



**The European Union's  
Framework Program 7  
(with an emphasis on ICT)**

**Version 2.17**

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## Version 2.17

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**The reason for this is the dynamic nature of the content. The new method allows us to notify those that down-load of new drafts and versions and of any important changes.**

**In the past we noted that old versions were being held on-line in many sites and this can lead to unfortunate mistakes and errors among users.**

**It is noted that in this final year of FP7, in spite of the Commission's efforts to simplify, most Project Officers are asking for greater detail in cost claims and the admin burden has become greater.**

#### **Specific changes –**

- 2.17 Further typo corrections and Index removed (it was causing the problems)
- 2.16 Typo corrections pointed out by Dr Nigel Mackintosh plus added A1.1.4 and A1.1.5
- 2.15 Update that Croatia joined EU on 1 July 2013 plus other minor updates including H2020.
- 2.14 Changes regarding contract changes as of 1 Jan 2013 including electronic signatures
  - ERC changes
  - Marie Curie changes
  - Horizon2020 updates
- 2.13 Have made changes related to changes in FET Open in ICT Call 10 and 11. EPSS incorporation into Participants Portal and typos have been addressed
- 2.12 Brought in line with Guide to Financial Issues relating to FP7 Indirect Actions dated 16 Jan 2012 in particular with respect to correct splitting of Project Management into Consortium Management and Scientific Management - see new section 16.15
  - Updated and extended section 13 with example of being outside Euro-zone and main barriers SMEs face.
  - Updated section 21 on Horizon2020 with latest information
  - Updates to reflect DG INFSO becoming DG CONNECT
  - Updated EPSS with SEP information - section 16.16

## Table of Contents

### Table of Contents

Table of Contents.....	3
Author Brief CV.....	14
1 Overview.....	15
1.1 Background.....	15
1.1.1 The Framework Program.....	15
1.1.2 Reasons for Framework Program.....	15
1.1.3 The Nature of the Framework Program.....	16
1.2 Background to changes in FP7.....	17
1.3.1 Member State.....	17
1.3.2 Associated Countries.....	18
1.3.3 Other Countries.....	18
1.4 Overview of rules of participation.....	18
1.4.1 The Workprogram.....	18
1.4.2 Calls for proposal.....	19
1.4.3 Nature of proposals.....	19
1.4.4 Nature of Consortia.....	19
1.4.5 A quick look at the funding rules.....	19
1.4.6 Advance payments.....	19
1.4.7 Who can participate?.....	19
1.5 Benefits of participation in a Collaborative R&D project.....	20
1.5.1 Development of advanced technology.....	20
1.5.2 Access to advanced technology.....	20
1.5.3 Collaboration with key players.....	20
1.5.4 Collaboration with key customers.....	20
1.5.5 Facilitating investment in your company.....	21
1.5.6 Access to a new market.....	21
1.5.7 Access to a new geographic area.....	21
1.5.8 Development of an international standard.....	21
1.5.9 Marketing and/or technological intelligence.....	21
1.5.10 Funding for something you were planning to do.....	21
1.5.11 Training or retraining for own staff.....	21
1.5.12 Exposure of staff to new areas of technology.....	21
1.5.13 Increasing number of trained staff.....	22
1.5.14 Ability to hold staff during commercial downturns.....	22
1.5.15 Danger of not being in.....	22
1.5.16 Sabotage!.....	22
1.6 Reasons not to participate.....	22
1.6.1 Work is not a natural fit into the Workprogram.....	22
1.6.2 Time-table does not fit.....	22
1.6.3 Time to market is unsuitable.....	22
1.6.4 Project is too secret.....	22
2 Brief Overview of Framework Program Seven and CIP.....	24
2.1 Framework Program 7 highlights.....	24
2.1.1 Cooperation.....	24
2.1.2 Ideas.....	25
2.1.3 People.....	25
2.1.4 Capacities.....	25
2.2 CIP Program.....	28

2.2.1 Entrepreneurship and Innovation Program.....	29
2.2.2 ICT Policy Support Programme.....	30
2.2.3 Intelligent Energy-Europe Program.....	30
2.3 FP7 Funding Schemes (Types of Projects).....	30
2.3.1 Collaborative projects (CP).....	31
2.3.2 Networks of Excellence (NoE).....	32
2.3.3 (CSA).....	34
2.3.4 Collaborative Projects and Coordination and Support Actions (CP-CSAs).....	35
2.3.5 ERA-NET and ERA-NET Plus.....	35
3 Framework Program Seven changes.....	37
3.1 Changes in Terminology.....	37
3.2 Project Management changes.....	37
3.3 Funding Schemes (Instruments).....	38
3.4 Rules of Participation.....	38
3.5 Contractual changes.....	38
3.5.1 Collective responsibility of the participants.....	39
3.5.2 Agreement coming into force.....	39
3.5.3 Cost models have been eliminated.....	39
3.5.4 Intellectual property rights.....	39
3.5.5 Coordinators or partners with more than 500,000 allocated.....	40
3.6 Financial Changes.....	40
3.7 Proposal changes.....	41
3.8 Evaluation changes.....	41
3.8.1 Scientific and Technical Quality:.....	41
3.8.2 Implementation:.....	41
3.8.3 Impact: .....	42
3.9 Recourse.....	42
3.10 Impact Summary.....	42
4 Formal process.....	44
4.1 Workprogram.....	44
4.2.1 R&D Proposals Suitable for FP7.....	45
4.2.2 R&D Proposals Unsuitable for FP7.....	45
4.3 Calls for Proposals.....	45
4.4 Partner Search.....	45
4.4.1 To coordinate or not.....	46
4.4.2 Type A.....	47
4.4.3 Type B.....	48
4.4.4 Due Diligence.....	49
4.4.5 Memorandum of Understanding.....	49
4.5 Idealist Partner Search Quality Team processing.....	50
4.5.1 Quality Team Scoring System.....	51
4.6 Proposal preparation and submittal.....	52
4.6.1 Part A - The Forms.....	53
4.6.2 Part B - The Proposal.....	53
4.6.3 Evaluation Criteria.....	54
4.6.4 Notification of Intention to Submit.....	55
4.6.5 On-line preparation and submission using EPSS.....	55
4.7 Proposal Time-line.....	55
4.8 Collaborative R&D Proposal evaluation.....	55
4.8.1 Hearings.....	58
4.9 What to do if your Proposal Fails.....	58
4.9.1 Check the ESR carefully.....	58
4.9.2 Get further information.....	58

4.9.3 Use of the Program Committee - "Lobbying"	59
4.9.4 Resubmit where possible	59
4.9.5 Request for Redress	59
5 Types of Project, Roles & Structure	61
5.1 Refined instrument Definitions	61
5.1.1 STREP versus IP	62
5.1.2 NoE	62
5.1.3 CA versus SA	62
5.1.4 Security Program Project Types	63
5.2 ICT STREPs	63
5.2.1 Typical Structure of Small or medium-scale focused research actions	65
5.3 ICT IPs	66
5.3.1 Structure of IPs	68
5.3.2 Potential Scope of an ICT IP	69
5.4 Network of Excellence	70
5.4.1 NoE Practical Points	73
5.4.2 Structure of NoEs	74
5.5 Coordination or Support Action (CSA)	74
5.5.1 Coordination or networking actions (CA)	74
5.5.2 Support actions (SA)	74
5.6 SME Special Measures	75
5.6.1 Research for SMEs (In Previous FPs, called Co-operative Research - CRAFT)	76
5.6.2 Research for SME Associations (Formerly known as Collective Research)	78
5.7 ICT FET Open Scheme	82
5.7.1 FET One step and two step proposals	83
5.8 Project Roles	83
5.8.1 Beneficiary	83
5.8.2 Coordinator	83
5.8.3 Sub-contractor	83
5.8.4 Project Manager	84
5.9 Two Stage Submission	84
5.10 Research Infrastructures I3 instrument	84
6 Financial Aspects	86
6.1 Cost Calculation	87
6.1.1 Interpretation of R&D funding rates for non-profit bodies	89
6.1.2 Definition of Research Organisation	90
6.1.3 Use of Lump Sums by ICPC Beneficiaries	90
6.2 Allowable Consortium Management Costs at 100%	91
6.3 Explanation of activity costs	92
6.3.1 Research Costs	92
6.3.2 Demonstration Costs	92
6.3.3 Other Costs	92
6.3.4 Eligible Costs	93
6.4 Personnel costs	93
6.4.1 Personnel Definitions	94
6.4.2 Personnel Status	94
6.4.3 Overtime	94
6.5 Overhead (or Indirect) Cost Calculation	95
6.5.1 Different Overhead Methods or ICM:	95
6.5.2 Actual Costs	96
6.5.3 Simplified Method for calculation of	97
6.5.4 Standard Flat rates for where applicable	97
6.5.5 Special Transition flat rate	98

6.5.6 Mixed systems.....	98
6.5.7 Applicability of Overheads.....	98
6.5.8 Important Overhead Notes:.....	99
6.5.9 Example of third party costs eligible for project and conditions for acceptability.....	99
6.5.10 Overheads on “Consortium Management or Other Costs”.....	100
6.5.11 Special case of CSA.....	100
6.6 Equipment costs.....	100
6.7 Non-eligible costs.....	101
6.8 Costing of Network of Excellence.....	101
6.9 Creating a Participant’s Budget.....	102
6.9.1 Items common to all costing methods.....	102
6.9.2 The fixed overhead participant.....	102
6.9.3 The calculated overhead participant.....	102
6.9.4 Note on NoE budgeting.....	103
6.10 Receipts of the Project.....	103
6.11 Claiming costs in a running project.....	103
6.11.1 Dealing with Exchange Rates in Financial Statements.....	103
6.12 Audit Certificates or Certificates on Financial Statements.....	104
6.12.1 Certification.....	105
6.13 Accounting Principles.....	106
6.14 Example of different bases of cost calculation.....	107
6.15 Participation without funding.....	108
6.16 Pre-financing Interest.....	108
6.17 Sub-contracts.....	108
6.18 Internal or intra participant cross purchasing.....	109
6.19 Financial Guarantee Fund.....	109
6.20 Reporting.....	110
6.21 FP7 Rule Clarification.....	110
6.22 Research for SMEs, Research for SME Associations.....	111
6.23 The People Program - Marie Curie.....	111
6.24 Participants Portal.....	111
6.24.1 FORCE.....	111
6.24.2 NEF Update of Feb 2012.....	112
6.25 Financial differences under the CIP.....	114
6.25.1 CIP: Participation.....	114
6.25.2 CIP: IEE compared to FP7 financial rules.....	114
6.25.3 CIP: ICT-PSP compared to FP7 financial rules.....	115
6.26 Simplification of FP7 Rules.....	117
6.26.1 Why is simplifying research funding important?.....	117
6.26.2 How did the rules get so complicated in the first place?.....	117
6.26.3 What are the main changes being made now?.....	117
6.26.4 How does the reimbursement of personnel costs work?.....	118
6.26.5 How much money will these changes save?.....	118
6.26.6 How much time will these measures save ?.....	118
6.26.7 Will existing projects be affected by the changes, or only new ones?.....	118
6.26.8 Why has it taken since April to bring these changes forward?.....	119
6.26.9 How will the Commission ensure these changes do not lead to reduced financial control?.....	119
6.26.10 Do these changes fully reflect the recommendations of the Mid-Term Evaluation? .....	119
6.26.11 What progress has been made towards simplification so far?.....	119
6.26.12 Will there be more changes before the end of FP7?.....	119
6.26.13 What kind of changes can we expect under the next research program?.....	120
6.26.14 Why not make some of these changes now?.....	120
6.26.15 What is Tolerable Risk of Error?.....	120

6.26.16	What is the state of play in the discussions over the Tolerable Risk of Error (TRE)?	120
6.26.17	Which departments and agencies of the Commission are directly involved in running FP7?	120
6.26.18	How will setting up a new committee of DGs simplify things or achieve consistency?	121
6.26.19	When will this new committee start work and when do you expect it to deliver results?	121
6.26.20	How close are we to the 15% target for SME participation in the FP?	121
7	Use of External Consultants	122
7.1	How to select a consultant	122
7.2	What their role should be	122
7.3	Payment methods	123
7.3.1	Up front agreed sum for specific work	123
7.3.2	Agreed sum plus success fee incentive	123
7.3.3	Pure success fee incentive	123
7.3.4	Project participation	123
7.3.5	Problems with Success Fees	123
7.4	Points to watch	124
7.4.1	Fixed or calculated overhead rate	124
7.4.2	Rights to the Output	124
7.4.3	Last minute pressure	124
7.4.4	Consultants signing up your partners	124
7.4.5	Consultants adding you into a consortium where they are already being paid by	124
7.4.6	Ensuring you agree with proposal	124
7.4.7	Use of SME Measures	125
7.4.8	Ensure access to all information	125
7.4.9	Pressuring you to be Coordinator	125
7.4.10	Taking role of Coordinator	125
7.5	Quali4EU	126
7.6	Summary	126
8	What to do when your proposal is to be funded	127
8.1	Contract Negotiation	127
8.1.1	Validation of existence and legal status of participating legal entities	127
8.1.2	Collective responsibility	129
8.1.3	General - Handling of GPFs	129
8.1.4	Financial Viability and Capability of the Coordinator	130
8.1.5	Negotiation on Annex 1	130
8.1.6	Funding Distribution between partners	130
8.2	Consortium Agreement	130
8.2.1	Consortium Check-list - Outline of Contents	131
8.2.2	Dealing with serious errors made by Coordinator	132
8.3	Project Initiation	133
8.4	Cash flow during a typical project	133
8.5	Problems during the project	134
8.5.1	Partner problems	134
8.5.2	Technical problems	135
8.5.3	Market problems	135
8.5.4	Problems with the Commission	135
8.5.5	Contract changes	136
8.6	Project end	136
8.7	Potential audits	137
8.8	Grant Agreement amendment	137
9	Project Management	138
9.1	Introduction to Project Management	138
9.2	Kick off Meeting	139
9.3	Essential Documents	139

9.3.1 Project grant agreement with annexes.....	139
9.3.2 Project Handbook.....	140
9.3.3 Progress tracking.....	140
9.4 Project reporting guidelines.....	140
9.4.1 FP7 Interim reporting requirements:.....	140
9.4.2 FP7 Final reporting requirements:.....	141
9.5 Project Reviews.....	141
9.5.1 Introduction.....	141
9.5.2 Mandate of the Independent Expert(s).....	141
9.5.3 Outline of the review process.....	141
9.5.4 Review material.....	142
9.5.5 Reporting.....	142
9.5.6 Reporting Portal.....	142
9.5.7 Project Assessment of the Commission.....	142
9.5.8 Template for the Technical Review Report.....	142
9.5.9 Some notes on the process.....	142
9.6 Dealing with Crises.....	143
9.7 Completing the Project/Final Review.....	143
10 Project Good Practice.....	144
10.1 Introduction.....	144
10.2 Why behave properly?.....	144
10.3 The Role of the Coordinator.....	144
10.4 Actions at different stages.....	144
10.4.1 Building a consortium.....	144
10.4.2 Submitting the proposal.....	145
10.4.3 Evaluation.....	145
10.4.4 Contract negotiations.....	145
10.4.5 Consortium Agreement.....	146
10.4.6 During the project.....	146
10.4.7 Project End.....	146
10.4.8 Sabotage.....	146
10.5 Unacceptable bias.....	146
10.6 Summary.....	146
11 European Technology Platforms.....	147
11.1 Official view.....	147
11.2 Interfaces between ICT Platforms.....	148
11.3 Joint Technology Initiatives.....	149
11.4 Relationship with Eureka.....	149
11.4.1 Eurostars.....	149
11.5 How ETP activities are funded.....	150
11.5.1 Via Framework funding.....	150
11.5.2 Joint Technology Initiative.....	150
11.6 JTI/ETP Structures.....	151
11.7 Financial Details.....	152
11.7.1 Funding Aspects.....	152
11.7.2 Participant funding in JTI project.....	152
11.7.3 JTI Call, Evaluation and Contract Process.....	153
11.7.4 ICL JTI Call for proposals.....	154
11.8 Initial Membership, Funding and Hosting.....	155
11.8.1 Clean Sky Joint Undertaking.....	155
11.8.2 Innovative Medicines Joint Undertaking.....	155
11.8.3 ARTEMIS Joint Undertaking in Embedded Computing Systems.....	156
11.8.4 ENIAC Joint Undertaking.....	156



