i.e. French - the process by which representatives of various projects in a similar technical area meet together to discuss results and common problems.</p>
Consensus discussion	<p>The stage in the proposal evaluation process when experts come together to establish a common view on a particular proposal.</p>
Consortium	<p>Most funding schemes require proposals from a number of participants (usually at least three) who agree to work together in a consortium.</p>
Consortium Agreement	<p>Means an agreement that contractors conclude amongst themselves for the implementation of this contract. Such an agreement shall not affect the contractors' obligations to the Community and to one another arising from this contract</p>
Construction of new infrastructures	<p>Construction of new infrastructures (CNI) is a special type of Specific Support Action within the "Research infrastructures" activity.</p> <p>This scheme may provide limited support aimed at optimising the European nature of key new infrastructure of Europe-wide interest. Support may also be granted for a major enhancement or upgrading of existing infrastructures, in particular where this would constitute an alternative to the construction of a new infrastructure. Where appropriate, the scheme may also contribute to the construction of an infrastructure of world wide relevance that does not exist in Europe. In general, funding provided for new or enhanced infrastructures will be limited to the minimum necessary to catalyse the activity; the major part of construction and operation, and the long-term sustainability of the infrastructures in question being assured by national and/or other sources of finance</p>
Continuous submission	<p>Some calls are open for an extended period, during which proposals may be submitted at any moment. In these cases, proposals are evaluated in batches after fixed cut-off dates.</p>
Contract	<p>A grant agreement between the Community and the participants concerning the performance of an indirect action establishing rights and obligations between the Community and the participants on the one hand, and between the participants in that indirect action on the other</p>

Contractor	<p>A project participant who has a wide-ranging role in the project throughout its lifetime</p> <p>Means a signatory to the contract (and the JRC when it participates in the contract via an administrative agreement), other than the Community</p> <p>In FP7 renamed Beneficiary</p>
Contract Preparation Forms	Old name for Grant agreement Preparation Forms
Cooperative research project (for SMEs)	Projects enabling at least three mutually independent SMEs from at least three Member States or Associated Countries to jointly Commission research carried out by a third party. Also known as CRAFT.
Coordination or Networking Actions	New term in FP7 for what was previously known as a Coordination Action
Coordination Actions	Coordination actions are one of the instruments to implement FP6 and FP7. They are intended to promote and support the networking and coordination of research and innovation activities. They will cover the definition, organisation and management of joint or common initiatives as well as activities such as the organisation of conferences, meetings, the performance of studies, exchange of personnel, the exchange and dissemination of good practices, setting up common information systems and expert groups.
Coordination and support actions	New term in FP7 that includes both Coordination or Networking Actions and Specific support actions .
Coordinator (Coordinating contractor)	<p>Lead contractor in a Community action, delegated by the consortium for the role of co-ordination with the Commission.</p> <p>Means the contractor identified in this contract who, in addition to its obligations as a contractor, is obliged to carry out the specific coordination tasks provided for in the contract on behalf of the consortium</p>
CORDIS	This is an externally funded activity that maintains the central R & D database on behalf of the Framework Program.
CORDIS service	A web service providing access to all the documentation related to FP7, and access to the electronic proposal submission service.
COST	COST is an intergovernmental framework for European Co-operation in the field of Scientific and Technical Research (http://cost.CORDIS.lu/src/home.cfm), allowing the co-ordination of nationally funded research on a European level. COST Actions cover basic and pre-competitive research as well as activities of public utility.
Cost Models	<p>For the reporting of costs in FP6 contracts, participants had to use one of the three following models:</p> <ul style="list-style-type: none"> • Full Cost (FC) • Full Cost with indirect flat rate cost (FCF) • Additional Cost with indirect flat rate cost (AC) <p>Access to a particular cost model depends on the type of organisation and how it is able to account for indirect costs. The full cost model is the standard model applicable in all circumstances, but it requires the contractor to be able to calculate its real overheads associated with the project.</p> <p>In FP7 the terminology has been replaced by Funding Regime.</p>
CP	See Collaborative Project
CPA or CPC or CPT	Cross-program Action or Cluster or Theme (in previous IST Programs)
CPF	See Contract Preparation Forms
CRAFT	See Co-operative research project (for SMEs)

CREST	CREST is the Scientific and Technical Research Committee responsible for assisting the Community institutions in the field of scientific research and technological development.
CRI	Colour Rendering Index
critical mass	Criterion introduced in FP6 instruments - see detailed description in the text for each instrument
CSA	See Coordination and Support Action
Cut-off date	An intermediate date in the context of a call operating a continuous submission procedure. Proposals are evaluated in batches after each cut-off date.
Dante	Organisation contracted to implement the Geant project
Deadline	For a particular call, the moment after which proposals will not be received by the Commission, and when the Electronic Proposal Submission Service closes for that call. Deadlines are strictly enforced.
Deliverable	A deliverable represents a verifiable output of the project. Normally, each workpackage will produce one or more deliverables during its lifetime. Deliverables are often written reports but can also take another form, for example the completion of a prototype etc. It appears that in 2010 at least some project officers have defined deliverable month as to be 1st of that month.
Demonstration	In FP7 this is now uniformly defined as "Demonstration activities, designed to prove the viability of new technologies that offer a potential economic advantage, but which cannot be commercialised directly (e.g. testing of product like prototypes)." The latter phrase may cause problems for those trying to avoid 50% funding.
Demonstration Project	Projects designed to prove the viability of new technologies offering potential economic advantage but which cannot be commercialised directly. Has a special meaning in that it impacts the funding level.
Design Studies	Design studies are a special type of Specific Support Action within the "Research infrastructures" activity . The objective of this scheme is to contribute to feasibility studies and technical preparatory work concerning new infrastructures of European significance, undertaken by one or a number of national or international authorities. Studies related to future facilities of world-wide relevance which do not exist in Europe, but in which European institutions intend to participate, are also included. The upgrading of existing facilities may also be considered, provided the end result can be expected to be equivalent to, or capable of replacing, a new infrastructure
DG	See Director(ate) General
Direct action	An RTD activity undertaken by the JRC in the execution of the tasks assigned to it under the sixth Framework Program
Director(ate) General	Directorate General (DG) is an administrative unit of the Commission. Currently the Commission is divided into about 30 DGs (and comparable services). Five of them are involved in the management of FP7: DG Research (RTD), DG Information Society (INFSO), DG Transport and Energy (TREN), DG Enterprise (ENTR), DG Fisheries (FISH). The Director General is the top civil servant in charge of an individual Directorate General