11.8.5 Fuel Cells and Hydrogen Joint Undertaking.....	156
11.8.6 Ambient Assisted Living Joint Undertaking.....	157
12 Ethical Considerations in FP7.....	158
12.1 Ethical Issues at the Proposal Stage.....	159
12.2 Typical ICT Ethical Issues.....	160
12.3 Sensitive Ethical Issues.....	160
12.4 Request for Ethical Review.....	160
12.5 Ethical Review.....	160
12.6 Ethical Review Workings.....	161
12.7 Contract negotiation and the Ethical Review report.....	162
12.8 Ethical management.....	162
12.9 Ethics during the Project.....	162
12.10 Special Clauses related to Ethics.....	162
12.10.1 Ethical Rules.....	163
12.10.2 Research involving the use of human embryos and embryonic stem cells.....	163
12.10.3 Ethical Review.....	163
12.10.4 Clinical Research (specific to for biomedical research involving human beings):.....	163
13 Status of SMEs.....	164
13.1 Types of SMEs.....	164
13.2 Funding rules for SMEs.....	165
13.3 Opportunities for High Tech SMEs.....	165
13.4 Opportunities for Low Tech SMEs.....	165
13.5 Financial viability issues.....	165
13.6 Domination by large companies.....	166
13.7 Implication of non-monolithic IPs.....	166
13.8 Verification of status.....	166
13.9 Definition.....	166
13.10 Coordinators.....	166
13.11 Barriers to Participation in FP7.....	167
13.11.1 Complexity of the rules.....	167
13.11.2 Time to payment.....	167
13.11.3 The currency problem.....	167
13.11.4 Built in bias against small companies.....	167
13.11.5 Mistaken Commission reliance on SMEs being able to enforce legal contracts.....	168
13.11.6 Inexperience of most auditors.....	168
13.12 Example of company outside Euro-zone.....	168
13.13 Research for SMEs, Research for SME Associations.....	169
14 Intellectual Property Aspects.....	170
14.1 Comparison between IPR provisions under FP6 and FP7 Main changes.....	170
14.2 SME projects.....	176
14.3 Joint Research Units (JRUs).....	176
14.4 The common legal structure.....	176
15 How to write a proposal.....	177
15.1 Agreement of project abstract, objective and scope.....	180
15.2 Preliminary commitment of participants.....	181
15.2.1 Non Disclosure Agreement - NDA.....	181
15.3 Agreement on participant order.....	182
15.4 Set up of Part B Template.....	182
15.5 Agreement on document standards and method of working.....	182
15.6 Agreement on Work Package structure and contributing partners.....	183
15.6.1 Assessment and Evaluation.....	183
15.7 Production of preliminary Pert and Gantt.....	184
15.8 Agreement on WP leaders and WP descriptions.....	184

15.9 Set up of Project Effort form (Guide for Applicants) & costing spread sheet.....	184
15.10 Production of B1.1 Concept and Objectives.....	184
15.11 Production of B1.2 Progress beyond the state of the art.....	185
15.12 Production of B2.1, B2.2, B2.3, B3.1, B3.2 and B4 (can proceed in parallel).....	185
15.12.1 B2.1 Management structure and procedures.....	185
15.12.2 B2.2 Individual participants.....	186
15.12.3 B2.3 Consortium as a whole.....	186
15.12.4 B3.1 Expected impacts listed in the work program.....	187
15.12.5 B3.2 Dissemination and/or Exploitation of project results and management of .....	187
15.12.6 B4 Ethical issues.....	187
15.12.7 B5 Gender and other issues.....	188
15.13 Initial text for WP descriptions, deliverables & initial manpower.....	188
15.14 Production of B1.3 work plan.....	188
15.15 Initial guestimates of other costs per WP per partner.....	189
15.16 Iterations on costing spread sheet to achieve acceptable cost distribution.....	189
15.17 Updating of all tables with man months, deliverables and milestones.....	189
15.18 Addition to B2.4 Resources to be committed.....	189
15.19 Updating of A3.1 forms, fine tuning, proofing, agreement by partners.....	190
15.20 Number of pages in a Proposal.....	190
15.21 Red teaming of proposal i.e. external dummy evaluation.....	190
16 Practical Advice - 2012/13 collaborative research calls.....	192
16.1 Gathering of partner information.....	192
16.2 Setting up EPSS/SEP A Forms.....	192
16.3 Entering the initial information.....	193
16.4 Setting up the budget spread sheet.....	193
16.5 Entering initial cost data for each partner.....	193
16.6 Finalising the budget.....	194
16.7 Finalising the proposal.....	194
16.8 Additional EPSS specific Issues.....	194
16.9 ICT Calls miscellaneous notes.....	194
16.9.1 Management activities.....	195
16.9.2 The transitional overhead rate & SMEs.....	195
16.10 Result of the first five years Call Evaluations.....	196
16.11 State of Play 2012/13 Calls.....	196
16.12 FP7 Contract negotiations.....	198
16.13 Project Officers.....	199
16.14 Deliverable Month.....	199
16.15 Management Meetings not Management?.....	199
16.16 SEP.....	199
17 People Program (Marie Curie).....	201
17.1 Program Overview.....	201
17.2 Early-stage researchers (ESR):.....	202
17.3 Experienced researchers (ER):.....	202
17.4 Which Actions to use.....	202
17.4.1 Fellowships.....	202
17.4.2 Integration Grants.....	203
17.4.3 Host Actions.....	203
17.5 Concept of Panels.....	204
17.6 Financial Considerations.....	205
17.7 Eligibility of Tuition Fees in Marie Curie Action Cost Statements in FP7.....	207
17.8 Transnational Mobility Requirements for all actions.....	208
17.9 Important Documents.....	208
17.10 Eligible Organisations.....	208

17.11 Marie Curie in Horizon 2020.....	208
18 European Research Council (ERC) Projects.....	209
18.1 ERC Starting Grants (StG) and ERC Consolidator Grants (CoG).....	210
18.2 ERC Advanced Grants.....	210
18.3 ERC Synergy Grants.....	211
18.4 Proof of Concept.....	212
18.5 ERC Research Domains.....	212
18.6 ERC Funding.....	212
18.7 ERC Submission Rules.....	213
18.8 ERC Evaluation.....	213
18.9 ERC in Horizon 2020.....	213
19 Public Private Partnerships (PPPs).....	214
20 PCP (Pre-Commercial Procurement).....	215
21 Horizon 2020 (Status of moves to FP8).....	216
21.1 Horizon 2020 brings together all EU research and innovation funding.....	216
21.2 Horizon 2020 - new program architecture.....	216
21.3 Cutting red tape.....	217
21.4 Strengthening innovation.....	217
21.5 Reversing the brain drain.....	218
21.6 Closing the research and innovation divide in Europe.....	218
21.7 Developing industrial leadership and competitiveness, including for SMEs.....	218
21.8 Information and Communications Technologies in Horizon 2020.....	219
21.9 ICT in Science.....	219
21.10 ICT in industrial leadership.....	219
21.11 ICT in societal challenges.....	220
21.12 Socio-economic sciences and humanities in Horizon 2020.....	220
21.13 The European Institute of Innovation and Technology (EIT).....	220
21.14 The European Research Council.....	220
21.15 The Joint Research Centre.....	221
21.16 More public-private and public-public partnerships.....	221
21.17 Promoting gender equality and the gender dimension in research and innovation.....	221
21.18 Promoting responsible research and innovation in Horizon 2020.....	222
21.19 The existing research funding architecture.....	222
21.20 Funding rules in Horizon 2020.....	222
21.21 Marie Curie and Horizon 2020.....	222
21.22 ERC and Horizon 2020.....	223
21.23 Some detailed differences with FP7.....	223
Appendix 1 European Union.....	225
A1.1 States Participating in the Framework Program.....	225
A1.1.1 Member States.....	225
A1.1.2 Associated Countries.....	225
A1.1.3 International Cooperation Partner Countries (ICPC).....	227
A1.1.4 Schengen countries.....	227
A1.1.5 Euro zone.....	227
A1.2 Organisation of the European Union Institutions.....	229
A1.2.1 European Parliament.....	229
A1.2.2 Council of the European Union.....	230
A1.2.3 European Commission.....	230
A1.2.4 ERC Executive Agency.....	232
A1.2.5 Research Executive Agency.....	233
A1.2.6 Executive Agency for Competitiveness and Innovation.....	236
A1.2.7 European Institute of Innovation and Technology.....	236
Appendix 2 Glossary.....	238

Appendix 3 Measuring Value of Participation.....	266
A3.1 Cash Flow Measure.....	266
A3.2 Value Metric.....	266
A3.2.1 Pre-benefits.....	266
A3.2.2 Participation benefits.....	267
Appendix 4 Useful Information Sources.....	268
Appendix 5 Project Budgeting Spread Sheet.....	273
A5.1 Modification for real use.....	273
A5.2 Need for spread-sheet.....	273
A5.3 High level description of the spread sheet template.....	273
A5.3.1 Project summary sheet.....	274
A5.3.2 Partner sheet.....	275
A5.3.3 Manpower sheet.....	275
A5.4 Spread Sheet set-up for a specific proposal.....	276
A5.5 Example Set-up.....	277
A5.5.1 Project sheet with Data inserted.....	279
A5.5.2 Partner 1 sheet with Data inserted.....	280
A5.5.3 Manpower sheet with Data inserted.....	280
Appendix 6 Examples of Blah Blah.....	281
Appendix 7 Brussels-English.....	283

## Preface to Version 2

In this Version 2, we reoriented the book to cover considerably more than the original ICT Program. This has been a gradual process by broadening the coverage of the collaborative research as well as adding content dealing with the People Program, the Ideas Program as well as the SME Measures. We have also added some material on the CIP program.

This book follows on from two previous books I produced dealing with IST in Framework Program Five and Framework Program Six. Although it is based on them, there are many significant differences. As before, this is being modified incrementally, in parallel with Framework Program Seven practice. FP7 has significant differences from both FP6 and FP5 and thus readers of this book must bear in mind that the information is purely an interpretation of documents, laced with experience.

Why did I write it? – Is there insufficient material by the Commission? In presentations I usually say that the problem is there is too much official information scattered across many documents. Thus, this book tries to combine the essence in a single place. I also often say that the Commission documentation describes the legal framework, not how to participate. It is akin to expecting that reading the Highway Code will teach you how to drive a car. This is a complementary document that should be seen as a practical guide to the program.

The book is a practitioner's manual aimed at Senior Management staff in organisations wishing a broader background on the European Union's Seventh Framework R&D as well as at consultants to those organisations. However the initial chapters one, two and three can stand alone and give an overview suitable as an introductory text. It is primarily aimed at Commercial organisations, but three quarters of the content also applies to Academic Institutions and other non-commercial potential participants. With respect to technical coverage, it is focused on the Cooperation part of FP7 with some emphasis on the ICT Program. However, the majority of the content applies to all the other Themes. But there are differences. I have tried to highlight major divergences in the text.

Bear in mind that the program content and the rules are under continual revision and reinterpretation. The rules for FP7 are continually being interpreted. This book gives my current understanding of the state of play after four plus years of FP7. I shall continue to release further updates as new information becomes available. As in the past we have noted significant differences in how the common rules are interpreted by different CEC Directorate Generals and even within each. Ensure that all specific information is double checked with the current official documentation before being acted on. I have added chapter 21 that deals with the status of the FP7 successor program Horizon 2020. As information/plans are released. This is the final version of this book. The next to be released will be the draft book on Horizon 2020.

Finally, I would like to thank Dana Remes, Graham Feldman and Michael Remes for their contributions, helpful comments and corrections and my wife Shoshana for her patience and understanding.

22 Oct 2013

Glasgow, Scotland

### *Disclaimer*

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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 in the ICT and Security Programs. Myer was 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 participates in several different EU funded projects and in particular runs the Finance Helpdesk for FP7. ([www.finance-helpdesk.org](http://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 five 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*

FP7 runs for seven years unlike all previous 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.

The ICT Theme is part of the European Union Framework Research and Development Program Seven. It is a follow-on to the IST program of Framework Programs Five and Six that replaced the three programs ACTS, ESPRIT and Telematics Applications Program (TAP) that were in the previous Framework Program Four. Most, but not all of the technologies and application areas covered by the previous IST program appear in some form in the revised ICT Program.

All the current FP7 R&D programs derive in some way from previous activities. ICT program mainly derives from the ESPRIT Program that started in 1984. It encompassed various other activities in Information Technology into a more or less integrated program. For example the Multi-Annual Program “MAP” was a predecessor and it funded topics like software technology and included a broad Ada Technology activity that developed into part of ESPRIT.

Later in the eighties, other programs appeared that were eventually combined into the Framework such as RACE which became ACTS and covered telecommunication technologies. Various other programs in the application domain such as Health IT, Transport IT (such as the DRIVE Program, Education and training etc. combined to form the Telematics Applications Program).

It is useful to remember these historical roots, as those communities and their practices still exist to some extent in the ICT Program and tend to be semi-autonomous based on past practice. However, due to interchange of staff and a concerted effort at transparency, differences are gradually disappearing.

Due to a French Initiative in the mid-late eighties another pan-European Program, originally seen as complementing the Framework Program called EUREKA was formed. Its rules and conditions are substantially different from Framework and rely on funding from the involved countries directly being given to their own participants under country specific rules. EUREKA is a bottom up program compared to Framework, which is definitely top down in structure and implementation. However under FP7 the European Technology Platforms and Joint Technology Initiatives leverage this investment in both types of programs.

### 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 Computer 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



The European Union's Framework Program 7 (with an emphasis on ICT) size commensurate with the cost/investment.

Because projects are expected and required to extend the state of art, there has to be identifiable technical 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 Background to changes in FP7

Between the Framework Programs Four and Five the Commission was forced to resign by the European Parliament after some alleged scandal that involved, partly, research funding. In particular, a new Research Commissioner was appointed and he implemented major changes in the program that were initially introduced in Framework Program Six. At the same time a new Financial Regulation was adopted. The overall changes were the largest since the initial Framework. Changes were not only made to the legal instruments, but also to the contractual conditions. The funding rules were also significantly different. In most respects these changes were intended to make participation less bureaucratic for organisations. In practice the changes were not properly thought through or trialled. As a result, they significantly increased problems and complexity. There were several unintended interactions between changes and at the launch of FP6, neither potential participants nor the Commission staff had a common understanding. During the first and second years of FP6 as some of the more obvious errors and mistakes were recognised, changes were implemented. But they were largely cosmetic - the needed major corrections were planned for FP7. Thus FP7 was intended to rationalise the rules and regulations and in particular to correct some obvious anomalies of FP6 and reduce the bureaucracy. See Section 3 for an overview of the changes. However it has become clear that in practice they replaced one set of problems and conflicts by a different set.

In summary we see the financial effects of FP6 to FP7 affecting organisations as follows:

Organisation/Change	Effect of FP7 changes	FP6
Large industrial companies	Better: Demo from 35 to 50% and Consortium Management not limited to 7%	Was FC
SMEs	Much better on paper: at least 75% of 160% i.e. 120% of costs and no financial guarantees and Consortium Management not limited to 7%	Was FCF
Academics	Overall much better: Permanent staff can charge, however demonstration 50% instead of 100% Special derogation in place during transition	Was AC
Consultancies	As for SMEs but offset by CSA overhead reduced from 20% to 7%	Was 20%

## 1.3 Which Countries fully participate in FP7?

### 1.3.1 Member State

The Member States of the European Union consists of Twenty Eight countries from 1 July 2013. See Appendix 1 for a detailed list.

### **1.3.2 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.

### **1.3.3 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 is also be available via the so called third country funding (previously referred to as INCO).

Specific International Cooperation Actions (SICAs) are used for partnerships with 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.

## **1.4 Overview of rules of participation**

### **1.4.1 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 CONNECT 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.

### **1.4.2 Calls for proposal**

The various Workprograms for FP7 are broadly at a similar level as in FP6. However the content of the ICT Workprogram is now subdivided into Challenges. Within each such Challenge there is a set of Objectives and each objective 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.

### **1.4.3 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 leader and thus be responsible for overall project management. In FP7 (as was the case in FP6) it will be possible to take on a partner who would carry out the administrative co-ordination and/or project management functions. This is different from FP5. However, in ICT it was not generally encouraged. Sub-contracting these activities are not permitted. Further details of the proposal can be found later on in 4.6 Proposal preparation and submittal.

### **1.4.4 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. Virtually no projects will get more than 25 MEuro in funding. People always ask questions such as "how big should a project be" or "how many partners should we have"? The standard answer is always "as large as is required and can be justified to carry out the work and commensurate with the expected impact."

### **1.4.5 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. (10 % retained + 5% Guarantee Fund)

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.

### **1.4.6 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.

### **1.4.7 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 of the above countries. These opportunities for so called third countries are broad. They have been highlighted in 1.3 Which Countries fully participate in FP7? above.

## **1.5 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
15. Danger of not being in
16. Sabotage!

### ***1.5.1 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.

### ***1.5.2 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.

### ***1.5.3 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.

### ***1.5.4 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

The European Union's Framework Program 7 (with an emphasis on ICT)  
with external funding.

#### ***1.5.5 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.

#### ***1.5.6 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.

#### ***1.5.7 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.

#### ***1.5.8 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.

#### ***1.5.9 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.

#### ***1.5.10 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.

#### ***1.5.11 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.

#### ***1.5.12 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".

#### ***1.5.13 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.

#### ***1.5.14 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.

#### ***1.5.15 Danger of not being in***

Some projects, especially the larger ones, may include all the major players and their principal customers. If you are one of the players and are not in the project there is a danger of being frozen out of a developing market. This is especially true if pre-normative decisions are being made by the consortium and yours may not be considered.

#### ***1.5.16 Sabotage!***

This is included both for completeness sake and because it has been a factor (small however!) in the past. We are aware of companies joining a project with a specific goal of trying to minimise the commercial impact of any results on their own (proprietary) commercial activity. This is not to be encouraged, but as mentioned above, it has occurred very occasionally in the past.

### **1.6 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 -

#### ***1.6.1 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.

#### ***1.6.2 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.

#### ***1.6.3 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.

#### ***1.6.4 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

The European Union's Framework Program 7 (with an emphasis on ICT)  
competitors; 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 and CIP

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. I have also included a high level description of the CIP program. Although not strictly part of FP7 it does include aspects that were previously part of FP6 and also integrates several other parallel programs. **However the funding and administrative rules of CIP are not covered in this book in detail. 6.25 Financial differences under the CIP was added to provide some financial information.**

Both FP7 and CIP are:

- Seven years not four
- Significantly increased funding compared to FP6
- Overall, FP7 averaging to 7 BEuro per year - Total 50 BEuro
- CIP an additional half a billion per year - Total 3.6 BEuro
- Major changes in participation rules
- Another major discontinuity and uncertainty (!)