Dissemination	This is the active and/or passive distribution of information about a project - it is mandatory to different extents in every project. Can also be seen as a surreptitious way of marketing. The disclosure of knowledge by any appropriate means other than publication resulting from the formalities for protecting knowledge
Dissemination plan	A plan of how to carry out the above
Doctoral student	Within a Network of Excellence, doctoral students mean students who are enrolled on a recognised course of doctoral studies run by one of the contractors and who do not meet the conditions to be considered as a researcher.
DRIVE	A part of the FP2 and FP3 which dealt with transport telematics
Early-stage researchers	See ESR
EC	European Commission
ECB	European Central Bank
ECGA	EC Model Grant Agreement for FP7
eContent	A EU funded program outside of the Framework Program, now included in CIP
ECTP	European Construction Technology Platform
EEA	See European Economic Area
EEIG	See European Economic Interest Group
EEN	See Enterprise Europe Network
eInclusion	ICT assistance for disabled and elderly communities
EIB	European Investment Bank
EIC	See Euro Info Centres
EIR	Ethical Identification Report - a report submitted by proposal evaluators to be considered by an ethical review panel. See Ethical Review
EIROForum	Partnership of Europe's seven largest intergovernmental research organisations (http://www.eiroforum.org/)
EIT	See European Institute of Innovation and Technology
Eligibility criteria	The minimum conditions which a proposal must fulfil if it is to be evaluated. The eligibility criteria are generally the same for all proposals throughout FP7, and relate to submission before the deadline, minimum participation, completeness and scope. However, specific eligibility criteria may apply to certain calls, and applicants should check the work programme.
Eligible costs	Costs that are reimbursable in full or in part by the Commission, under the terms of the Contract that is the basis for the project.
EMBL	European Molecular Biology Laboratory
eMobility	Mobile and Wireless Communications ETP
ENIAC	European Nanoelectronics Initiative Advisory Council (ETP)
Enquiry service	A general information service on all aspects of FP7. http://ec.europa.eu/research/enquiries
Enterprise Europe Network	This is the new name for what was called IRCs in FP6.
EPoSS	European Technology Platform on Smart Systems Integration
EPSS	Electronic Proposal Submittal Service - A web-based service which must be used to submit proposals to the Commission. Access is given through the CORDIS website, or via a specific site.

ER	Experienced Researcher – used within People Program
ERA	See European Research Area
ERA-NET	The ERA-NET scheme will be the principal means for the Sixth and Seventh Framework Programs to support the co-operation and co-ordination of research activities carried out at national or regional level.
ERA-NET Plus	Under ERA-NET Plus actions, the Commission provides an incentive to the organisation of joint calls between national or regional research programmes by 'topping-up' joint trans-national funding with Community funding.
ERC Executive Agency	Manages the outsourcing of the Ideas Program via the European Research Council
ERG	European Reintegration Grants – part of People Program
ERR	Ethical Review Report - Result of a Proposal Ethical Review. See Ethical Review
ERRAC	European Rail Research Advisory Council (ETP)
ERTRAC	European Road Transport Research Advisory Council (ETP)
ESA	See European Space Agency
ESF	European Science Foundation
ESO	European Southern Laboratory
ESPRIT	FP1, 2, 3 and 4 Program – European Strategic Program for R&D in IT
ESR	Evaluation Summary Report – The assessment of a particular proposal following the evaluation by independent experts. It normally contains both comments and scores for each evaluation criterion.
ESR	Early-stage researchers - used within People Program
Ethical review	An ethical review will be implemented systematically by the Commission for proposals dealing with ethically sensitive issues. In specific cases, further ethical reviews may take place during the implementation of a project. Participants in FP projects must conform to current legislation and regulations in the countries where the research will be carried out. They must seek the approval of the relevant ethics committees prior to the start of the RTD activities, if there are ethical issues involved
ESTP	European Space Technology Platform (ETP)
ESTEP	European Steel Technology Platform (ETP)
ETP	See European Technology Platform
ETP SMR	European Technology Platform on Sustainable Mineral Resources
ETSI	European Telecommunications Standards Institute
EU	European Union
EuMAT	Advanced Engineering Materials and Technologies (EuMAT)
EURAB	See European Research Advisory Board
EURATOM	Is the abbreviation for the European Atomic Energy Community, one of the building blocks of the European Union. In relation to FP, the obligations of the EurAtom treaty in the field of research are reflected in the specific program on nuclear research.
EURAXESS	http://ec.europa.eu/euraxess - part of People Program
EUREKA	A Europe-wide Network for Industrial R&D (www.eureka.eu)

Euro Info Centres	Act as an interface between European institutions and the local level (http://europa.eu.int/comm/enterprise/networks/eic/eic.html). Euro Info Centres are close to the enterprises in order to help them gain easier access to the opportunities presented by Europe and to prepare them for crucial milestones, such as the Euro, electronic commerce, enlargement etc. The EICs cover some 300 contact points in 265 towns and across 37 countries within Europe providing information, advice and assistance to SMEs.
EUROP	Robotics ETP
European Economic Area	This now consists of Iceland, Liechtenstein and Norway and has a special relationship with the EU - see EEA .
European Economic Interest Group	European Economic Interest Group (EEIG) created by Council Regulation 2137/85 of 25 July 1985 (Official Journal No L 199 of 31 July 1985) is a legal instrument allowing companies to cooperate with partners based in other Community countries for the realisation of a specific project in a loose, flexible form of association and on an equal legal footing while maintaining their economic and legal independence. See EEIG
European Institute of Innovation and Technology	Being set up in 2008. See section A1.2.6
European Reintegration Grants	See ERG
European Research Advisory Board	European Research Advisory Board (EURAB) is a high-level, independent, advisory committee created by the Commission to provide advice on the design and implementation of EU research policy. EURAB is made up of 45 top experts from EU countries and beyond. Its members are nominated in a personal capacity and come from a wide range of academic and industrial backgrounds, as well as representing other societal interests.
European Research Area	New politically correct catch phrase to denote the synergistic cohesion of the various R&D programs both national and multinational within the EU.
European Space Agency	The European Space Agency is Europe's gateway to space. Its mission is to shape the development of Europe's space capability and ensure that investment in space continues to deliver benefits to the people of Europe. ESA has 15 Member States. By coordinating the financial and intellectual resources of its members, it can undertake programmes and activities far beyond the scope of any single European country.
European Technology Platform	This is a new Euro buzz word introduced late 2003, as part of the planning for FP7. Initially it was a set of meetings per important technology sector at which the major European actors could be mobilised to identify strategies and future directions. In 2008 several selected ETPs are proceeding to create JTIs
Eurostars	European innovation programme managed by EUREKA, to provide funding for market-oriented research and development specifically with the active participation of R&D-performing small and medium-sized enterprises
Evaluation	The process by which proposals are retained with a view to selection as projects, or are not retained. Evaluation procedures are fully transparent and published in the Evaluation Manual Evaluation is conducted through the application of Evaluation Criteria identified in the Workprogram.

Evaluation criteria	The criteria against which eligible proposals are assessed by independent experts. The evaluation criteria are generally the same for all proposals throughout FP7, and relate to S/T quality, impact and implementation. Relevance is also considered. However, specific evaluation criteria may apply to certain calls, and applicants should check the work program, and annex 2 to the Guide for Applicants.
Evaluation Summary Report	See ESR
Experienced Researcher	See ER
Exploitation	Exploitation plan - mini business plan required within most RTD proposals
FABRE	Farm Breeding and Reproduction Technology Platform
FC	Full Cost with calculated overhead
FCF	New cost basis in FP6, that replaced FF which essentially provided a fixed overhead of 20% to costs excluding subcontracts
Fellowship	Marie Curie fellowships are either fellowships, where individual researchers apply directly to the Commission, or host fellowships, where institutions apply to host a number of researchers
FET	Future and Emerging Technologies – more academic long term part of ICT R&D activities
FET Open	Part of FET program where topics are not predefined and runs under continuously open calls
FET Proactive	Second part of FET program which is implemented via fixed calls and on specific long term research topics
FF	Full Cost with fixed overhead of 80%- Only in FP5
Financial Guidelines	In FP7 term replaced by Financial Rules . The financial guidelines of the Sixth Framework Programmes (FP6 Financial Guidelines) were intended to provide to the participants in FP6 projects, as well as to the Commission services, in a single and, as far as possible, complete document: - information on the financial aspects of the main indirect actions of the Sixth Framework Programmes; - relevant references to the applicable legal framework; - concrete examples, as well as suggestions for good financial practices to be applied when carrying out EC-funded RTD projects. The guidelines include sections on: the first principles; the nature of the grant; the principles applicable to grants which reimburse eligible costs; the Community financial contribution (including cost models); subcontracts; collective responsibility; sanctions and recoveries.
Financial Regulations	The Council Regulation (EC, EURATOM) No 1605/2002 of 25 June 2002 on the "Financial Regulation applicable to the general budget of the European Communities" and the Commission regulation laying down detailed rules for the implementation of this Council Regulation.
Financial Rules	Formally known as Financial Guidelines
FI-PPP	Future Internet PPP
FIRE	Future Internet Research and Experimentation
FOOD	Food for Life ETP
FORCE	This is the system newly introduced for on-line submittal of Form Cs.

Foreground	"foreground" means the results, including information, whether or not they can be protected, which are generated by the indirect action concerned. Such results include rights related to copyright, design rights, patent rights, plant variety rights or similar forms of protection.
Forestry	Forest Based Sector Technology Platform
Form C	This is the form used by a participant reports costs incurred in a project to the Coordinator/CEC.
FP	Framework Program (EU - Sixth FP is FP6 etc.)
FTC	Future Textiles and Clothing ETP
Fundamental research	Fundamental research is an activity designed to broaden scientific and technical knowledge not directly linked to industrial or commercial objectives.
Funding Regime	Formally known in FP6 as Cost Model
Funding Scheme	Prior to FP7 known as Instrument . The type of support that can be given to a project within a call. The funding schemes have different objectives, and are implemented through different grant agreement conditions.
GAAP	Generally Accepted Accounting Procedures – see IFRS
GAH	Global Animal Health ETP
Galileo	A constellation of 24 to 30 Medium Earth Orbit (MEO) Satellites supporting a Global Navigation service. This primary vocation will, in time, permit the development of various Value Added Services.
Geant	On going project within IST used as a means to support the European High Speed Backbone Research Network
Gender Action Plan	Proposals for Integrated Projects and Networks of Excellence have to comprise a gender action plan indicating actions and activities that will be developed to promote the role of women as participants in the project. The action plan is a set of measures chosen by the contractor, according to its analysis of what is appropriate in the frame of the project, and on the basis of its comprehension of the gender issue in science. The action plan can include measures such as (examples only, other measures welcome): taking special action to bring more women into the project, linking with networks of women scientists in the field of the project, hiring gender experts to review/audit/monitor the gender dimension of the project, organising a seminar/conference/workshop to raise awareness about the need to increase gender equality in the field of the project, conduct surveys/analysis,
GEOSS	Global Earth Observation System of Systems (www.epa.gov/geoss/)
GIS	Geographic Information System
GMES	Global Monitoring for Environment and Security - http://gmes.jrc.it/
GNSS	Global Navigation Satellite Systems

GPF	<p>Grant agreement Preparation Forms (formally called CPF)</p> <p>For successful proposals, the Commission will enter into negotiations to prepare a contract. The necessary administrative information from the consortium is collected in a set of forms, called Grant agreement Preparation Forms (GPFs). For preparing these forms, coordinators have to use a software called GPF editor (to be downloaded at http://www.CORDIS.lu/fp6/find-doc.htm#GPF).</p> <p>From 2008 in most cases a new tool caused NEF (Negotiation Facility) is used to prepare the GPFs online.</p> <p>The electronic templates for the GPFs, pre-filled with data from the proposal, will be sent to the coordinator together with the letter opening the contract negotiation.</p> <p>The GPFs cover only the administrative data of the contract. In addition to the administrative GPFs, coordinators have to provide a description of the work, the final version of which will be an annex to the contract.</p>
Grant Agreement	See Model Grant Agreement
Grant agreement Preparation Forms	See GPF
Grant for integration	For Networks of Excellence, the Community financial contribution shall take the form of a fixed grant for integration to attain the objective of the joint programme of activities. The amount of the grant is calculated taking into account the degree of integration, the number of researchers that all participants intend to integrate, the characteristics of the field of research concerned and the joint programme of activities. This contribution is to be used to complement the resources deployed by the participants in order to carry out the joint programme of activities.
Grant to the budget	For Integrated Projects and other instruments, with the exception of those which require a public procurement procedure and those for which a lump sum contribution is made, the Community financial contribution shall take the form of a grant to the budget. It is calculated as a percentage of the costs estimated by the participants to carry out the project, adapted according to the type of activity (research, demonstration, training...) permitted by the instrument and taking into account the cost model used by the participant concerned.
Hearing	Applicants whose proposals have been favourably evaluated are sometimes invited to Brussels to answer any specific questions raised by the experts. Mainly applies to IPs and NoEs.
HFSP	Human Frontier Science Program (www.hfsp.org)
I3	See Integrated Infrastructure Initiative
IAPP	Industry Academia Partnerships and Pathways – part of the People program
ICPC	International Cooperation Partner Country (formally known as INCO)
ICT	Information and Communications Technologies
ICTC	Information and Communication Technologies management Committee
ICM	Indirect Cost Model
IEIO	International European Interest Organisation – used in People Program
IEF	Intra- European Fellowships – part of People Program
IETF	Internet Engineering Task Force
IFRS	International Financial Regulation Standard. Replaces GAAP from 2008
IIF	Incoming International Fellowships – part of People Program