### 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 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

Themes 9 and 10 above were originally regarded as two semi-autonomous sub-themes.

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; Reintegration Grants – IRG, ERG; 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 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 associations:*** To support associations and 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 RTD 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

The European Union's Framework Program 7 (with an emphasis on ICT) 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 CIP Program**

Competitiveness and Innovation framework Programme (2007-2013)

The first "Competitiveness and Innovation framework Programme (CIP)" is a coherent and integrated response to the objectives of the renewed Lisbon strategy. Running from 2007 to 2013, it has a budget of approximately EUR 3.6 billion. It represents a 60 % increase in annual spending on actions related to competitiveness and innovation by 2013 compared to 2006.

The three specific programs in the CIP framework are:

1. Entrepreneurship and Innovation Program (EIP)
2. ICT Policy Support Program (ICT PSP)

### 3. Intelligent Energy-Europe Program (IEE)

Eco-innovation is a transversal theme of the whole program.

The CIP is one of a series of flagship programs that defines the Barroso Commission's actions from 2007. They work in parallel and complement each other. CIP complements other major programmes covering cohesion activities, research, technological development and demonstration activities and lifelong learning.

#### The CIP and FP7-RTD

Competitiveness and Innovation in Europe is supported not just by the 7th Framework Program for Research, Technological Development and Demonstration (FP7-RTD), but also by the CIP. These programs are complementary and mutually reinforcing in their support of the Lisbon goals.

The CIP addresses both technological as well as non-technological aspects of innovation. With respect to technological innovation, it focuses on the downstream parts of the research and innovation process. More specifically, it promotes innovation support services for technology transfer and use; projects for the implementation and market take-up of existing new technologies in fields like ICT, energy and environmental protection; as well as the development and coordination of national and regional innovation programmes and policies.

It also improves the availability and access of innovative SMEs to external sources of financing, including for R&D and innovation activities and promotes the participation of SMEs in the FP7-RTD. For its part, the FP7-RTD continues support of trans-national cooperation in research, technological development and demonstration, in particular between enterprises and public research organisations, of specific RTD schemes in favour of SMEs, and of researcher's mobility between firms and academia. In doing so, it focuses more on the technological innovation needs of industry and introduces new actions, in the form of joint technological initiatives in key areas of industrial interest. It also further promotes the dissemination and use of research results within projects and in specific thematic fields as well the coordination of national research programmes and policies. Support of trans-national cooperation between research-driven regional clusters complements similar activities of the CIP focusing on regional innovation actions and policies.

We have noted that the procedural aspect of the CIP program (with the exception of the ICT PSP part run by DG CONNECT) is extremely bureaucratic. See 6.25 for some high level discussion on the financial rules.. Proposals have to be hand delivered in triplicate; forms must be signed in blue ink; you need full financial disclosure in order to propose; you eventually need forms signed by your bank in order to propose etc. The program is maintained by DG Enterprise and Industry although it is operated by Executive Agency for Competitiveness and Innovation. DG Enterprise see their role as:

“to pay particular attention to the needs of manufacturing industry and small and medium-sized enterprises: we manage programs to encourage entrepreneurship and innovation and ensure that Community legislation takes proper account of their concerns.”

We trust that their apparently over bureaucratic processes does not reflect their understanding of what SMEs expect and need from their R&D programs.

#### **2.2.1 Entrepreneurship and Innovation Program**

This program brings together activities that were previously carried out under the Multi annual Program for Enterprise and Entrepreneurship (MAP), and the environmental technologies part of the LIFE-Environment program. CIP also builds on innovation activities that were previously implemented through framework programs for research, technological development and demonstration.

The European Union's Framework Program 7 (with an emphasis on ICT)

- The program aims to help enterprises innovate by providing access to finance: sharing risks and reward with private equity investors and providing counter or co-guarantees to national guarantee schemes. The financial instruments will be operated by EIF.
- Through the program, SMEs also have simple, clear and efficient access to the EU via the business support networks consisting of information and advice about of today's EICs (Euro Info Centres) and EENs (European Enterprise Networks). A "no wrong door: no closed door" approach will ensure that SMEs access to such services is simplified.
- The conditions for innovation will be improved through innovation actions, including exchanges of best practices between Member States and evidence (innovation trend chart, innobarometer, innovation scoreboard).

Whilst building on such tried and tested programs, CIP also includes new elements such as:

- a risk capital instrument for high growth and innovative companies;
- "securitisation" of bank's loan portfolios;
- enhanced role for innovation and business support networks;
- new consultancy vouchers to explore viability of project ideas via the IRCs

### **2.2.2 ICT Policy Support Programme**

The ICT PSP programme builds on the aims of the previous e-TEN, Modinis and e-Content programs and will support the aims of the new integrated strategy i2010 - European Information Society 2010.

The ICT program stimulates the new converging markets for electronic networks, media content and digital technologies. It will test solutions to the bottlenecks that delay wide European deployment of electronic services. It also supports the modernisation of public sector services that will raise productivity and improve services.

Actions under the ICT policy support program underpins regulatory and research actions of the Commission to stimulate emerging digital economy based on the convergence between network services, media content and new electronic devices provide a bridge between research investment and wide adoption, by providing a testing ground for pan-European electronic services in both the public and private sectors reinforce European cultural and linguistic identities by support for the production and distribution of European digital content assist the development of an open and inclusive European Information Society through stimulating innovative approaches to inclusion, quality of life and public services.

### **2.2.3 Intelligent Energy-Europe Program**

The Intelligent Energy-Europe Program encourages the wider uptake of new and renewable energies and improves energy efficiency, and fosters compliance with our energy regulatory framework. The program aims at accelerating action in relation to the agreed EU strategy and targets in the field of sustainable energy, increasing the share of renewable energy and further reducing our final energy consumption. It includes actions to:

- increase the uptake and demand for energy efficiency
- to promote renewable energy sources and energy diversification, and
- to stimulate the diversification of fuels and energy efficiency in transport.

The program also helps to increase the level of investment in new and best performing technologies and bridge the gap between the successful demonstration of innovative technologies and their effective introduction to the market to achieve mass deployment. Furthermore, it should strengthen the administrative capacity both to develop strategies and policies and to implement existing regulations.

## **2.3 FP7 Funding Schemes (Types of Projects)**

This can also be seen as the different funding schemes previously called "Instruments". This section is a

The European Union's Framework Program 7 (with an emphasis on ICT) 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 CONNECT (i.e. ICT) Program and the remainder of the Thematic priorities managed by DG Research. ICT maintains a 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.**

**Budget is not Funding. You must check each call carefully!!**

### **2.3.1 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 (STREPs)

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 generally 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 (IPs)

Larger scale actions, including a coherent integrated set of activities tackling multiple issues and aimed at

The European Union's Framework Program 7 (with an emphasis on ICT) 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 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 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 €15-20M 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.

### **2.3.2 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 Program 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 (NoEs) 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 Program 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 requires 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 European Union's Framework Program 7 (with an emphasis on ICT)

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 program 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.

### 2.3.3 (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 (CAs)

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 or Support Action (CSA) for further details.

#### Support actions (SAs)

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 specific Support Actions through public procurement carried out on behalf of the Community or to grant support to legal entities identified in the Specific Programs 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 Program, 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 2.3.5 ERA-NET and ERA-NET Plus and 5.5 Coordination or Support Action (CSA) for further details.

#### **2.3.4 Collaborative Projects and Coordination and Support Actions (CP-CSAs)**

This new combined instrument is introduced by the ICT Program in Call 7 and is used initially in objectives 5.3, 5.4 and 11.1. In essence it is identical to the I<sup>3</sup> instrument used previously in the Research Infrastructures program.

CP-CSA involves a combination of the Collaborative Projects and coordination and Support Actions (CP-CSA) funding schemes which allows to support under the same grant agreement research, coordination and support activities.

From ICT Call 7, CP-CSAs on Pre-Commercial Procurement combined in a closely co-ordinated manner:

1. Networking and coordination activities: related to preparing for a PCP strategy and coordinating the implementation of a transnational PCP call
2. Joint research activities: related to implementing a joint PCP call for tender

The two categories of activities are mandatory due to the synergistic effects between the two components.

#### **2.3.5 ERA-NET and ERA-NET Plus**

Under FP7 the coordination of national or research programs is continued and reinforced.

Coordination projects can network four types of activities:

1. Information exchange
2. Definition and preparation of joint activities
3. Implementation of joint activities
4. Funding of joint trans-national research actions:

ERA-NETs and other coordination actions launched under FP6 wishing to submit a follow-up proposal under FP7 have to propose a strong coordination action focusing directly on steps three and four, in order to achieve mutual opening and trans-national research via joint/common calls, joint/common programs or, if appropriate, other joint trans-national actions. New coordination actions, which address new topics

The European Union's Framework Program 7 (with an emphasis on ICT) and without any experience from FP6, should address at least the first three steps, but are encouraged to aim at the 'four step approach', as described above.

- 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. These joint calls will entail the award of grants to third parties participating in calls for proposals launched under the ERA-NET Plus actions. These actions require program owners or program managers from at least 5 different Member or Associated States to plan a single joint call with a clear financial commitment from the participating national or regional research programs. Full details of the ERA-NET Plus scheme are given in Annex 4 of the Cooperation work program.

### 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. So far we find the following:

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 Action” (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	!
Contract	Grant Agreement	
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

In looking through the work programs we saw little consistency in the use of the new terminology across the ten themes.

#### 3.2 Project Management changes

The most significant changes here include:

1. Removal of Collective Financial Responsibility

The European Union's Framework Program 7 (with an emphasis on ICT)

2. Definition of "Consortium Management changed to exclude Technical Management
3. 7% Consortium Management ceiling has been removed for 100% funding
4. But see introduction to Chapter 9 for differentiation between "Consortium Management" and "Project Management" in FP7. Especially updated with latest Financial Guidelines.
5. Dissemination activities are now funded at 100% (for DG CONNECT interpretation see 6.1)
6. In FP7 there are only be online preparation and submittal of proposals.
7. In proposals only previous submissions in FP7 need be noted.

### **3.3 Funding Schemes (Instruments)**

Again here the Commission did 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 (or sometimes level of Budget).

### **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 are 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 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. Some 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

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>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 permits those organisations who previously could have used the FCF or AC models to optionally claim 60% (rather than the default 20%) fixed Overheads for all projects of FP7.

**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 ;
- 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	Access rights to Foreground
<b>For carrying out the project</b>	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
<b>For use purposes (exploitation) further research</b>	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 Coordinators or partners with more than €500,000 allocated

An impact of the change in rules regarding removal of 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	FP6	FP7 situation	Academic	Industrial	
Cost model	FC	essentially is the default	Optional	Optional	Optional
Cost model	FCF	default 20% overhead	Optional	Optional	Optional
Cost model	AC	no longer exists	Use FC	-	-
Derogation	-	60% Overhead	Optional	-	In some circumstances**
RTD rate	50%	up to 50% or 75%	75%	50% *	75%
Management	100%	7% limit removed	100%	100%	100%
Demo	35%	Increased	50%	50%	50%
Other	100%	Now includes dissemination	100%	100%	100%

\* Security program may allow more

\*\* This appears to have been allowed almost always

There are further significant changes from FP6 in the financial regulations:

1. As referred to above under 3.5 with respect to Cost Models, there are many associated changes which the removal of cost models which will cause. See section 6 for details.



The European Union's Framework Program 7 (with an emphasis on ICT)

2. It will be possible in cost statements to use average rates if they are typical rather than actual personnel costs under some circumstances.
3. There is a financial impact resulting from the changes in collective financial responsibility. They have set up a central guarantee fund to cover defaulting contractors costs by withholding approximately 5% centrally - see section 6.18 for details.
4. The need for having Audit Certificates on an annual basis has been reduced and removed entirely for cumulative funding of under 375,000 Euros.
5. Prefinance retention will now apply to total funding rather than just that of the final cost period as was the case in most projects in FP6.
6. Interim payments will be calculated as was done in FP5 i.e. not as restrictively as in FP6.

### **3.7 Proposal changes**

Only online preparation and submittal will be 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**

Online preparation is mandatory either through EPSS, or SEP via the Participant Portal. This is supplemented by an Eligibility Committee.

In the most Themes there are fixed deadline calls closing at 17h00 (Central European Time) on. ICT continues the use of one stage submissions without anonymity. 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 Call 5, remote evaluators 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.

For the handling of Ethical Issues see Section 12 below.

## 3.9 Recourse

The Commission has established a committee to review all justified complaints about the evaluation procedures. In the first two years only a single case was upheld across the entire Framework Program.

## 3.10 Impact Summary

We have tried to capture the impact both positive and negative of the rule changes on the funding of different types of organisations as follows:

	Large industry	SMEs	University Academics	Consultancies
<b>Positive changes</b>	1. Demonstration now 50% instead of 35% 2. Management 7% limit removed 3. Less financial risk 4. ETP and JTIs 5. Most audit costs less 6. Larger interim payments	1. Funding increased to 75% from 50% 2. Demonstration 50% 3. No bank guarantees 4. Most audit costs less 5. Larger interim payments	1. Can charge permanent staff 2. Calculating Overheads increases funding 3. Derogation maintains minimum as per FP6 4. Demonstration 50% 5. Most audit costs less 6. Larger interim payments	1. Funding increased to 75% from 50% 2. Demonstration 50% 3. No bank guarantees 4. Management 7% limit removed 5. Most audit costs less 6. Larger interim payments
<b>Negative changes</b>	1. Prepayment withholding 15% net of total funding 2. CSA Overheads reduced to 7% from 20% 3. Potential loss of 1% for guarantees	1. Prepayment withholding 15% net of total funding 2. CSA Overheads reduced to 7% from 20% 3. *Demonstration 50% 4. Potential loss of 1% for guarantees 5. Ex ante coordination barrier 6. Ex ante 500,000 Euro barrier	1. Prepayment withholding 15% net of total funding 2. CSA Overheads reduced to 7% from 20% 3. *Demonstration 50% 4. Only 75% funding for subcontracts	1. Prepayment withholding 15% net of total funding 2. CSA Overheads reduced to 7% from 20% 3. *Demonstration 50% 2. Ex ante coordination barrier 3. Ex ante 500,000 Euro barrier 4. Potential loss of 1% for guarantees
<b>Summary</b>	Slightly better off	Better off, but less than appears	Most significantly better off	CSAs much worse, RTD as for SMEs

The European Union's Framework Program 7 (with an emphasis on ICT)

\* Note that Demonstrations now being funded at 50% instead of 35% under FP6, could have a negative as well as positive impact on participants who are not large industrial companies. As the latter most often co-ordinate, they have less reason not to include "Demonstration" activity. However such an inclusion could reduce others funding from 75% to 50%.

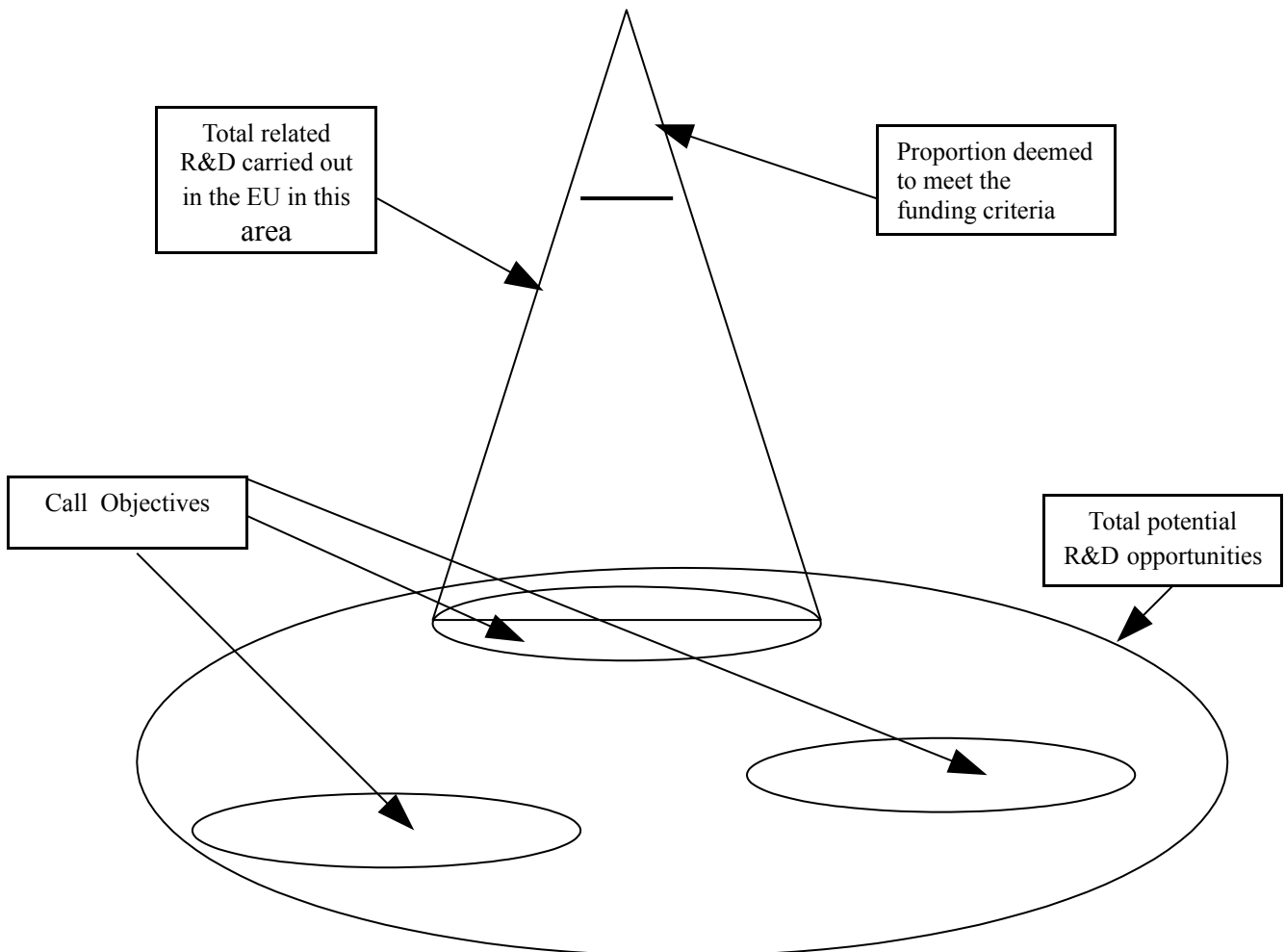
Please note that "other" is not included above. Here the situation appears to be more complicated, depending on whether or not it is a government body (75%) or non-governmental (50%) R&D rate and whether or not it is a "Research Organisation" or not. Please see 6.1.1.