Implementation Plan	<p>Means the description of the work to be carried out in order to implement the <i>project</i> as set out in Annex I of the contract.</p> <p>For an Integrated Project it consists of two parts -</p> <ul style="list-style-type: none"> - a detailed implementation plan: providing a detailed description of the work to be carried out over the eighteen-month period¹ covered by one period as defined in Article 6 and the first six months of the following period, together with a detailed financial plan for the same eighteen-month period, containing estimates of eligible costs broken down by <i>contractor</i> and by activity. - an outline implementation plan: providing an outline description of the work to be carried out throughout the duration of the <i>project</i>, including a non-confidential action plan for the promotion of gender equality within the <i>project</i>
IMS	Intelligent Manufacturing Systems Initiative (http://www.ims.org/)
INCO	Acronym for the international co-operation activities in FP6, i.e. the activities on co-operation with third countries. These are a part of the specific programme "Integrating and strengthening European research". Replaced by ICPC in FP7
Incoming International Fellowships	See IIF
Independence	<p>Independence is defined as -</p> <ol style="list-style-type: none"> 1. Two legal entities shall be independent of one another where there is no controlling relationship between them. A controlling relationship shall exist where one legal entity directly or indirectly controls the other or one legal entity is under the same direct or indirect control as the other. Control may result in particular from: <ul style="list-style-type: none"> (a) direct or indirect holding of more than 50% of the nominal value of the issued share capital in a legal entity, or of a majority of voting rights of the shareholders or associates of that entity; (b) direct or indirect holding in fact or in law of decision-making powers in a legal entity. 2. Direct or indirect holding of more than 50% of the nominal value of the issued share capital in a legal entity or a majority of voting rights of the shareholders or associates of the said entity by public investment corporations, institutional investors or venture-capital companies and funds shall not in itself constitute a controlling relationship. 3. Ownership or supervision of legal entities by the same public body shall not in itself give rise to a controlling relationship between them.
Indirect action	Means an RTD activity undertaken by one or more participants by means of an instrument of the Framework Program
Individual assessment	The stage in the evaluation process when experts assess the merits of a particular proposal before discussion with their peers.
IndustrialSafety	Industrial Safety ETP
Industry Academia Partnerships and Pathways	See IAPP
Industrial research	Research and investigation activities aimed at the acquisition of new knowledge with the objective to use such knowledge for developing new products, processes or services or in bringing about a significant improvement in existing products, processes or services.

Information days	Open events organised by the Commission to explain the characteristics of specific calls, and often as well, a chance for potential applicants to meet and discuss proposal ideas and collaborations.
Initial information letter	A letter sent by the Commission to applicants shortly after the evaluation by experts, giving a report from the experts on the proposal in question (the Evaluation Summary report).
IoT	Internet of Things
Initial Public Offering	This is when a privately held company makes a public offering to sell shares in the company.
Initial Training Networks	See ITN
Innovation	In FP6 had several different meanings depending on context, each with some legal implication – <ol style="list-style-type: none"> 1. A form of STREP not used in IST 2. An activity type in a STREP or IP 3. Generic meaning of “something new”
Innovation Relay Centres	These centres were created in order to facilitate the transfer of innovative technologies to and from European companies or research institutions. As a mover and shaker in innovation, the IRC network has become a leading European network for the promotion of technology partnerships and transfer mainly between small and medium-sized companies (SMEs). 68 regional IRCs span 30 countries including the EU, Bulgaria, Czech Republic, Cyprus, Estonia, Hungary, Iceland, Israel, Latvia, Lithuania, Norway, Poland, Romania, Slovak Republic, Slovenia and Switzerland. In FP7 they are renamed Enterprise Europe Network or EEN
Insight projects	Insight projects are type of project to support research in "New and Emerging Science and Technology" (NEST) under FP6. These are designed to investigate and evaluate new discoveries or phenomena which may bring new risks and potential problems for European society. Their aim will be to generate and consolidate scientific understanding, as well as to assist in formulating responses to address such problems.
Insist	Euro English for “would like”.
INSPIRE	Infrastructure for spatial information in Europe (www.ec-gis.org/inspire/)
Instrument	The mechanism for indirect Community intervention as laid down in Annex III of the Sixth Framework program, with the exception of Community financial participation pursuant to Article 169 of the Treaty. In FP7 now known as Funding Scheme
INTAS	INTAS is an independent International Association formed by the European Community, European Union Member States and like minded countries acting to preserve and promote the valuable scientific potential of the Newly Independent States of the former Soviet Union through East-West Scientific co-operation. INTAS implements a part of and is financed by the FP INCO activities.
Intra-European Fellowships	See IEF
Integrated Infrastructure Initiative	Type of instrument used by Research Infrastructures program in FP6 and FP7. It is a combination of IP and CSA.

Integrated Project	A new type of project introduced in FP6 that comprised a coherent set of component actions which may vary in size and structure according to the tasks to be carried out, each dealing with different aspects of the research needed to achieve common overall objectives, and forming a coherent whole and implemented in close coordination
Integrating Project	Renaming of Integrated Project in FP7 - definitions have changed.
Integration	Application of synergy, by which different fields of endeavour are brought together to yield results of far greater significance than would have been possible through individual and independent actions.
Intellectual property rights	Intellectual Property Rights cover all aspects of owning, protecting and giving access to knowledge and pre-existing know how.
International Cooperation Partner Country	"international cooperation partner country" means a third country which the Commission classifies as a low-income, lower-middle-income or upper-middle-income country and which is identified as such in the work programs.
International European Interest Organisations	See IEIO
International Financial Regulation Standard	See IFRS
International organisation	"international organisation" means an intergovernmental organisation, other than the Community, which has legal personality under international public law, as well as any specialised agency set up by such an international organisation;
International organisations of European interest	International organisations, the majority of whose members are European Union Member States or Associated States, and whose principal objective is to promote European scientific and technological cooperation
International Reintegration Grants	See IRG
International Research Staff Exchange Scheme	See IRSES
IOF	Outgoing International Fellowships – part of People Program
IP	See Integrated Project or Integrating Project
IP	Internet Protocol
IP	See Intellectual Property (rights)
IPO	See Initial Public Offering
IPR and IPRs	See Intellectual Property Rights
IPV4	Internet Protocol Version 4
IPV6	Internet Protocol Version 6
IRC	See Innovation Relay Centres
IRG	International Reintegration Grants – part of People Program
Irregularity	Any infringement of a provision of Community law or any breach of a contractual obligation resulting from an act or omission by a contractor which has, or would have, the effect of prejudicing the general budget of the Communities or budgets managed by them through unjustified expenditure.
IRSES	International Research Staff Exchange Scheme – part of People program
ISERD	Israel Europe Research and Development - Israel Directorate for Framework Program

ISI	Integral Satcom Initiative ETP
ISO	International Standards Organisation
IST	Information Society Technologies. Thematic Program of FP5 and FP6, addressing research issues towards a user-friendly Information Society. Replaced by ICT in FP7.
ISTAG	Information Society Technologies Advisory Group
ISTC	Information Society Technologies Committee. Term used in FP5 and FP6. See ICTC for FP7.
ITN	Initial Training Networks are part of the People Program
ITRS	International Technology Roadmap for Semiconductors
JPA	See Joint Program of Activities
Joint Program of Activities	The Joint Program of Activities is the plan of action for implementing a Network of Excellence. Network of Excellence are expected to induce and to manage processes of change: to remove mental, financial, technical and legal barriers to integration; to durably “institutionalise” the links between the institutions involved, which will imply the restructuring of the research portfolios and of the existing organizational structures. The JPA must show the serious commitment of all partners to organizational change.
Joint Research Centre	The Joint Research Centre of the European Commission.
Joint Research Unit	Is a structure having no legal personality, set up by two or more distinct research organisations
Joint Technology Initiative	This is the form of Public/Private partnership created by some ETPs .
Joint Undertaking	This is the legal entity set up to manage a JTI
JRC	See Joint Research Centre
JTC	Join Technical Committee, an association between ISO and the IEC (Information Engineering Committee)
JTI	See Joint Technology Initiative
JRU	See Joint Research Unit
JU	See Joint Undertaking
KA	See Key Action
Key Action	In FP5 Each Specific Program was divided into Key Actions, each covering a broad technical domain
Knowledge	The results, including information, whether or not they can be protected, arising from the project governed by the contract, as well as copyrights or rights pertaining to such information following applications for, or the issue of patents, designs, plant varieties, supplementary protection certificates or similar forms of protection.
Large scale integrating project	Previously known in FP6 as Integrated Project
LBS	See Location Based Services
LEAR	Legal Entity Appointed Representative – The person appointed by each organisation to manage that entities data stored in the central URF data base.
LED	Light Emitting Diode

Legal entity	Legal entities are natural persons or any legal persons created under the national law of their place of establishment, under Community law or under international law, having legal personality and being entitled to have rights and obligations of any kind in their own name.
Legal Entity Appointed Representative	See LEAR
Legitimate interest	A contractor's interest of any kind, particularly a commercial interest, that may be claimed in the cases provided for in the contract. To this end the contractor must prove that failure to take account of its interest would result in its suffering disproportionately great harm.
Leonardo da Vinci	A EU funded program outside of the Framework Program
Location Based Services	Push provision of information and assistance to mobile handset based on context of the users Location
MANUFUTURE	Future Manufacturing Technologies ETP
Marie Curie	See Fellowship
Member	In IST this was an optional designation used in FP5 for organisations joining a Network or Accompanying Measure
Member state	A state being a member of the European Union
Memorandum of Understanding	A legal agreement suggested for signature by individual organisations while building a consortium to make a proposal.
Milestone	Milestones are control points where decisions are needed with regard to the next stage of the project. For example, a milestone may occur when a major result has been achieved, if its successful attainment is a prerequisite for the next phase of work.
MITI	Japanese Ministry of International Trade and Industry
Model contract	Formally term now known as Model Grant Agreement For implementing indirect actions, the Commission concludes contracts with all participants of a project. These contracts are based on a standard model - this was termed the model contract in FP6.
Model Grant Agreement	Prior to FP7 known as Model Contract . The legal instrument that provides for Commission funding of successful proposals.
MOU	See Memorandum of Understanding
MS	See Member state
NANOMEDICINE	Nanotechnologies for Medical Applications ETP
NAS	New Associated State - States of Eastern and Central Europe that have become associated to the Framework Program.
National contact point	Persons officially nominated by the national authorities to provide tailored information and advice on each theme of FP7, in the national language(s).
NCP	See National contact point
NDA	Non-disclosure agreement - see Memorandum of Understanding
Necessary costs	FP6 term. In FP7 now referred to as "Costs used solely to achieve project objectives"
NEF	Negotiation Facility – this is an online tool introduced in 2008 for preparation of GPFs
Negotiation	The process of establishing a grant agreement between the Commission and an applicant whose proposal has been favourably evaluated, and when funds are available.

Negotiation Facility	See NEF
NEM	Networked and Electronic Media ETP
NEMS	Nano-Electromechanical Systems
NESSI	Networked European Software and Services Initiative ETP
Network of Excellence	New type of project introduced in FP6 to foster co-operation between centres of excellence in universities, research centres, enterprises, including SMEs, and science and technology organisations. The activities concerned will be generally targeted towards long-term, multidisciplinary objectives, rather than predefined results in terms of products, processes or services
New instruments	The specific aim of FP6 was not just to fund good research, but also to have a structuring and coordinating effect on the European research landscape, requires the application of new types of projects (new mechanisms for indirect Community intervention) bringing together a critical mass of resources and leading to lasting integration of research capacities. The three new instruments were Integrated Projects, Networks of Excellence and Programs implemented jointly by several Member States ("Article 169")
New member states	Term given to the ten countries that became members of the EU on 1 May 2004
NIGHT	Researchers' NIGHT – part of People program
NIS	Newly Independent State. Refers to those countries, now independent that formally were part of the Soviet Union - generally now excluding those regarded as NAS . New Israel Shekel - current Israeli currency
NMP	NMP is the acronym for the research priority "Nanotechnologies and Nanosciences, knowledge-based multifunctional materials, and new production processes and devices" in FP6 and FP7.
NMS	See New member state
NoE	See Network of Excellence
Novelty	Euro English for something new
NSF	National Science Foundation (http://212.208.8.14/nsf.htm)
OCS	Office of the Chief Scientist in Israel
OEM	Original Equipment Manufacturer
Official Journal	Legal journal of the EU where notices are publication
OLAE	Organic photonics technologies such as OLEDs (Organic Light-Emitting Diode) or OPVs (Organic Photovoltaics)
OLED	Organic Light Emitting Diode
Ombudsman	See www.ombudsman.europa.eu for complaints about the Commission
One-stage procedure	Within this procedure of proposal submission and evaluation in FP7, a full proposal has to be submitted immediately and will be the basis for evaluation and selection of projects to be funded (see also two-stage procedure).
OPV	Organic Photovoltaic
Outgoing International Fellowships	See IOF
P2P	Peer to peer
Part A	The part of a proposal dealing with administrative data. This part is completed using the web-based EPSS.