## 4 Formal process

### 4.1 Workprogram

The overall process is driven by the Workprogram and more specifically, the Objectives. The initial ICT Workprogram covered two large calls in 2007 followed by a small call. It was modified after the first year and replaced for subsequent years. As the Workprogram is annually updated it is vital to start from the current latest version. It has been practice to have a final draft of the following years version available in November for initial distribution at the ICT conference or Call Info Day which is normally held in the country holding the EU presidency. For other thematic programs, drafts and final Workprograms can be got from the National FP Organisation or when each call is formally opened.

The Workprogram is always a top down document. Not all possible technologies are included. The intention is to focus this funding onto selected key enabling and application technologies. And of course 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.

All current calls and related information can be accessed via the Participants Portal.

## 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 require 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 call 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 work on a proposal** – it is probably too late already.

*The Ideal-ist project conducted a survey early 2003 among IP coordinators and found that 2/3s of consortia had been basically formed prior to the first call being issued. Although they could accept additional partners after that, the core team had already formed.*

## 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. See 4.4.1 below for a discussion on the reasons.

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 To coordinate or not**

This decision is also dependent on the particular instrument. IPs and NoEs require much more consideration as the respective management effort and commitment is much higher than the traditional instruments.

The benefits of being the Coordinator of a project can be summarised as follows -

- Appointment of the Project Manager
- Direct contact with the Commission and their staff
- Overall control of the project direction and budget
- Chairing of the Project Management Committee
- A de facto preferential position with respect to exploitation and rights
- Easier access to the 100% funded management budget
- Better visibility and publicity

However, there are offsetting potential drawbacks -

- More manpower required for management and administration but they can be 100% funded
- There is a corresponding executive level commitment required
- Better knowledge and experience of the process and procedures required
- More management attention required

I advise companies to co-ordinate if the following is true -

- The project is strategically important
- It is basically your idea
- Your organisation has multinational project management experience
- You have a suitable Project Manager
- Your company is established for several years and is financially secure
- You have previously participated in a EU project (not mandatory if your organisation is a major world player and of sufficient size and stature)

This last point is for the evaluators - who in assessing the proposal would expect reassurance that the Coordinator has the potential and can carry out the work successfully.

Note that in the above, only financially solid companies with a solid project management ability should consider coordinating an IP, whereas smaller ones could coordinate STREPs, CAs or SAs. Companies, in general should not really be involved in NoEs. See later sections.

**However, if you do not fit above criteria but the project is strategically important and you are the driving force, then you should submit as Coordinator and perhaps hand over this to a partner during negotiation stage with the Commission.** You could then in the Consortium Agreement ensure that you are essentially still in the driving seat and even provide the Project Manager and/or the Technical Director. If you do plan to submit as Coordinator, ensure that you do not say that your company is only two years old and has three staff. Only document your strengths.

Proposals have failed because from looking at the participant list and the split of funding and resource, it is frequently clear who the major contributor is. If it is not the Coordinator, the evaluators may, quite correctly question the commitment of that player, not only to the project but to exploiting the results.

There have been cases of companies preparing a proposal but submitting it via a partner as the Coordinator. It passed evaluation but with some comments to cut back the project to a certain extent. The result was that the Coordinator threw out the originating partner. Remember that the Coordinator of a proposal is in a unique position to dominate the contract negotiations.

In industrial research areas (except for NoEs and ICT FET) it is not generally a good idea to have a University be the Coordinator in an industrial research type of project. It rarely succeeds and if it does it is despite it. Most Professors make exceptionally poor Project Managers.

#### **4.4.2 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 Euros; 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. See Section 11.

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.

#### 4.4.3 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 3.4.2 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 3.4.2 above.
4. Via CORDIS partner search  
This is identical to point 4 under 3.4.2 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 3.4.2 above.
8. Via participation in a European Technology Platform activity  
This is identical to point 8 under 3.4.2 above.
9. Via technical area specific activities  
This is identical to point 9 under 3.4.2 above.
10. Via parallel EUREKA activity (See Section 11)

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

#### **4.4.4 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 a non-disclosure agreement 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 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
8. Any relevant issues regarding generated IP
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 Idealist2014 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 over fourteen years in successive projects. It uses an interesting set of criteria that are useful to understand as they contain 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 or EEN 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 and subjective.

#### 4.5.1 Quality Team Scoring System

In order to clearly record each individual's 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 submitter 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 add 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 Proposal preparation and submittal**

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 and thus be responsible for overall project technical direction, as well as administration and management.

In FP7 preparation and submission of proposals is by on-line preparation and on-line submission using EPSS – the Electronic Proposal Submission System, or the new SEP system which is accessed through the Participants Portal. see 4.5.4 below.

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

**It is the Coordinator who initiates the process. With 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. With SEP, access is through your Participants Portal “Proposals” section. The Coordinator will additionally ask for your contribution to part B as well as your estimated man months, man rate, budget and requested funding. See section 16.**

Sections 4.5.1 and 4.5.2 below describe the content of proposals; See Appendix 4 for links to the various

The European Union's Framework Program 7 (with an emphasis on ICT) 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 - Information on the and partners, one A2 form for each with following information:

- Participant number, Name address etc.
- Legal status,
- 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

A3.1 and A3.2 - Cost breakdown

- In A3.1 and A3.2 more detailed costs (direct/indirect) as 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 directly aligns with the Evaluation Criteria bullets. The Guide for Applicants identifies the following required contents for Part B:

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

Title Page

Summary

S&T quality

- Concept and objectives
- Progress beyond the state-of-the-art
- S & T methodology and associated work-plan

Implementation

- Management structures and procedures
- Relevant experience of the individual participants
- Consortium description
- Allocation and justification of the resources to be committed

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

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 following for an R&D proposal -

#### 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.

**For the handling of Ethical Issues see Section 12 below.**

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 large	Appropriateness of measures for the dissemination and/or exploitation of project results, and management of Intellectual property	Appropriateness of measures for spreading excellence, exploiting results and disseminating knowledge through engagement with stakeholders and the public at large

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 or SEP. This now serves two purposes; first to enable use of EPSS or SEP 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.

In SEP, there is an added advantage that the LEAR and others nominated by the LEAR, can see all proposals before the submission stage and thus be informed as to what their researchers are up to.

#### **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.

Chapter 15 of this book is a much more detailed section on how to prepare and submit a proposal with an emphasis on an ICT STREP. This is expanded with additional points in Chapter 16.

We note that from 2009, the EPSS sends the notice of a successful submittal to all the partners and not just the Coordinator.

### **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.

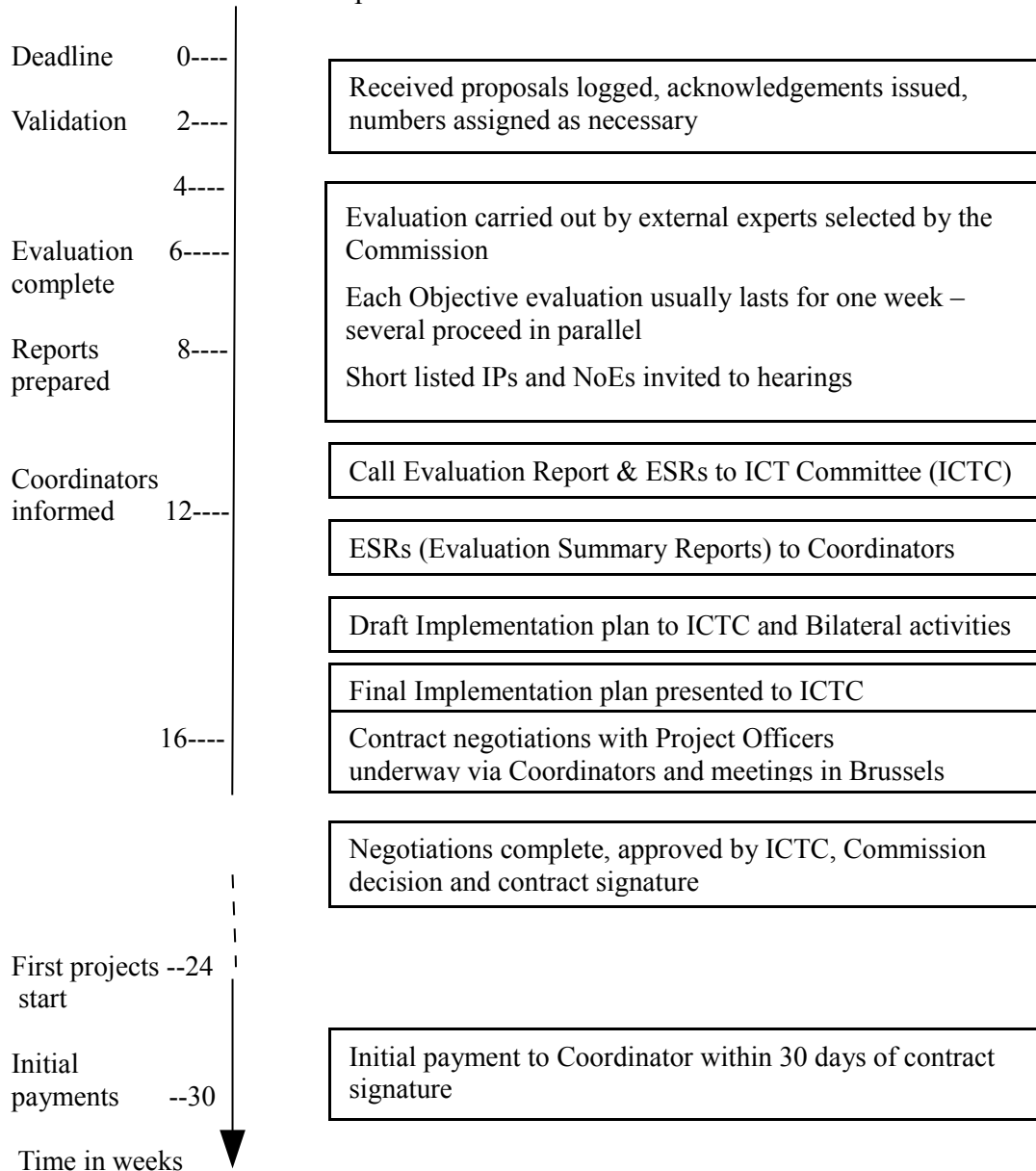
### **4.8 Collaborative R&D Proposal evaluation**

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.

ICT has moved in the past year to mainly off-site evaluations. Prior to ICT Call 3 only FET used off-site evaluation. FET Open continues to use two step evaluations. From ICT Call 5 remote evaluators had electronic as well as paper copies of proposals.

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. This is discussed below in Section 12.

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.

I have noted that not all programs use the above guidelines. If a consortium is invited to a Hearing and the above limits are not mentioned, then one should immediately query this with the responsible CEC person as becoming aware of any such limits at the last moment could ruin your chances.

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 Program Committee delegate.

#### **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](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 annex 2 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 Coordinator

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 are 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

As a result of the FP6 experience and in an effort to clarify the situation the Commission have repartitioned the instruments (away from "new" and "old") as to be aimed at three types of action:

- Generating , demonstrating & validating new knowledge (STREPs and IPs)
- Durable integration of research activities/capacities (NoEs)
- Supporting collaboration, coordination & other activities (CSAs)

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
<b>ICT CP(IP)</b>	Ambitious objective-driven research dealing with different issues through a "programme approach"	Industry, including SMEs Research institutes Universities (Possibly) end-users	<u>One or more of:</u> 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
<b>ICT CP (STREP)</b>	Objective-driven research more limited in scope than IPs and usually focussed on a single issue	Industry, including SMEs Research institutes Universities	<u>One or more of:</u> 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
<b>CP</b>	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
<b>NoE</b>	Durable integration of the participants' research activities	Research institutes Universities Mainly <u>indirectly</u> : Industry (possibly through steering committees, governing boards, scientific committees) SMEs (possibly through take-up actions)	Joint Program of Activities (JPA): 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
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The European Union's Framework Program 7 (with an emphasis on ICT)

<b>CSA (CA)</b>	Coordination, networking	Research institutes Universities Industry including	Fixed overall work plan	Possible via contract amendment	No funding of research activities Consistent set of activities focussing on coordination ("program" approach)
<b>CSA (SA)</b>	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.

## 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:

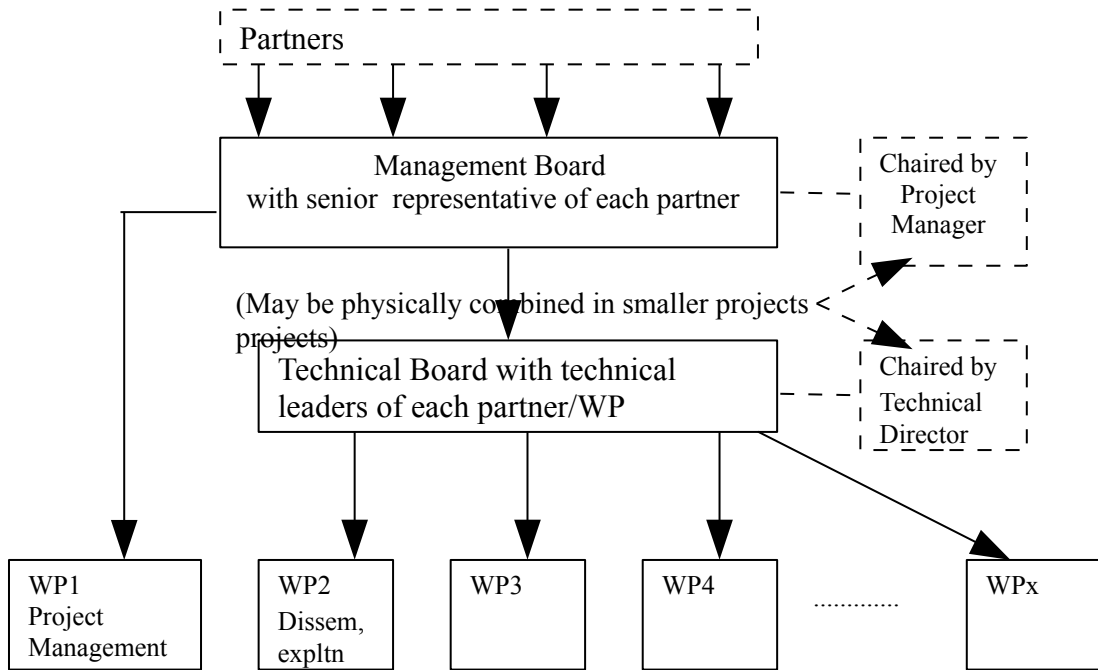
1. the overall legal, contractual, ethical, financial and administrative management;

The European Union's Framework Program 7 (with an emphasis on ICT)

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**

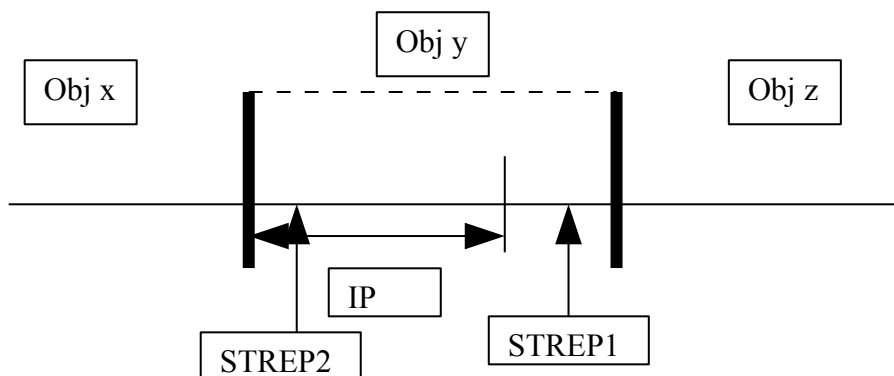


For smaller projects and depending on the technical abilities of the company representatives, it is possible and more effective to combine the Management and Technical Boards although they must continue to deal with both aspects.