Part B	The part of a proposal explaining the work to be carried out, and the roles and aptitudes of the participants in the consortium. This part is uploaded to the EPSS as a pdf file
Participants	The members of a consortium in a proposal or project.
Pathfinder project	Pathfinder projects are type of project to support research in "New and Emerging Science and Technology" (NEST) under FP6. Pathfinder initiatives aim to help European scientists to take the lead in pioneering fields and build up European capabilities such fields. They are focused on clearly-identified areas with a long-term promise for Europe, preparing the ground for wider support to new fields in future European research programmes.
PCP	Pre-Commercial Procurement
PDM - URF	Participant Data Management – Unique Registration Facility – see also LEAR, PIC and URF
Peer review	Peer review means the evaluation of proposals with the help of independent external experts (peers). For FP, the procedures for the evaluation of proposals are described in detail in a Commission decision on "Guidelines on proposal evaluation and selection procedures".
Photonics21	Photonics ETP
Photovoltaics	Photo-voltaics ETP
PIC	Proposer Identification Code - see also URF
Plants	Plants for the Future ETP
PME	Petites Moyennes Enterprises – this is the French term for SME
PNP	One type of legal status of participants in FP. PNP means "Private Organisation, Non Profit" (i.e. any privately owned non profit organisation).
PPP	See: Public Private Partnership
PRC	One type of legal status of participants in FP. PRC means "Private Commercial Organisation including Consultant" (i.e. any commercial organisations owned by individuals either directly or by shares).
Pre-existing know-how	The information which is held by contractors prior to the conclusion of the contract, or acquired in parallel with the duration of the contract it, as well as copyrights or rights pertaining to such information following applications for, or the issue of, patents, designs, plant varieties, supplementary protection certificates or similar forms of protection. Also referred to as Background.
Pre-proposal check	An informal advisory pre-proposal check service may be offered by the Commission to the research community. The purpose is to advise potential proposers on whether the planned proposal fulfils some basic formal conditions (as e.g. the minimum number of participants from different countries) and if it appears to be within the scope of the call for proposals. The possibility of pre-proposal check is indicated in the guides for proposers.
Pre-Registration	Procedure by which proposers notify the Commission of their intention to submit a proposal - it is part of the registration process
Program Committee	A group of official national representatives who assist the Commission in implementing the Framework Program.
Project	All the work referred to in Annex I of a contract.
Proposal	A description of the planned research activities, information on who will carry them out, how much they will cost, and how much funding is requested

Protection of knowledge	Where knowledge created in FP projects is capable of industrial or commercial applications, its owner shall provide for its adequate and effective protection, in conformity with relevant legal provision, including the contract and the consortium agreement, and having due regard to the legitimate interest of the contractors concerned.
Protocol	A tool in FP5 to assist in proposal submittal
Public body	Means any legal entity established as such by national law, and international organisations.
PUC	One type of legal status of participants in FP. PUC means Public Commercial Organisation (i.e. commercial organisation established and owned by a public authority).
Public Partnership	<p>This is a new type of instrument introduced mid-FP7. Three such programs are initially envisaged</p> <ol style="list-style-type: none"> 1. "Factories of the Future" initiative for the manufacturing sector (€1.2 billion for R&D); 2. "Energy-efficient Buildings" initiative for the construction sector (€1 billion for R&D); and 3. "Green Cars" initiative for the automotive sector worth a total of €5 billion, of which €1 billion is for research activities. <p>The Commission foresees to provide a contribution of 50% to the total R&D budget from the budget of the 7th Framework Program, with matching investment coming from the private sector.</p>
QIPC	Quantum information processing and communication
QOS	Quality of Service
RA	See Research Agenda
RACE	A part of the FP2 and FP3 which dealt with broadband networking.
REA	See Research Executive Agency
Receipts	<p>To properly estimate the Community contribution, the budget of FP contracts must comprise in addition to the estimated eligible costs also the estimated eligible receipts of the contractors within the project. Receipts can be in the form of:</p> <ul style="list-style-type: none"> • Financial transfers or their equivalent to the contractor from third parties ; • Contributions in kind from third parties; • Income generated by the project.
Regulation	The Regulation of the European Parliament and of the Council concerning the participation of undertakings, research centres and universities and for the dissemination of research results for the implementation of the European Community Framework Program or the Regulation of the Council concerning the participation of undertakings for the implementation of the European Atomic Energy Community (Euratom) Framework Program.

Reimbursement rate	<p>For FP6 indirect actions, the Community contribution covers in general only a part of the eligible costs. The maximum reimbursement rates for costs incurred are determined by the type of activity:</p> <p>For contractors using the Additional Cost model: up to 100 % of their additional costs for all types of eligible activities (for the consortium management activity they may charge the cost of permanent personnel if they can determine their real costs).</p> <p>For contractors using the Full Cost or Full Cost Flat rate model:</p> <ul style="list-style-type: none"> • for research and technological development activities up to 50 % of eligible costs; • for demonstration activities up to 35 % of eligible costs; • for management of the consortium activities up to 100 % of eligible cost not exceeding 7% of the total Community financial contribution; • for training up to 100 % of eligible costs; • for other specific activities up to 100 % of eligible costs; <p>For rates in FP7 see Chapter 6</p>
Research Agenda	Created within JUs from the ETP SRA
Research Executive Agency	This is a new body being set up as part of the planned outsourcing of the Management of FP7
Research for SMEs	Is the name for what was previously called CRAFT
Researchers	Within a Network of Excellence, researchers means research staff with at least four years of research experience or those in possession of a doctoral degree. Additionally, a researcher must either be an employee of one of the contractors or be working under its direct management authority in the framework of a formal agreement between the contractor and the researchers employer.
Research Infrastructures	Facilities necessary for conducting research or for supporting the researchers. These may include research institutions, laboratories, test beds and other specialised research equipment, communications networks dedicated to research (including the Internet), libraries, learned bodies and other sources of knowledge.
Research Network	Dropped in FP6 and FP7 - but see Coordination Activity. Was a method of funding a network of researchers, enabling them to meet on a specific theme. Did not fund the research itself.
Research Organisation	"research organisation" means a legal entity established as a non-profit organisation which carries out research or technological development as one of its main objectives.
Research Training Networks	Promote training through research especially of researchers at pre-doctoral and at post-doctoral level
Reserve list	Due to budgetary constraints it may not be possible to support all proposals that have been evaluated positively. In such conditions, proposals on a reserve list may only be financed if funds become available following the negotiation of projects on the main list.
RF	Radio Frequency
RFID	Radio Frequency Identification
RHC	Renewable Heating and Cooling ETP
RN	See Research Network