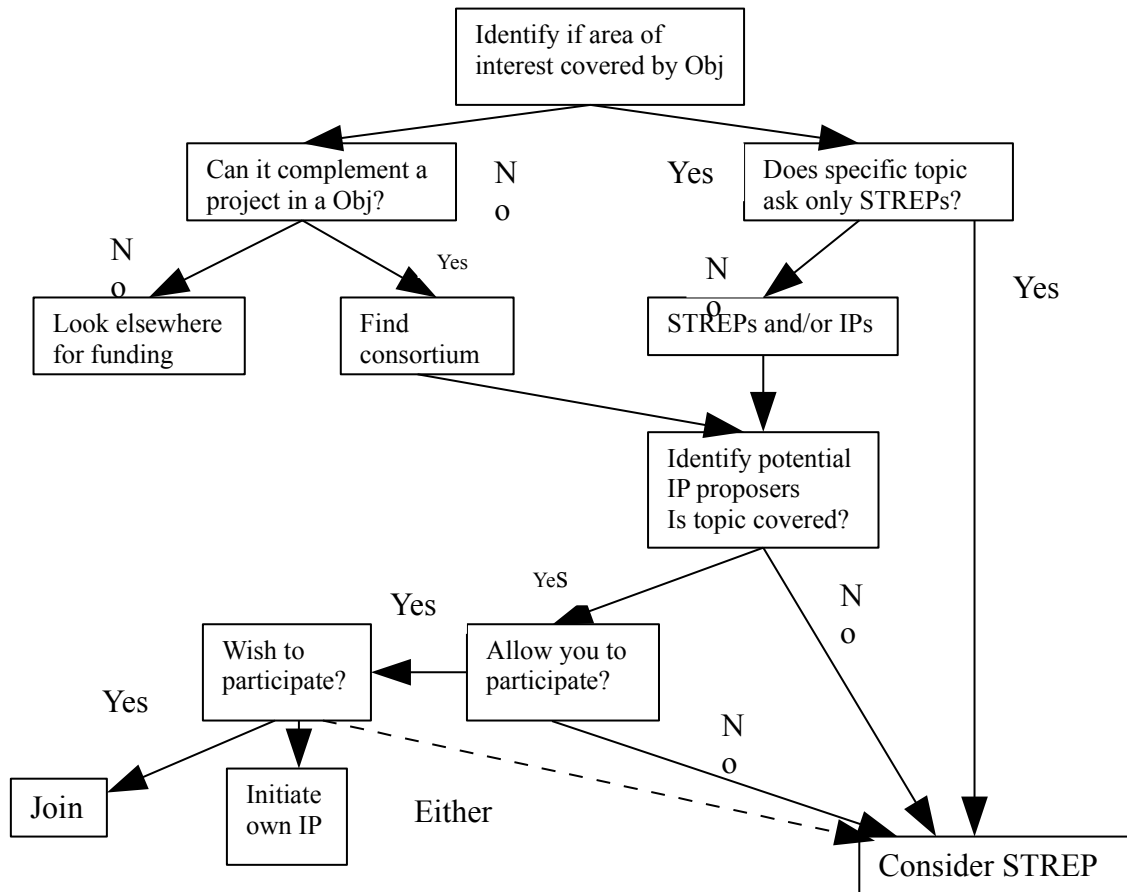
**5.2.2 Checking Suitability of a ICT Small or medium-scale focused research action**

First thing is to check in the Workprogram that the specific topic is suitable for STREPs. Some topics are identified as being unsuitable. If it is suitable then one would prepare a proposal as per the guidelines similar to previous RTD proposals. However, it is clearly inadvisable to submit a STREP that is very large. i.e. stick to 1 - 3 MEuro funding over 2 or 3 years maximum and say 4 to 8 participants.

It is vital from a size point of view not to stray into the Integrating Project domain. Of course the project itself would deal with R & D and potentially a small scale trial as well as dissemination as in the past and could not contain take up or training actions.



In above diagram, IP, STREP1 and STREP2 are all targeted at Objective y. STREP2 has strayed into the IP domain while STREP1 has not. How can this be avoided? I suggest the following process -



Chapter 15 of this book deals in detail with how to construct an ICT STREP proposal.

### 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 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

The European Union's Framework Program 7 (with an emphasis on ICT) 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 and strong management.

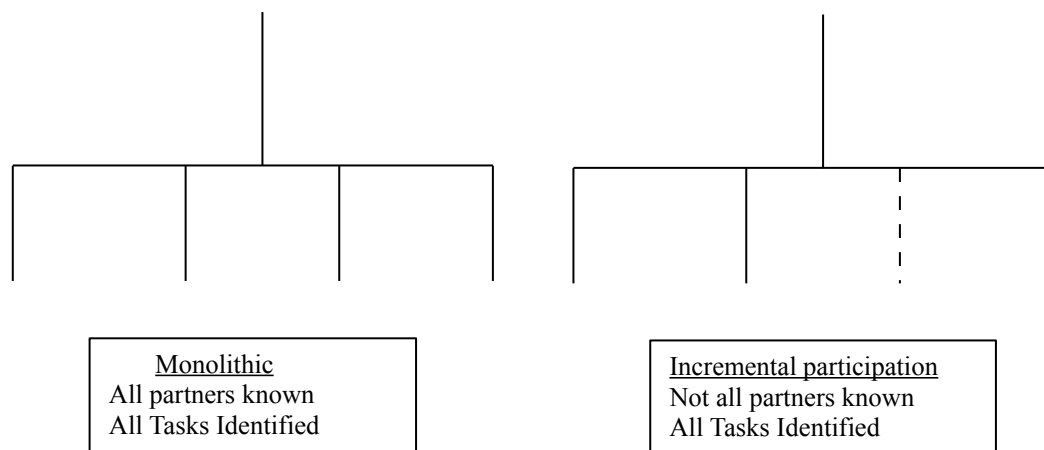
The focus of an IP can, however, also include demonstration, technology transfer or training of researchers and/or potential users. The Commission funding covers each sub-project at the rates and rules appropriate to that activity. An project may receive up to several million Euros a year. The projects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

There must be enough participants in the 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?

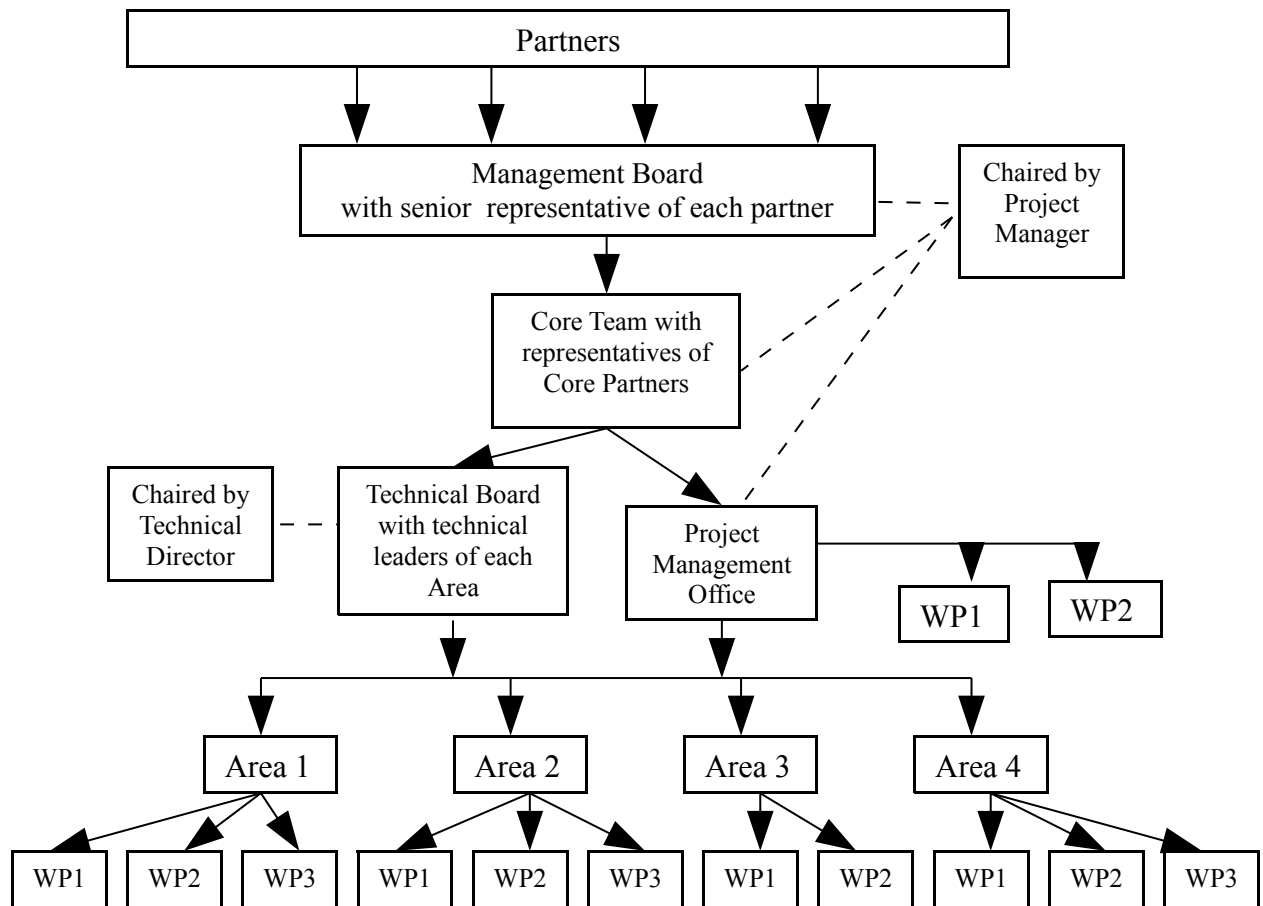
I would suggest approaching an IP as follows -

- 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

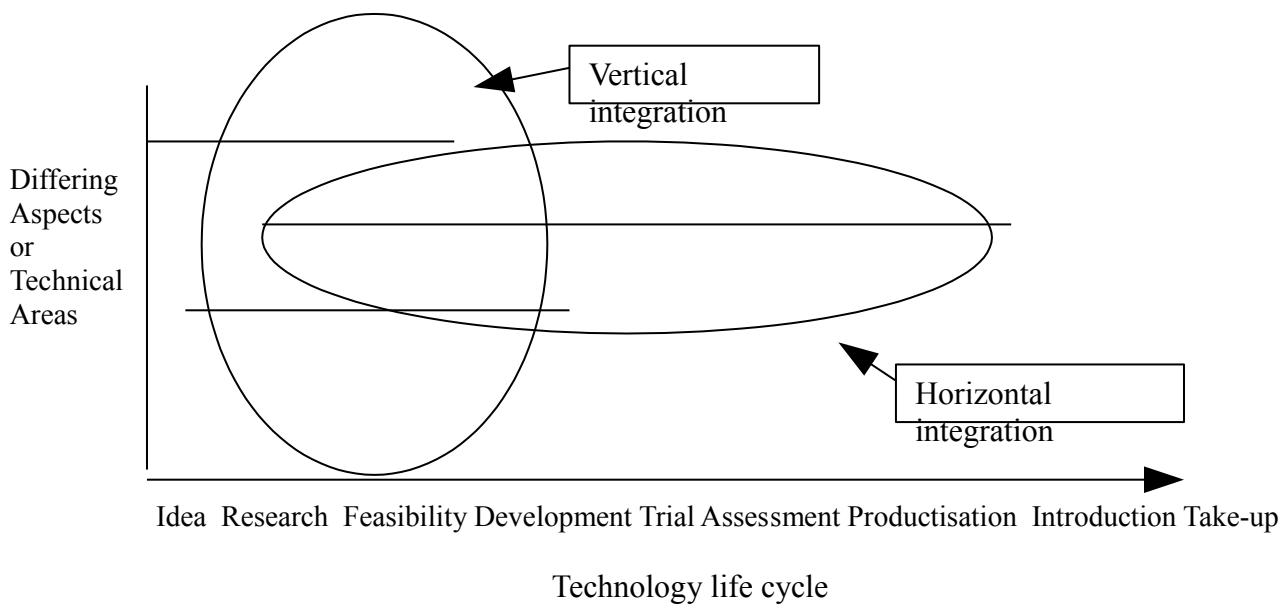
In the documentation you can detect multiple potential configurations for an ICT IP. They are expected to identify one or more of these "integrations" as being present. Most calls would expect a variation in those accepted but the ideal configuration for each area must be clarified prior to preparation. 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 (NoEs) 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

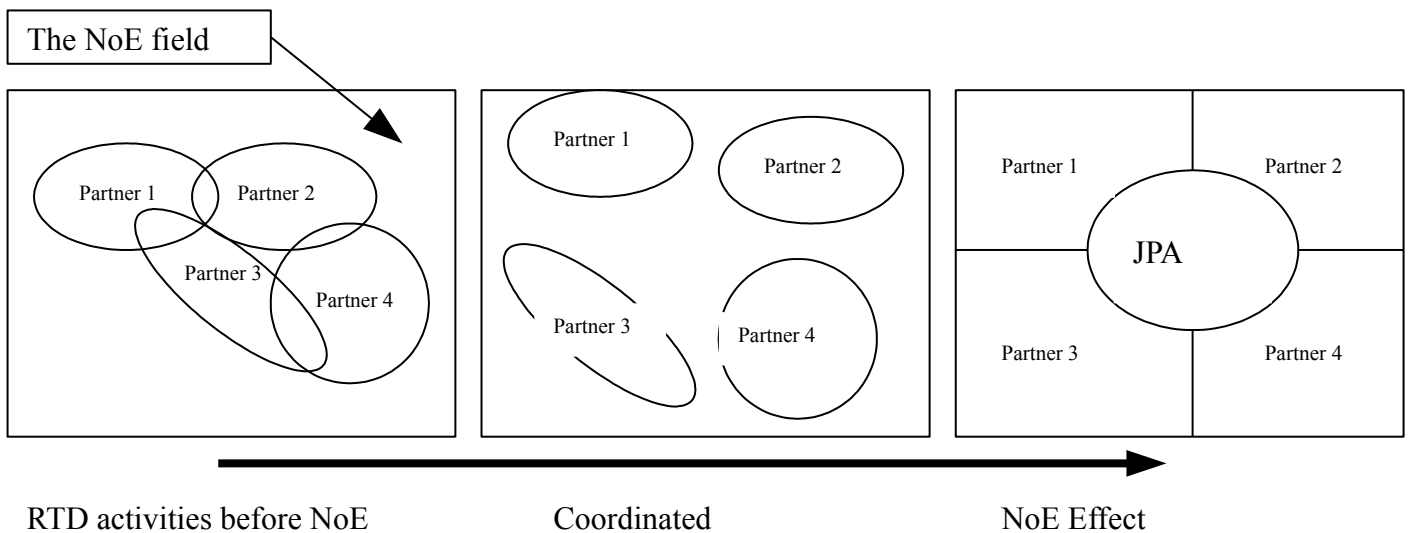
The European Union's Framework Program 7 (with an emphasis on ICT) for researchers and other key staff;

- 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 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 was 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 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.

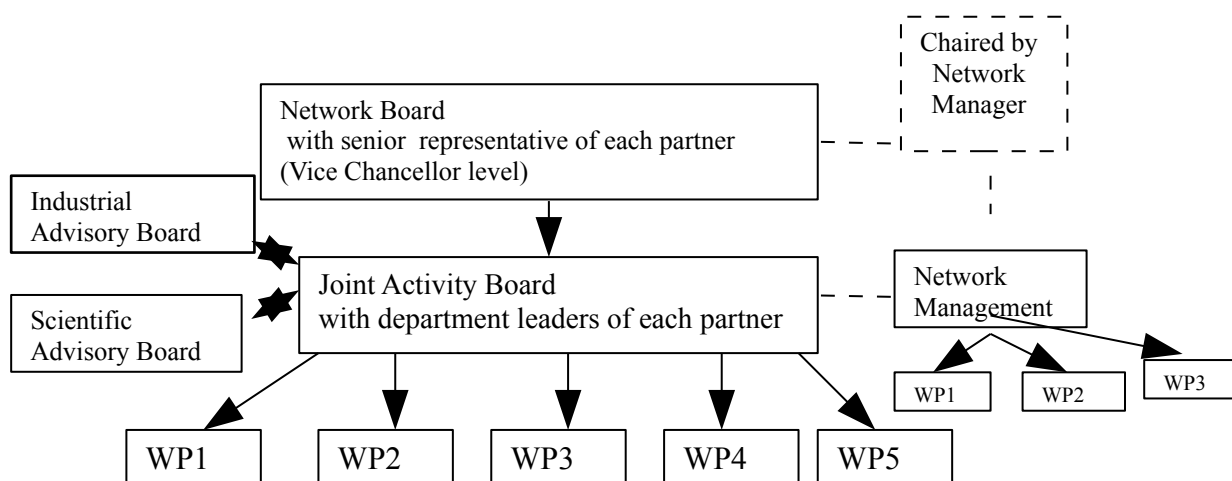
I would suggest that the quality of the participants is of paramount importance, not the quantity. Each laboratory must have executive commitment and be able to demonstrate it. For University departments for example the commitment of the Vice Chancellor or equivalent officer is vital. In most relevant 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 or Support Action (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 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 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 SME Special Measures

Special Measures are provided for Small and Medium sized Enterprises (SMEs). In the past I have usually seen them as being largely inappropriate for the ICT program in general, but in FP7 I now believe that in some circumstances they can be very useful. In FP7 and CIP there is a greater emphasis on enterprise groupings that represent larger communities of SMEs. See also 2.1.4

There are two types of SME specific measures ('Research for SMEs', 'Research for SME Associations') and they use modified instruments as outlined below.