Roadmap	Part of the Workprogram indicating which Technical topics are opened in each Call for Proposals , and at which time. The roadmap provides a means of focusing attention on areas or sub-areas of the Program in any specific Call , thereby optimising opportunities for launching collaborative projects and establishing thematic networks.
Roadmap project	Late in FP5 several IST areas launched such projects in preparation for FP6. Most of them metamorphosed into proposals to FP6. Such projects continue to be used in some specific areas in FP7.
RSFF	Risk-sharing Finance Facility. A new mechanism to foster private sector investment in research, by increasing the capacity of the EIB and its financial partners to provide loans for European RTD projects.
RTD	Research and Technology Development. RTD is also used to indicate one of the “types of actions addressed” in the Technical topics description. It then refers to R&D, Demonstration or Combined projects as defined in the Guide for Applicants.
RTD Performer	Means a legal entity carrying out research or technological development activities in funding schemes for the benefit of specific groups.
Rules of participation	Rules of participation means the Regulation of the European Parliament and of the Council concerning the rules for the participation of undertakings, research centres and universities in, and for dissemination of research results for, the implementation of the European Community Sixth Framework Program (2002-2006).
SA	See Support Action
SDK	Software Development Kit
SEA	Semiconductor Equipment Assessment action in FP5
Service Action	Specific type of IP. They support academic research, feasibility design, prototyping, training and education and through access to advanced tools
SICAs	Specific International Cooperation Actions
Simplified Method	For calculating indirect costs - see Chapter 6
SiP	System in Package
Small or medium scale focused research action	What was known as Specific Targeted Research Project prior to FP7
SmartGrids	European Technology Platform for the Electricity Networks of the Future ETP
SME	Small or Medium sized Enterprise - has fewer than 250 employees (full time equivalents); - has either an annual turnover not exceeding EUR 50 million, or an annual balance sheet total not exceeding EUR 43 million; and - conforms to the criterion of independence. See Independence (Note this is a new definition as of 1 Jan 2005)
SME Exploratory Award	Given to an SME to support the exploratory phase of a project (for up to 12 months). Supported by the Program of Innovation and Special Measures for SMEs. Was discontinued in FP6 and FP7.
SNETP	Sustainable Nuclear Technology Platform
SOC	System on a Chip
Socrates	A EU funded program outside of the Framework Program

Specific International Cooperation Action	In some calls on topics of mutual interest, special conditions apply to promote research collaborations between European organisations and those based in the International Cooperation Partner Countries (ICPC). This usually entails a minimum of two participants from EU or Associated countries, and two from ICPC.
Specific program	FP6 was subdivided into three sub-programs for the indirect actions plus two sub-programs for the direct actions. These 5 sub-programs were called specific programs.
Specific Support Action	(SSA) This is a term used in FP6. Now called Support Action
Specific Targeted Innovation Project	Specific Targeted Innovation Projects (STIP) are multi partner innovation projects. Their purpose is to support activities exploring, validating and disseminating new innovation concepts and methods at European level. The Community contribution is paid as a grant to the budget (percentage of total costs of the project).
Specific Targeted Research Project	This is the name introduced in FP6 for what was formally known as RTD project. In FP7 now known as " Small or medium scale focused research action ". Implementation is different in FP7
SRA	See Strategic Research Agenda
SSA	See Specific Support Action
Stimulation Action	This is a specific type of IP. Aimed at broadening the knowledge on a topic of a specific target audience.
STIP	See Specific Targeted Innovation Project
Strategic Research Agenda	The plan created and maintained by ETPs to define future r&D direction and needs as seen by its members.
STREP	See Specific Targeted Research Project
Subcontract	An agreement to provide services, supplies or goods concluded between a contractor and one or more subcontractors for the specific needs of the project.
Subcontractor	For specific tasks of a fixed duration, a proposal / project may include sub-contractors, who do not participate in the project and do not benefit from the intellectual property rights acquired through achievements of the project. Third party carrying out minor tasks related to the project, by means of a subcontract with one or more of the contractors
Submission Date	Equivalent to the closure date of a Call . The precise date and time by when proposals need to have been received by the Commission Services.
Subsidiarity	This principle states that work better done at the local level should not be carried out at the European level
Support Action	(SA) This is an action that contributes to the implementation of the ICT program or the preparation of future activities of the Program.
SusChem	Sustainable Chemistry ETP
Take up activities	Take-up activities are activities to promote the early or broad application of state-of-the-art technologies. Take-up activities include the assessment, trial and validation of promising, but not fully established, technologies and solutions, easier access to and the transfer of best practices for the early use and exploitation of technologies. In particular, they will be expected to target SMEs.
Take up measures	Measures stimulating diffusion and utilisation of technologies developed under RTD projects. A specific form of Accompanying Measure . In FP6 and FP7 can only exist within STREPs or IPs
TAP	Telematics Application Program

Targeted Research	A new name introduced in FP6 for projects previously known as RTD projects
Technical collective responsibility	Technical implementation of the project shall be the collective responsibility of the contractors. To that end each contractor shall take all necessary and reasonable measures to attain the objectives of the project, and to carry out the work incumbent on the defaulting contractor.
Telematics Application Program	One of the high level programs under FP3 and FP4, merged into IST in FP5
Terms of Reference	See ToR
Test bed	A test bed is used to integrate, test and validate new technologies in a close to real environment.
Thematic Network	Type of project discontinued in FP6 and replaced by Concerted Action.
Third country	A country means a state that is not a member state
Thresh-hold	For a proposal to be considered for funding, the evaluation scores for individual criteria must exceed certain thresholds. There is also an overall threshold for the sum of the scores.
TN	See Thematic Network
ToR	Terms of Reference used by AUP is annexed to the Grant Agreement (Annex VII)
TPWind	European Technology Platform for Wind Energy
Training activities	The purpose of training activities is to provide advanced training of researchers and other key staff, research managers, industrial executives (in particular for SMEs) and potential users of the knowledge produced within the project. Such training should contribute to the professional development of the persons concerned
Transnational access	The objective of this scheme is to sponsor new opportunities for research teams and individual researchers to obtain access to major research infrastructures, which are unique or rare in Europe and provide world-class service essential for the conduct of top-quality research. Community support will cover up to 100% of the costs of providing access to an infrastructure for research teams working in Member States and Associated States other than that where the operator of the infrastructure is located. Access costs will be calculated either on the basis of the Unit Fee system, or of the actual additional costs connected with making the access available. Applications shall be made by the institutions operating the major research infrastructures. Opportunities for potential users in the infrastructures selected will be published on the Internet
Trials (for users and suppliers)	Type of Take-up measure.
TRP	See Specific Targeted Research Project
Two stage submission	Some calls require proposals to be submitted in two stages. In this case, applicants initially present their idea in a brief outline proposal. This is evaluated against a limited number of evaluation criteria, or sub-criteria. Applicants successful in the first stage will be invited to submit a full proposal at the second stage, which will be evaluated against a broader range of criteria.
Ubiquitous	Refers to “anywhere any time”
Unique Registration Facility	See URF .