**Please note that this program has several unique aspects:**

- **Signed Consortium Agreements have to be given to the Commission prior to contract**
- **Research performers, although legally beneficiaries can also be considered as sub-contractors with respect to the RTD and/or demonstration aspects of the work. Thus they can charge full with profit costs for that part of their work.**

**Note that under the 2011/12 WPs, some of the collaborative RTD programs had some objectives aimed at SMEs use the SME measure rules.**

**Details are in the following sections.**

### **Changes introduced in 2011/12 Workprogram**

The two main changes involved are:

- a single stage process for associations - not 2 stage as in previous calls
- a new 'demonstration' activity available to SMEs with previous FP6 or FP7 involvement.

The call covers 3 Activities, with an Indicative budget of 204 M€

- Research for SMEs -110 M€
- Research for SME Associations - 79 M€
- Demonstration Actions - 15 M€

### **5.6.1 Research for SMEs (In Previous FPs, called Co-operative Research - CRAFT)**

This was a scheme originally for SMEs not having their own R&D capability. However, they are now also appropriate for SMEs lacking certain specific R&D capabilities.

In FP7 they are defined as “targeting mainly low to medium technology SMEs with little or no research capability, **but also research performing SMEs who need to complement their core research capability.**” This latter phrase is important and has led me to change my opinion as to their appropriateness.

**However the key aspect is that there is a need for at least three SMEs from different countries to have the same research requirement.**

Research for SMEs is a scheme whereby a number of SMEs from different countries having specific problems or needs to outsource a significant part of the required scientific and technological research activities to RTD performers (e.g. Universities, research centres, industrial companies, including research performing SMEs).

The Research for SMEs scheme is an evolution of the CRAFT scheme used in earlier Framework Programs. Projects are relatively short term; duration must be at least one year and with a maximum of two years and may address any research topic or field, being based on the specific needs and problems of the SMEs concerned.

Other enterprises and end-users will be able to participate in Research for SMEs Projects, under conditions ensuring they do not assume a dominant role. Flexibility is given to the consortium in establishing agreement on IPR. Default is full ownership of all project results by SMEs or associations. The consortium may reach a different agreement as long as participants have all rights required for use and dissemination of project results.

The aim of Research for SMEs Projects – which can focus on any scientific or technological topic or field is:

- to support the R&D needs of SMEs,
- to facilitate trans-national R&D co-operation between SMEs,
- to encourage co-operation between SMEs and Europe's research community.

Four types of activities are eligible for funding under Research for the Benefit of SMEs:

- R&D and Innovation activities (50/75 % funding)
- Demonstration Activities (50% funding)
- Other e.g. training, dissemination (100%)
- Management (100%)

Research for SMEs projects run for a minimum of one year and a maximum of two years. Each project should typically have a budget between €0.5 and €1.5 million.

They must include at least three SMEs, established in three different EU Member or Associated Countries. The consortium must also include at least two RTD performers, who are independent of the SMEs, which are organisations with the facilities necessary to carry out research on behalf of the SMEs.

Other enterprises or end users with an interest in solving specific research needs of the SMEs may participate in the project, without taking on a dominant role at any stage. These enterprises must also be

The European Union's Framework Program 7 (with an emphasis on ICT) independent from any of the other participants taking part.

Co-ordination tasks may not be subcontracted. The organisation acting as coordinator must have the necessary capacity and competence to ensure effectively the coordination tasks. Whilst the co-ordinator of a Research for SMEs project should normally be one of the participants or RTD performers, this role may be entrusted by the SMEs in duly justified cases to an organisation specialised in professional project management and participating to the project under the category "other enterprises and end-users" in support to the SMEs.

Funding is capped at 110% of estimated price to be invoiced to RTD providers by the participants as agreed prior to contract signature. Should the actual invoices be lower than the initially estimated price, the financial support of the Community will not exceed 110% of their actual value.

The RTD providers invoice the SMEs for their work as eligible costs under the categories of RTD and Demonstration activities. RTD providers can directly charge eligible costs to the project only under the categories of Other and Management.

In a "Research for the Benefit of SMEs" project, for RTD and Demonstration activities, the RTD Performer(s) are sub-contractors to the Participants. As such, the RTD performer(s) can include an element of profit in the amounts they invoice SMEs for RTD and Demonstration activities.

**Detailed budget tables should be included in section 2.2 of part B. The format of the tables should match those given in the Commission publication:**

[ftp://ftp.CORDIS.lu/pub/fp7/docs/research\\_smes\\_en.pdf](ftp://ftp.CORDIS.lu/pub/fp7/docs/research_smes_en.pdf)

Previous Work Program 2009/10-Capacities-Research for the benefit of SMEs

This section is preserved as there are ongoing projects funded under these older rules.

"The relationship between SMEs or associations and RTD performers under this Programme is a "customer-seller" relationship. To further develop their activities, SMEs or associations buy knowledge from RTD performers, who sell their expertise and work. Specific research and development activities undertaken by SMEs or associations with their own resources are essentially focussed on initial specifications and on the validation and testing of the acquired knowledge. In this context, the real investment or cost incurred by SMEs or associations includes a price they pay for the know-how they wish to acquire: i.e. the Intellectual property rights and knowledge developed during the project."

The Research for SMEs instrument is, in effect, a variation of the STREP.

Annex 1 to Grant Agreement

There are differences to the structure of Annex 1 for Research for the Benefit of SMEs projects. Key points to note are:

- Part A contains two Sections: Section 1 (budget breakdown and project summary) and Section 2 (the transaction).
- Section 1 of Part A is comprised of the list of participants, the budget breakdown and the project summary.
- Section 2 of Part A contains a breakdown of the cost items to be reimbursed by the participating SMEs and Associations (and, if applicable, by Other Enterprises and end-users) to RTD performers.

Project Results and IPR:

By default, the participating SMEs and retain the full ownership of all project results ("foreground") and the RTD performers are remunerated accordingly. The consortium may however reach a different agreement in their own best interests, as long as the SMEs are provided with all the rights that are

The European Union's Framework Program 7 (with an emphasis on ICT) required for their intended use and dissemination of the project results.

If the consortium agrees that the RTD performers keep part ownership or the entire Foreground, the consortium has to describe clearly:

1. How it is ensured that the participating SMEs and associations are provided with all rights required for their intended use and dissemination of the project results?
2. How this is reflected in the value of the transaction (remuneration of the RTD performers)
3. How the RTD performers are going to exploit the IPR

Table 2.2 in Part B should specify the price the RTD performers will charge the SMEs for the RTD and Demo activities they will do in the project. The RTD performers may agree on a lower price due to IPR deals that have been negotiated in the Consortium agreement, in order to gain access/ownership rights to the Foreground IPR developed in the project.

**Importantly, RTD performers cannot include in the project budget amounts of money representing in-kind own contribution for additional RTD activities.**

Please note that in Part B, in the Table 3.2.2, "Project Results (including knowledge) to be acquired", the Remuneration column **refers not only to the monies paid by the SMEs/-AGs to the RTD performers for the IPR produced in the project, but also includes any monies paid for IPR produced in the project by the SMEs/-AGs to SMEs/ AG or to organisations in the group "Other"**.

#### **5.6.2 Research for SME Associations (Formerly known as Collective Research)**

Research for Associations projects will be substantial projects of two to three years duration, conducted on a European basis. A project of longer duration could be accepted if it is necessary to deliver its objectives and when duly justified.

Research for SME Associations is a form of research undertaken by RTD performers (e.g. Universities, research centres, industrial companies, including research performing SMEs) on behalf of Industrial Associations/Groupings (-AGs) in order to expand the knowledge base of large communities of SMEs and to improve their general standard of competitiveness.

An 'core group' should contribute to the project, from the definition phase to the dissemination of the final results.

Uses a two step procedure - in other words an initial short proposal is made and a subset of proposers are then invited to submit full proposals within a set time-frame. The Guide for Applicants defines the content expected for both short and full proposals.

Research for SME Associations projects are usually large-scale, Europe-wide initiatives set up to:

- Reinforce the technological basis of particular sector(s);
- Develop 'technological tools' (for example, diagnosis, safety equipment, etc.);
- Perform pre-normative research to provide a scientific base for setting European norms and standards;
- Address common problems and challenges (for example, to meet regulatory requirements, such as health and safety in the workplace, environmental performance, etc.)

Research for SME Associations projects can include the following type of activities:

- Research and innovation-related activities: based on well-defined and sharply focused research objectives; (50/75% funding)
- Demonstration Activities (50% funding)
- Other e.g. training, dissemination (100%)
- Management (100%)

The European Union's Framework Program 7 (with an emphasis on ICT)

The average Research for SME Associations project will run for two to three years and will cost between €1.5 and €3 million. Projects lasting longer and costing more could also be eligible for funding, but only in cases where the research partners can prove that this is necessary to reach the project's overall objectives.

They must contain at least three independent associations/groupings or one European industrial association/grouping. Project participants must be established in at least three different EU or associated states. Consortia must also contain an 'core group' made up of at least two eligible SMEs from different EU or Associated States.

The consortium must also include at least two RTD performers, who are independent of the -AGs, which are organisations with the facilities necessary to carry out research on behalf of the -AGs.

Other enterprises or end users with an interest in solving specific research needs of the SMEs must participate in the project (between 2 and 5), without taking on a dominant role at any stage. These enterprises must also be independent from any of the other participants taking part.

Funding is capped at 110% of estimated price to be invoiced to RTD providers by the -AG participants as agreed prior to contract signature. Should the actual invoices be lower than the initially estimated price, the financial support of the Community will not exceed 110% of their actual value.

The SMEs invoice the RTD providers for their work as eligible costs under the categories of RTD and Demonstration activities. RTD providers can directly charge eligible costs to the project only under the categories of Other and Management.

In a "Research for SME Associations" project, for RTD and Demonstration activities the RTD Performer(s) are sub-contractors to the Participants. As such, the RTD performer(s) can include an element of profit in the amounts they invoice SMEs for RTD and Demonstration activities.

**Detailed budget tables should be included in Section 2.2 of Part B of the proposal. The format of the tables should match those given in the Commission publication:**

[ftp://ftp.CORDIS.lu/pub/fp7/docs/research\\_smes\\_en.pdf](ftp://ftp.CORDIS.lu/pub/fp7/docs/research_smes_en.pdf)

"The relationship between SMEs or SME Associations and RTD performers under this Programme is a "customer-seller" relationship. To further develop their activities, SMEs or associations buy knowledge from RTD performers, who sell their expertise and work. Specific research and development activities undertaken by SMEs or associations with their own resources are essentially focussed on initial specifications and on the validation and testing of the acquired knowledge. In this context, the real investment or cost incurred by SMEs or associations includes a price they pay for the know-how they wish to acquire: i.e. the Intellectual property rights and knowledge developed during the project."

The Research for SME Associations instrument appears to be a blend of the STREP and IP instruments.

#### Annex 1 to Grant Agreement

There are differences to the structure of Annex 1 for Research for the SME Associations projects. Key points to note are:

- Part A contains two Sections: Section 1 (budget breakdown and project summary) and Section 2 (the transaction).
- Section 1 of Part A is comprised of the list of participants, the budget breakdown and the project summary.
- Section 2 of Part A contains a breakdown of the cost items to be reimbursed by the participating SMEs and Associations (and, if applicable, by other Enterprises and end-users) to RTD performers.

### Project Results and IPR:

By default, the participating SMEs and Associations retain the full ownership of all project results ("foreground") and the RTD performers are remunerated accordingly. The consortium may however reach a different agreement in their own best interests, as long as the SMEs are provided with all the rights that are required for their intended use and dissemination of the project results.

If the consortium agrees that the RTD performers keep part ownership or the entire Foreground, the consortium has to describe clearly:

1. How it is ensured that the participating SMEs and associations are provided with all rights required for their intended use and dissemination of the project results?
2. How this is reflected in the value of the transaction (remuneration of the RTD performers)
3. How the RTD performers are going to exploit the IPR

Table 2.2 in Part B should specify the price the RTD performers will charge the SMEs for the RTD and Demo activities they will do in the project. The RTD performers may agree on a lower price due to IPR deals that have been negotiated in the Consortium agreement, in order to gain access/ownership rights to the Foreground IPR developed in the project.

**Importantly, RTD performers cannot include in the project budget amounts of money representing in-kind own contribution for additional RTD activities.**

Please note that in Part B, in the Table 3.2.2, "Project Results (including knowledge) to be acquired", the Remuneration column **refers not only to the monies paid by the SMEs/-AGs to the RTD performers for the IPR produced in the project, but also includes any monies paid for IPR produced in the project by the SMEs/-AGs to SMEs/ AG or to organisations in the group "Other"**.

### **5.6.3 Demonstration Actions**

The demonstration activity is targeted to SMEs having participated or still participating in a 'Research for SMEs' and/or 'Research for SME Associations' project in the FP7 Capacities Programme. The aim is to guarantee that the benefits of supporting demonstration activities will go directly to the SMEs involved which are ready to fully exploit the results of such project. The consortium will have to prove that the results from the demonstration activity are ready and suitable for exploitation.

For the demonstration action, projects must be centred on the needs of the SMEs to carry out demonstration activities before being able to enter the market. Activities can include testing of product-like prototypes, scale-up studies, performance verification and implementation of new technical and non-technical solutions. This phase should also include detailed market studies/business plans or market strategies.

Therefore, the activities covered in the context of the demonstration action include:

- 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)
- management activities, over and above the technical management of individual work packages, linking together all the project components and maintaining communications with the REA. It is expected that the management costs would not exceed 10% of the total cost of the project.
- other activities: training activities by the RTD performers and dissemination activities.

The consortium must consist of a minimum of 3 SMEs from at least 3 different Member States or Associated Countries. These three SMEs must be/have been participants together in a 'Cooperative research' project funded under the last FP6 call (FP6-2004-SME-COOP) or in a FP7 - 'Research for SMEs' project. SMEs which were members together of the 'SME core group' in the FP6-2004-SME-COLL call or which are members together of the 'other enterprises or end-users' in a 'Research for SME



Associations' project in FP7 may also participate.

The SMEs should have a predominant role in the consortium: at least 75% of the declared costs shall be carried out by the SMEs and the coordinator of the project must be one of the SME participants. The participation of other actors, such as SME associations, large companies and/or RTD performers is possible. Applicants are encouraged to form small consortia fit for the purpose of the proposed project.

The overall budget of a project should typically be between €500,000 to €3,000,000. It is expected that the duration of a project would be in the range of 18 to 24 months. For demonstration activities the EU financial contribution is limited to up to 50% of the total eligible costs.

#### 5.6.4 Comparison between Research Instruments

On the surface it is difficult to differentiate clearly between the two instruments and so we provide the following tables to highlight the differences/similarities:

##### The Basics

instrument	Duration	Funding	RTD Performers	SMEs	Groupings	Other
Research for SMEs	1-2 years	€0.5 – 1.5M	At least 2	At least 3 From 3 states	-	Possibly enterprises or end users if required
Research for Assoc.	2-3 years	€1.5-3M	At least 2	At least 2	3 national or 1 European	-

##### The activities

Instrument	Overall participation	Objectives	Activities	Proposal
Research for SMEs	See above	<ul style="list-style-type: none"> <li>• innovation</li> <li>• cooperation</li> <li>• trans-national cooperation</li> </ul>	<ul style="list-style-type: none"> <li>• Research &amp; Innovation</li> <li>• Demonstration</li> <li>• Other</li> <li>• Management</li> </ul>	Single step
Research for Assoc.	See above	<ul style="list-style-type: none"> <li>• Sectoral research</li> <li>• Pre-normative</li> <li>• Tools</li> <li>• Common problems</li> </ul>	<ul style="list-style-type: none"> <li>• Research &amp; Innovation</li> <li>• Demonstration</li> <li>• Other</li> <li>• Management</li> </ul>	Single step
Demonstration	See above	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)	<ul style="list-style-type: none"> <li>• Demonstration</li> </ul>	Single step

##### The legalities

Instrument	Consortium agreement	RTD Performers		

Research for SMEs	Yes	<ul style="list-style-type: none"> <li>• &gt;40% costs</li> <li>• Fully funded</li> </ul>	<ul style="list-style-type: none"> <li>• RTD performer</li> <li>• Specialised Project Management Company*</li> </ul>	SMEs
Research for Assoc.	Yes	<ul style="list-style-type: none"> <li>• &gt;40% costs</li> <li>• Fully funded</li> </ul>	<ul style="list-style-type: none"> <li>• -AG</li> <li>• RTD performer</li> <li>• Specialised Project Management Company*</li> </ul>	Industrial groupings
Demonstration	Yes	<ul style="list-style-type: none"> <li>• at least 75% of the declared costs shall be carried out by the SMEs</li> </ul>	<ul style="list-style-type: none"> <li>• SME</li> <li>• SME-AG</li> <li>• RTD Performer</li> <li>• Large Companies</li> </ul>	SMEs

\* If sufficiently justified

**The participants are required to submit a signed consortium agreement to the Commission before the signature of the contract. This allows the rights of the SMEs to be checked and protected.**

## 5.7 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 2011/12 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.

Also note in the 2012/13 Workprogram there is a completely new addition to FET Open. 9.5 XTrack.