URF	Unique Registration Facility: a new way of participants to identify themselves within the system via a PIC , so they do not have to re-enter all their organisational details for each proposal/project. See also PDM - URF .
Use	The direct or indirect utilisation of knowledge in research activities or for developing, creating and marketing a product or process or for creating and providing a service
Use Action	Specific type of IP. Aim is to promote the integration and use of a specific technology
Valorisation	Euro English – French actually – meaning is "mobilisation"
VAT	Value Added Tax
Waterborne	Waterborne ETP
Weightings	The scores for certain evaluation criteria may be multiplied by a weighting factor before the total score is calculated. Generally, weightings are set to 1; but there may be exceptions and applicants should check the details in annex 2 to the guide for submitters.
Work package	A work package is a major subdivision of the proposed project with a verifiable endpoint normally a deliverable or a milestone in the overall project. These can be further divided into Tasks.
Workprogram	A formal document of the Commission that sets out the research objectives and topics to be addressed. It also contains information that is set out further in this guide, including the schedule and details of the calls for proposals, indicative budgets, and the evaluation procedure.
WP	See Work package
WSSTP	Water Supply and Sanitation Technology Platform
WTO	World Trade Organisation
ZEP	Zero Emission Fossil Fuel Power Plants ETP

Appendix 3 ICPC Participation

Organisations and researchers from an international cooperation partner country (ICPC) may receive funding from FP7. An ICPC is a third country which the European Commission classifies as a low-income, lower-middle-income or upper-middle-income country and which is identified as such in the work programmes. Moldova is categorised as a lower-middle-income country.

Organisations or individuals from countries outside of the EU and Associated States can participate in FP7:

- In the Capacities programme, in international activities promoting strategic cooperation
- In the People programme as beneficiaries of training and career development activities
- In the Ideas programme as participants in European-led research teams
- In the Cooperation programme as partners in projects

International cooperation is handled in different ways within different parts of FP7, as follows:

- Theme-oriented international cooperation actions are carried out under the Cooperation programme;
- The international actions in the area of human potential are carried under the People programme;
- The 'INCO' activities under the Capacities programme are designed to support and stimulate the participation of third countries in FP7. The deliverables include:
 - Identification of S&T priorities with third countries to be used by the Themes under Cooperation;
 - Supporting and strengthening of participation of third countries in FP7;
 - Reinforcing bilateral S&T cooperation with targeted third countries;
 - Coordinating S&T national programmes of EU Member States with third countries.

Cooperation part of FP7 - Each R&D project must have a minimum of three independent legal entities from three different EU Member States or Associated countries (See Appendix 1 for a full list of Associated Countries) Provided this minimum has been achieved, any number of additional participants from other countries can be included. **For Support Actions (SAs) there are no restrictions; proposals may be presented by even a single organisation from any country.**

Rule relating to third country participation in the Capacities, People and Ideas programs are dependent on the specific action and the relevant work program and Guide for Applicants should be consulted.

A3.1 Cooperation Projects Funding

Third country participants on the list of International Cooperation Partner Countries (ICPCs) are funded by the Commission. Normally they are funded on exactly the same basis (percentages of eligible costs) as participants from an EU Member State. Nationality plays no role in the calculation of payments. Alternatively, and unlike Member State participants, they may opt for a lump-sum payment (see below)

A3.2 Financing for Non-ICPC Countries

Organisations from third countries which are not on the ICPC list (i.e. the high-income countries overseas) can in exceptional circumstances be funded:

- if essential for carrying out the action
- if provided for in the Specific Programme decision or in the Workprogram
- if provision for funding is provided for in a bilateral agreement between the European Union and that country

A3.3 Specific International Cooperation Actions (SICAs)

These are international research actions explicitly identified in a theme's Workprogram.

They have a special minimum consortium requirement of 4 participants independent of each other, 2 in the EU or Associated states and 2 in the target region.

A3.4 FP7 Points of Contact in third Countries

http://cordis.europa.eu/fp7/third-countries_en.html

A3.5 Lump Sum Contribution Option for ICPCs

ICPC beneficiaries when participating in an FP7 GA have got the option between being reimbursed on the basis of eligible costs or on the basis of lump-sums. This option can be made (and changed) up to the moment of the signature of the GA. Once made, it will apply during the whole duration of the ECGA without the possibility of changing it. ICPC beneficiaries may opt for a lump sum in a given project(s) and for reimbursement of costs in another(s). Whatever the final option chosen, the maximum EU contribution for the project will remain. Depending on the country, the lump sum contribution for participants from ICPC is defined like this:

Table 1: Lump sum contribution per country income group

Economy of the ICPC	Contribution (EUR/researcher/year)
Low-Income	8,000
Lower-Middle-Income	9,800
Upper-Middle-Income	20,700

This amount is all inclusive, covering support towards both the direct and the indirect costs. In other words, the lump sum is deemed to cover all costs of a participant from an ICPC country, including not only the costs of personnel and travel, but also, among others, equipment, consumables, subcontracts and indirect costs.

A3.6 FP7 Guide for Applicants from the Republic of Moldova (9 July 2010)

In the context of efforts of scientific community from the Republic of Moldova towards integration into the European Research Area, the network of National Contact Points has developed the brochure "FP7 Guide for Applicants from the Republic of Moldova", which contains practical information for participants from the Republic of Moldova to access European funds through FP7. The Guide gives a brief overview of FP7 opportunities from the perspective of participants from our country, advices and instructions how to transform an idea into a project proposal, as well as presentation of legal and financial aspects of European projects. The guide can be downloaded in Romanian from:

www.math.md/files/download/ENews/11_10/ghidPC7/Ghidul_PC7.pdf