**New objective 9.5 replace objective 9.1 as of 12 September 2012 for submission of STREP to FET-Open. It is now called XTrack. It is trialling a new single step lighter, faster process.**

**No more work-packages, deliverables & milestones**  
**More information in the Guide for Applicants**

### **5.7.1 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.

## **5.8 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.

### **5.8.1 Beneficiary**

A Beneficiary was formally known as a partner. 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.

### **5.8.2 Coordinator**

Also previously known as Prime Contractor or Project Leader. 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 third country could act as coordinator however, in practice this happens only extremely rarely and then generally only in CSA projects.

### **5.8.3 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.

Subcontractors 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..

#### **5.8.4 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.

### **5.9 Two Stage Submission**

As noted previously a two step proposal submission procedure is used in ICT FET (up to 12 Sep 2012) and some 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.**

### **5.10 Research Infrastructures I3 instrument**

Under Capacities there is a Research Infrastructures Program that contains an interesting variation on the project type. This is the Integrated Infrastructures Initiative (I3). In fact it is a project that combines the activities of an IP and the CSA. i.e. It has RTD, Management, Coordination, Support and Other as activities in a single project; each using its own funding rules.

This particular funding scheme is formally called “Combination of collaborative project and coordination and Support Action. Integrated Infrastructure Initiative projects (I3)”.

This funding scheme specifically differs from the standard Integrating Projects by having the additional two activity types Coordination and Support available in addition to those of an IP. In the proposal structure Section 1 is expanded to contain three specific types of work-plan. In essence section 1.3 is replaced by 1.3, 1.4 and 1.5 with each containing the same set of information and tables as the normal 1.3; they address respectively Networking activities (including Consortium Management); Services activities; and Joint research activities. These triple aspects are also reflected in Section 3 of proposals. All three are required to be present. To compensate for this the page counts are increased from 20 to 40 plus tables for Part 1 but Part 3 remains at 10 pages.

In respect of funding, those activities related to Coordination and Support are budgeted as would CSA proposals i.e. 100% funding with 7% Overheads; whereas Management and Other activities are funded at 100% with normal overhead calculations; finally RTD activities are 50% or 75% funded with normal Overheads.

## 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.*

On the 26 October 2012, a new version of the "EU Regulation on the Financial Rules applicable to the general budget of the Union" was published.

In it, some issues were applicable immediately, some started on 1 Jan 2013, and some on 1 Jan 2014.

**Note that the version of the "Guide to Financial Issues relating to FP7 Indirect Actions" was updated on 18 March 2013 and that of the "Auditors Notes" dated 1 July 2010. This was the fifth update.**

The changes in the Guide were to bring it into line with the new Financial Regulations.

The main clarifications and modifications introduced in the fourth update to the Guide to Financial Issues concern the following points:

- Art. II.2. further details on voluntary guarantee submitted by a coordinator.
- Article II.4.4: Certificate on Financial Statements (CFS): possibility of voluntary submission of a CFS below EUR 375,000 threshold; possibility that it covers only part of the costs, with the consequence that the counter will be re-set to the amount not covered by the CFS.
- Article II.4.4: Confirmation that if the Commission has carried out an audit of the costs incurred by a beneficiary in a given period, the Commission can waive the obligation for the audit certificate for that period.
- Article II.14.2: Third parties of Special Clause 10 will submit CFS only when their individual EU contribution reaches the 375,000 threshold of EU contribution..
- Art. II.19 Exemption from the obligation to generate interest on pre-financing: extension of the exemption from the obligation to generate interest on pre-financing to include not only the opening but also the operating of an interest-bearing bank account.
- Art. II.14: Further details on cost eligibility of bank charges, flat rate for daily subsistence and accommodation, parental leave, travel costs, bonus payments, recruitment costs etc..
- Art. II.14: Inclusion of a web link to a list of taxes/charges which have been examined and declared eligible/not eligible under FP7.
- Art. II.16: Clarifications on the activities which may be charged under the category "other costs", including "Management costs".
- Annex III: Specific explanations for ERANET + and Research for SMEs.

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

Effective 1 January 2013, the Commission made some changes to new model agreements signed after this date. It goes some way towards simplification with for example the introduction of electronic signatures. However current contracts need to be modified if you wish to use them in current contracts.

### Updates to FP7 Grant Agreements

Modifications to the FP7 Grants Agreements came into force incrementally on 26 October 2012 following revisions to the EU's Financial Regulations. The updated model grant agreements are available on the

Participant Portal and the Commission will also be contacting project coordinators to communicate some of the changes.

The main changes are:

- Time-to-pay: the time limit allowed for making payments to beneficiaries has been reduced to 30 days for the pre-financing and to 90 days for the interim and final payments (applicable from 26 Oct 2012).
- Interest on pre-financing: the beneficiaries of EU funds will no longer be obliged to deposit pre-financing on interest-bearing bank accounts and to declare the interest yielded by these accounts. (only if the special clause requesting interest to be declared is not included).
- Financial support to third parties: the Commission introduced lighter conditions under which beneficiaries may give financial support to third parties in cases where such financial support is required by the implementation of an action or a work programme.
- Electronic Submission of Forms C, D and E: the electronic-only signature and transmission of these financial documents has been introduced as part of the steps towards simplification and to a paperless administration of FP7 projects. Therefore, for grants signed after 1st January 2013. However, running projects are encouraged to have a Grant Agreement Amendment to allow their project to submit electronically as well. All partners have to agree to this Amendment:
- The obligation to submit Financial Statement (Form C) and Certificates on Financial Statements and on Certificate on Methodology (Forms D and E respectively) on paper has been removed, scanned versions can be uploaded;
- Form C must be transmitted and electronically signed through the electronic exchange system by the authorised person(s) within the beneficiary. (New Participant Portal Role for signing off Form Cs)
- Forms D and E must be hand-signed by the authorised person from the auditing entity and a scanned copy of the certificates must be submitted through the electronic exchange system.
- For on going grant agreements and new grants signed up to 31st December 2012, the old rules will continue to apply as the grant agreements are not automatically affected. However, the Commission encourages all beneficiaries in all FP7 grants to use the new electronic-only submission. For doing this, coordinators of on-going grants must request a grant amendment to the Commission. The templates and instructions for this amendment will be sent by the Commission project officers to each coordinator. The amendment becomes applicable to all beneficiaries under a given grant, i.e. there will be no "mixed" reporting in a consortium (either all electronic-only or all with paper signature).

For further information, please visit the Participant Portal.

## 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 . 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 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>Types of Activity / Types of Organisation</i>	<i>Large industrial + some other</i>	<i>Academic</i>	<i>Research Organisation</i>
<b>RTD</b>	50%	75%	
<b>Demonstration</b>	50%		
<b>Other</b> 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 CONNECT 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 , 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 6.26 Simplification of FP7 Rules. See the recent Simplification in 6.26.3.

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	<b>Research &amp; technological development or innovation activities</b>	<b>Demonstration activities</b>	<b>Training Activities</b>	<b>Dissemination activities</b>	<b>Consortium Management activities</b>	<b>Other specific activities**</b>



The European Union's Framework Program 7 (with an emphasis on ICT)

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% (: flat rate 7%)	100% (: 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

The European Union's Framework Program 7 (with an emphasis on ICT) 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](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](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.

### **6.1.3 Use of Lump Sums by ICPC Beneficiaries**

Lump sums do not require the submission of financial justifications (statements), as they are "fixed". ICPC participants when participating in an FP7 grant agreement have the choice between being reimbursed on the basis of eligible costs or on the basis of lump-sums. This choice can be made up to the moment of the signature of the grant agreement (whatever the final option chosen, the maximum EU contribution for the project remains unchanged). Once made, it will apply during the whole duration of

the agreement without the possibility of changing it. ICPC participants may opt for a lump sum in a given project and for reimbursement of costs in another.

The payment of the pre-financing for the lump-sums follows the same rules as the standard pre-financing (usually 160% of the average EC funding per reporting period). The interim payments following a reporting period will also follow the general rules and will be made on the basis of Form C (financial statement) and the actual time worked by the ICPC beneficiary during the period in question. For the final payment, the same rules apply (including the approval of the final report by the Commission)

The contribution for the ICPC participants is agreed as part of the budget during the negotiations, based on the lump sums approved by the Commission. Their work is defined in Annex 1 together with the work of the other participants. Payments will be made based on actual effort involved. Payments are released based on periodic reporting (as for the other beneficiaries) but ICPC beneficiaries only have to report on the time devoted to the project and not on the costs incurred.

As the lump-sums are calculated on the basis of researchers/year, the reports submitted by the ICPC beneficiary will include the financial Form C and the number of actual hours worked by the researchers on the project. Consequently, the beneficiary will keep a record of the time (e.g. time-sheets) worked by the researchers on the project. The Commission services and the other entities authorised by the ECGA may carry out audits on the premises of the beneficiary to verify its compliance with this requirement. As the beneficiaries are paid on the basis of lump-sums, there is no requirement to submit certificates on financial statements, even if the EU contribution is above the threshold of €375,000.

**Please note that this sum is considered to cover all the costs including travel. In the ICT program it has never been used by any applicant. It was meant to simplify things, but because the flight costs for those countries are generally much higher than that for member state organisations, it only complicates the rules. Travel should be additional.**

The ICPC countries are divided into several categories: low income; lower middle income and upper middle income. See the Annex to Guides for Applicants or Guide for Financial Issues for the list. The Lump sum contribution per country income group is as follows:

<b>Economy of the ICPC</b>	<b>Contribution (EUR/researcher/year)</b>
Low income	€8,000
Lower middle income	€9,800
Upper middle income	€20,700

## **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)
  - 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 sub-contractors.

Neither the Consortium Management or Other costs will 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 ) 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 6.26 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**

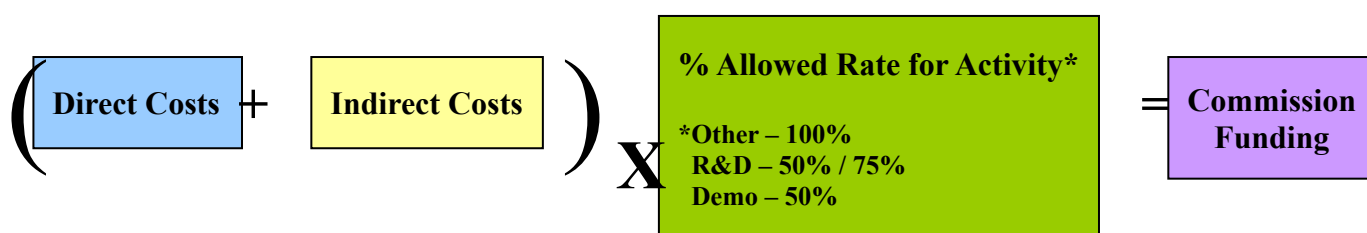
The Commission will not normally approve payment of personnel costs in respect of overtime payments. Assuming your organisation rules allow it, overtime is allowed if you work 100% of your time on one project only. The problem arises when you work on more than one project because you cannot identify

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
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 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% 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

### 6.5.2 Actual 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 PCs, 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 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 report period (proportioned according to the number of months in each set of audited accounts. Often the short period to prepare and submit the 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 there is no longer a



line for modifications to the previous as was the case in FP6. It is apparently now required to resubmit an amended .

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 overheads***

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 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 " 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.

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 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 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 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% 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 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

The European Union's Framework Program 7 (with an emphasis on ICT)  
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:

$$\text{Depreciation} = (A/B) \times C \times D$$

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

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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 1<sup>st</sup> Calls of FP7, the Lump-Sum method is not being implemented for Networks of Excellence. For the 1<sup>st</sup> 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 30 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 (90 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 by each partner as quickly as possible, with a Certificate on Financial Statement 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. A further one will then only be required each subsequent time the uncertified costs again reach €375,000.
- 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 6.26 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

	<b>Certificate on Financial Statements (CFS)</b>	<b>Certificate on the Methodology</b>	<b>Certificate on average personnel costs*</b>
<b>Basis</b>	<b>Article II.4</b>	<b>Article II.4</b>	<b>Article H.14</b>
<b>Who</b>	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	<del>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</del>

The European Union's Framework Program 7 (with an emphasis on ICT)

<b>Condition</b>	If total contribution < 375,000 €, no certificate <b>For projects &gt; 2 years:</b> Interim and/or final payment Each time that the cumulated EC contribution not yet certified > 375.000 € <b>For projects = 2 years:</b> If total contribution > €375,000 Only one CFS at the final payment. <b>Exception:</b> When Certificate on the Methodology is accepted by the Commission, CFS not required for interim payment.	For beneficiaries with multiple participations	<del>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.</del>
<b>Scope</b>	The project and reporting periods concerned. It covers all eligible costs not yet certified	By default, all the beneficiary's projects throughout FP7	<del>By default, all the beneficiary's projects throughout FP7</del>
<b>Timing</b>	<b>For projects = 2 years:</b> at the final payment <b>For projects &gt; 2 years:</b> 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	<del>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</del>
<b>Form</b>	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)	<del>Independent report on factual findings- (relevant part of form E)</del>
<b>Advantages</b>	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	<del>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</del>

\* Following the Commission Decision adopted on 24.1.2010 organisations are no longer obliged to have an approved Certificate on the Methodology for Average Personnel costs

## 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 depending on its choice of cost model for the identical work.

Overhead method	Calculated at 90%	20%	Derogation 60%
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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, , 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 on pre-financing monies is a receipt of the project. However under FP7 if the capital amount is less than €50,000 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 6.26 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-contracts

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 sub-contractor, 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 Coordinator.
4. The sub-contractor 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 sub-contractor, 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 is not considered as a participant. A sub-contractor 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 sub-contractor is not reimbursed by the Commission directly but by the beneficiary on the basis of the agreement concluded between the beneficiary and the sub-contractor. Once the sub-contractor 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. Sub-contractors 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 sub-contractor.

## **6.18 Internal or intra participant cross purchasing**

In many projects the situation often arises where a participant wishes to make use of a product, equipment, service or material that it itself supplies as part of its normal business. It has traditionally been possible to put such a charge against the project for this when required if it has been foreseen in the Technical Annex and the amount can be shown not to contain any profit. This can be demonstrated if the price can be build up from its manufacturing or supply cost and not as a discount on its normal selling price. In the past I have used the "internal transfer price" that the company normally used for in house purchase of its own products.

A similar situation often arises if a partner requires to buy a product from a different partner for use in the project. The same answer applies i.e. if a non-profit cost is used and it has been foreseen in the Technical Annex to the contract.

*In all such cases, it is advisable to discuss this specifically with the Project Officer ahead of time with agreement in writing in case of any future questions on the subject. This is particularly important as it is obviously an area if not strictly supervised could lead to significant abuse.*

## **6.19 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

The European Union's Framework Program 7 (with an emphasis on ICT) 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.

## **6.20 Reporting**

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

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

Final reports to be submitted by Coordinator up to 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 90 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

## **6.21 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.

## **6.22 Research for SMEs, Research for SME Associations**

In FP7 these funding schemes, which focus on the needs of low tech SMEs, appear under Capacities. They used to be known as "CRAFT" and "Collective Research", respectively, in previous work programs. The financial provisions for these schemes have some differences although the principles are the same. Please refer to section 5.6 which describes them in more detail. Note that in 2010/2011 WPs under some collaborative programs some objectives use these SME program rules. There are no further calls in 2013.

## **6.23 The People Program - Marie Curie**

For some details of the financial aspects peculiar to this program, please see section 17.6 below.

## **6.24 Participants Portal**

In 2011 the Commission significantly enhanced the Participants Portal and it has now become the front end for Negotiation and Reporting. The Participant Portal is the entry point for electronic administration of EU-funded research and innovation projects, and hosts the services for managing your proposals and projects throughout their life-cycle. See section 6.24.2 for update.

You can search for FP7 calls for proposals and submit your proposals. Depending on your role in projects and organisation, you can view information on projects, negotiate your grant agreement, manage amendments, submit financial and scientific reports or review projects.

You can search for the unique identifier of your organisation, register your organisation or provide updates of your organisation's data. Depending on your roles in projects and organisations, you can assign or revoke access rights to organisation and project data for other persons.

Currently the portal covers mainly actions under the 7th EU-Framework Program for Research and Technological Development (FP7). In the future, its coverage will be extended to other programmes in the area of research and innovation.

See <http://ec.europa.eu/research/participants/portal/page/home>

### **6.24.1 FORCE**

FORCE stands for Form C Editor. This is being widely implemented across FP7 apart from DG CONNECT, which use another module of NEF. See section 6.24.2 for update.

FORCE/NEF 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/NEF:

- FORCE/NEF 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/NEF 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/NEF, please contact your LEAR.

Access to FORCE/NEF is via the Participant Portal and only for the members of staff linked to the Project.

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 to log out. Closing the application via the web browser will leave the project inaccessible for 30 minutes

#### **6.24.2 NEF Update of Feb 2012**

Participant Portal 'Quick info' was published by the Commission in February 2012. It summarises changes of the identity and access management on the Participant Portal.

The Feb 2012 release of the Participant Portal was planned to offer more flexibility in the management of access rights and roles in the projects and bring a simplified structure of roles, therefore considerable changes especially for the current users of the Portal. **We have also found when trying to use it that there are major usage problems with it.**

The main principles of the identity and access management (IAM) do not change:

- Access rights of a person are based on an ECAS account (European Commission Authentication System); the unique identifier for a physical person is the e-mail address used for the creation of the ECAS account.
- The unique identifier of the organisations is the 9-digit PIC number.
- The Commission/Agency can approve/modify the 'top' roles within the consortium, but the granting of access rights to projects and provisioning of roles within a project is delegated to the members of each consortium.
- Access can be granted to the project-related actions such as negotiations, amendments and/or financial and scientific reporting following a multi-level "pyramid" of rights.



The project roles of a user can be checked after logging in to the ECAS account on the Participant Portal under the "My Roles" tab. With the new release of the Participant Portal the access rights are automatically changed in accordance with the rules described below. All access rights will be kept, but the level of access rights will change.

## Roles in the Participant Portal

### The Main Changes

- **More than one Coordinator Contact and Participant Contact can be nominated per participant in the project.**
- The current Coordinator Contact will become **Primary Coordinator contact**.
- The scopes of **scientific/ administrative/legal representatives** etc. disappear and are **automatically transferred** to new roles:
  - **The current scientific/financial representatives become Participant Contacts.**
  - **Authorised signatories become Participant Contacts.**
  - **Administrative/legal representatives become Task Managers**

### Transfer of roles

**a. The Primary Coordinator Contact** of a project is a unique role, set/modified by the Commission/Agency, similarly to the current Coordinator Contacts. All the current Coordinator contacts will automatically become Primary Coordinator Contacts. All Primary Coordinator contacts have full, read/write access to their own and the consortium's common e-forms, and can submit to the Commission/Agency via the Participant Portal.

**b. More Coordinator contacts** can be nominated by the Primary Coordinator Contact. All Coordinator contacts have full, read/write access to their own and the common e-forms, and can submit to the Commission/Agency via the Participant Portal. All the previous Scientific or Financial Representatives and Authorised Signatories of the coordinating entity will automatically become Coordinator Contacts of the coordinating entity:

**c. More Participant Contacts** (max. 5) can be nominated either by the Primary Coordinator Contact or by Participant Contacts in the future. All Participant Contacts can submit e-forms to the Coordinator Contacts via the Participant Portal. They have read/write access to their own forms and read-only rights to certain common forms. All the previous Scientific or Financial Representatives and Authorised Signatories of the participating entities will automatically become Participant Contacts of the given entity.

**d. Task Managers** can read, modify and save their own entity's forms. The different scopes (e.g. administrative or legal) and the difference in the respective access rights to the financial/scientific reporting services disappear. All current Administrative/Legal Representatives become Task Managers

**e. Team Members** have read-only rights to the entity's own forms. The different scopes (e.g. administrative or legal) and the difference in the respective access rights to the financial/scientific reporting services disappear.

### How to add or revoke roles in the Participant Portal

- The **Primary Coordinator Contact** can nominate/revoke Coordinator Contacts, Task Managers and Team Members of the coordinating entity and Participant Contacts of other participating organisations.
- **Coordinator Contacts** can nominate/revoke other Coordinator Contacts, Task Managers and Team Members of the coordinating entity.
- **Participant Contacts** can nominate/revoke other Participant Contacts, Task Managers and Team Members of their own entity.
- The **Legal Entity Appointed Representative (LEAR)** can nominate Account Administrators of

### Your tasks due to the new version of the IAM

The transfer of roles will be automatic. A revision of the policy for granting accesses and roles within the consortium and within each organisation is advisable after the migration.

You may check the new set of roles - under the "My Roles" or "My Projects" tab after ECAS login -, add or revoke roles within the consortium and/or within your own organisation, as necessary.

## 6.25 Financial differences under the CIP

Under CIP both the ICT-PSP and IEE programs fund collaborative projects. The rules for both programs are based on the same financial regulation and are therefore very similar at origin. Each is governed by directives from DG Budget. Specific interpretations are needed for particular categories of organisations and we try to specify them below.

Each CIP program has been heavily influenced by the predecessor independent programs and that is another reason why they differ significantly.

Note that the CIP program does not currently fall under the Guarantee Fund set up for FP7.

As an initial high level indication, we have put together the following informal comparison of IEE and FP7 financial rules and ICT-PSP and the FP7 financial rules. Please note that it is high level and does not cover all of the relevant interpretations. It should only be used as general guidance.

### 6.25.1 CIP: Participation

Unlike the Framework Program, non-member states that wish to participate must have a separate agreement on CIP. Thus most FP7 Associated States do not qualify for CIP funding. Currently only Iceland and Croatia do.

### 6.25.2 CIP: IEE compared to FP7 financial rules

The IEE program has a lot of useful information available on its web site at:  
[http://ec.europa.eu/energy/intelligent/implementation/index\\_en.htm](http://ec.europa.eu/energy/intelligent/implementation/index_en.htm)

This includes for example a sample time-sheet at:

[http://ec.europa.eu/energy/intelligent/implementation/financial\\_en.htm#timesheets](http://ec.europa.eu/energy/intelligent/implementation/financial_en.htm#timesheets)

The following table does not cover IEE Agency agreements, only projects.

<i>Item</i>	<i>FP7 collaborative</i>	<i>IEE (Projects)</i>	<i>Notes</i>
Organisation financial data with proposal	No	Yes, unless a valid PIC	Only for non-public organisations
Funding rate	75% or 50%	75%	
Management rate	100%	75%	
Overhead rate	20%, 60% or calculated	60% of staff costs	Note only on staff costs
Audit certificate	If cumulative funding >€375,000	If cumulative funding >€225,000	Nature of audit is different - see below

<i>Item</i>	<i>FP7 collaborative</i>	<i>IEE (Projects)</i>	<i>Notes</i>
Indirect taxes and duties, including VAT	Disallowed	Allowed if unrecoverable	Clarifying that central government airport tax is allowed as unrecoverable
Staff costs	Actual or averages if certified for this	Actual or average	If does not differ significantly
Staff costs of National Administrations	Actual	Perhaps	Only if work would not be done if no external funding
Project Management costs	Fully covered	yes at same funding rate	Organisation management not covered as deemed to be in "overhead"
Sub-contract invoices	Only if audited	Highest 3 submitted with cost statements	
Subsistence costs	As organisational norm	As organisational norm	Less lunch/dinner if paid by organising beneficiary
Meeting dinner costs	As acceptable	Constrained	Strict numbers and rules
Budget transfers	Freely as long as nature of project is not changed	Grant amendment required if >20%	If >20% of recipients budget is moved between participants or between cost categories
Co-financing	Assumed	Must be explicitly shown	Part of proposal and auditable
Financial guarantees	Not allowed - guarantee fund	May be required and must be with an approved member state institution	For organisations in non-member states discretion would be used as to institution
Auditor selection	Up to organisation	Must show three offers and choose best value for money	Formally treated as other sub-contracts
Audit certificate	Fixed format and rules	Open format with guidelines	
Audit cost	Reimbursed at 100%	Reimbursed at 75%	Formally treated as other sub-contracts
Pre-financing	Generous rules	30% + 30% for interim	Initial 30% must be used before interim pre-financing is allowed

### 6.25.3 CIP: ICT-PSP compared to FP7 financial rules

ICT PSP is more closely aligned with FP7 than IEE but there are still major differences.

In ICT-PSP there are three basic types of projects:

BPN: Business Partner Networks

Pilots: Two types

TN: Thematic Networks

Significant differences are notes below.

<i>Item</i>	<i>FP7 collaborative</i>	<i>ICT-PSP</i>	<i>Notes</i>
Organisation financial data with proposal	No	No	All non-exempt partners at negotiation stage
Funding rate	75% or 50%	BPN: 80% Pilots: 50% TNW: lump sums and flat-rates (based on scale of-unit costs)	See article 5.1 of GA TNW: The reimbursement of actual eligible costs is allowed but this option is currently not used
Project Management rate	100.00%	same as funding rate	A special condition may be inserted in the grant agreement which can only be used for Pilot Type A projects and allows subcontracting of administrative tasks related to the technical, financial and administrative coordination.
Overhead rate	20%, 60% or calculated	BPN: none Pilots: 30% of personnel costs TNW: as per lump sum scale - unit costs	
Audit certificate	If cumulative funding >€375,000	If cumulative funding >€325,000	
Indirect taxes and duties, including VAT	Disallowed	Allowed if unrecoverable	Clarifying that central government airport tax is allowed as unrecoverable
Staff costs	Actual or averages if certified for this	Actual or averages	Averages requires a special clause in grant agreement
Staff costs of National Administrations	Actual	Perhaps	Only if work would not be done if no external funding
Management costs	100% covered	Same rate as other work	
Sub-contract invoices	Only if audited	Only if audited	
Subsistence costs	As organisational norm	As organisational norm	
Meeting dinner costs	As acceptable	As acceptable	
Budget transfers	Freely as long as nature of project is not changed	Freely as long as nature of project is not changed	
Co-financing	Assumed	Assumed	

<i>Item</i>	<i>FP7 collaborative</i>	<i>ICT-PSP</i>	<i>Notes</i>
Financial guarantees	Not allowed - guarantee fund	May be required	If financial capability identifies weakness
third party guarantees allowed			
Auditor selection	Up to organisation	Up to organisation	
Audit certificate	Fixed format and rules	As for FP7	
Audit cost	Reimbursed at 100%	50% or 80% w/o Overheads	
Pre-financing	Generous rules	As for FP7	

## 6.26 Simplification of FP7 Rules

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

### 6.26.1 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.

### 6.26.2 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.

### 6.26.3 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.

#### ***6.26.4 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.

#### ***6.26.5 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.

#### ***6.26.6 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.

#### ***6.26.7 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.

#### **6.26.8 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.

#### **6.26.9 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.

#### **6.26.10 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.

#### **6.26.11 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

#### **6.26.12 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.

#### **6.26.13 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.

#### **6.26.14 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.

#### **6.26.15 What is Tolerable Risk of Error?**

Financial transactions can rarely be absolutely free of risk of error, especially in projects which may have dozens of participants and last several years and where accounting procedures are necessarily complex. The purpose of the Tolerable Risk of Error (TRE) is to ensure a proper balance between the extent of controls and the effectiveness of policy. The error rate is (roughly) defined as the relation between the amount of costs incorrectly declared and the overall costs (in a project, a collection of projects or a whole programme).

Reducing error rates requires increased control, including very detailed audits taking place after projects have concluded. This in turn costs money and staff time. For each policy area, the Commission will strive to agree the most appropriate TRE with the Budgetary Authorities. Under the current system, the risk of error is 2% for all policy areas, regardless of the size of the projects or the complexity of the specific rules. By slightly raising the Tolerable Risk of Error for research and other projects to between 2% and 5%, as Commissioner Semeta is proposing, controls could be more effective while also saving money and reducing bureaucracy. Currently, the administrative cost of recovering – or reimbursing to projects - tiny amounts of money based on minimal errors discovered during the audit process can sometimes far exceed the sums collected or reimbursed.

Errors should not be confused with fraud or deliberate misrepresentation, which is always referred to OLAF, the EU's anti-fraud office, and will continue to be referred there.

#### **6.26.16 What is the state of play in the discussions over the Tolerable Risk of Error (TRE)?**

Discussions on the revision of the Financial Regulation are still ongoing. 1 January 2012 remains the target date for the entry into force of the revised Regulation. As regards the TRE, the Commission has initiated an in-depth and continuing debate with its Communication to the European Parliament, the Council and the Court of Auditors on "More or less controls? Striking the right balance between the administrative costs of control and the risk of error" of 26 May 2010. (<http://ec.europa.eu/transparency/regdoc/rep/10060/2010/EN/10060-2010-1919-EN-3-0.Pdf>) The European Parliament has, however, already expressed its full support for the adoption of a higher rate of tolerable risks of error for research activities.

#### **6.26.17 Which departments and agencies of the Commission are directly involved in running FP7?**



The departments of the Commission directly involved in running FP7 are:

*Directorates-general:*

Research and Innovation

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)

**6.26.18 How will setting up a new committee of DGs simplify things or achieve consistency?**

Research programs are implemented by different Directorates General and Agencies with a large degree of decentralization. This has major advantages in terms of flexibility and speed of decision-making but has also led, unfortunately, to rules and procedures being applied in different ways in different areas. This has sometimes created confusion for beneficiaries and can even discourage them from re-applying for support. So the Commission is establishing the new committee to help iron out these inconsistencies.

**6.26.19 When will this new committee start work and when do you expect it to deliver results?**

The new Committee will be operational immediately and will deliver results on relevant issues in a continuous manner. The Committee will meet upon request of the Directorates-general when a controversial issue is raised. Resources for secretarial and technical support have been put in place, and the necessary steps to define the working procedures of the Committee are already under-way.

EU research funding represents 5% of overall public funding in Europe - what steps are being taken to simplify and streamline national funding? How is the Commission involved?

National research funding procedures are compartmentalised in 27 different systems which have evolved separately. Simplifying these national rules is an obvious way of reducing the complex array of different conditions and funding schemes that European researchers are facing. In early 2010, the Commission established a Stakeholder Platform with key EU research funders and beneficiaries, to draw up common principles governing research funding across the EU.

Thanks to Commission programs such as the Marie Curie scheme and initiatives such as the Researchers Charter, European researchers have better access to non-national programmes and better mobility. They are however facing complex barriers. Simpler rules for the Framework Programme will set benchmarks for national programmes based on best practice.

**6.26.20 How close are we to the 15% target for SME participation in the FP?**

The latest figures have shown a participation of SMEs around 14.7 %. Although the situation has improved, there are still efforts to be made. The Commission expects that the new simplification measure adopted for SME owners without a salary will further promote participation from this key economic sector.

## 7 Use of External Consultants

Most companies and organisations, especially those new to the program, tend to use external consultants to assist them in becoming involved and frequently also during the project itself. Given that the rules, language and customs of the Program are substantially different from other Programs, such use of consultants could be extremely helpful and assist new organisations to have a successful experience.

See 7.5 below for one approach to address many of the issues raised in this section.

This section tries to provide some background on the use of consultants to ensure successful projects and value for money on all sides. Most of what I write here is common sense but must only be taken as opinion, hopefully informed, of what you should expect and what the options are. **As with most other activities, it is important that someone in your organisation be the champion and either himself or someone else in the organisation is appointed who has the day to day responsibility for the activity and works closely with the consultant and to learn the process.**

Another impact is that the formal split of funding between participants for a project is not in the contract; there is only an “indicative” split. This raises the problem for some consultant contracts which are whole or partially based on a success fee. See discussion below under 7.3.5.

### 7.1 How to select a consultant

As with use of any sub-contractor there are a few basic guidelines. I of course am completely unbiased. However, the following would be a sensible way to proceed –

- Discuss with organisations who already have projects which consultants they would recommend
- Access any lists of available Framework Program consultancies
- Invite several to come and present what they would offer to you
- Ensure they discuss their modes of payment and operation (see below)
- Ask each consultancy for reference customers and previous successes
- Check if each has served as an evaluator and/or as an expert in annual project reviews in a related EU program (this is not mandatory, but is an added endorsement) - even having access to an experienced evaluator is very useful
- Take up references
- Have your lawyer check the contract and ensure you understand its implications
- Choose a suitable one after considering the rest of this chapter

### 7.2 What their role should be

Do not expect the consultant to do all the work for you – this is undesirable even if they wish to. A consultant should be used to assist you in participating in a winning proposal. The emphasis should be on assist. In addition to the actual work related to the proposal, you should avail yourself of the opportunity to learn and understand the process. Consultants are best used for any combination of the following tasks

- Informing your organisation of the options
- Assisting you to identify business reason to participate and goals
- Assistance in identifying appropriate technical topic
- Checking the validity of the selected technical topic i.e. its appropriateness vis a vis what you wish to achieve
- Assisting you in finding partners or proposal to join
- Assisting in preparation of heads of agreements within the consortium
- Assisting you on appropriate cost model to use and, as necessary, estimating your overhead rate
- If you are Coordinator, assisting you in writing the proposal
- Project Managing the proposal process
- Assuming the evaluation is positive, assistance in contract negotiation

The European Union's Framework Program 7 (with an emphasis on ICT)

- Assistance in setting up the new project, including your in-house systems
- Finally, potentially assist you in the management of the project

However you should first understand which of the above you can carry out yourself (if any). You can then utilise consultants to carry out or assist in the remaining tasks. Please note that it may be best depending on specific circumstances to split the tasks between different consultants. Finally, the last two tasks will only be required when the proposal passes the evaluation – you shouldn't contract for this unless there is a dependency on the success of the application.

### **7.3 Payment methods**

Consultants undertake work for a fee. It is important that the method of reward does not unduly cause a conflict of interest. Such conflicts can never be completely avoided but they should be appreciated. They are mainly related to the method of payment. The various options are as follows -

#### **7.3.1 *Up front agreed sum for specific work***

It is normal to agree a lump sum cost to carry out the preparation and submission of a proposal or partnership in one. It is also possible to agree a phased work plan with staged payments for each activity. Each phase is dependent on successful completion of the previous one.

#### **7.3.2 *Agreed sum plus success fee incentive***

This is a variation of the one above with some success fee on acceptance of the proposal. Such a success fee is either pre-fixed or more usually related to the amount of funding assigned for the partner employing the consultant. A pre-fixed fee will cause less potential conflict of interest. A suitable criterion for success is receipt of invitation to enter into discussions on a contract. Of course account must be taken of funding changes during negotiation or failure to conclude a contract.

#### **7.3.3 *Pure success fee incentive***

It is absolutely vital not to have an arrangement that puts your interest in conflict with that of the consultants or at least to minimise the conflict. Thus I strongly advise against retaining consultants purely on a contingency basis. With such an arrangement you may end up with a project that you would be better not being in. However, it may be unavoidable and such contingency fees would quite correctly be higher. As above the success fee could be pre-fixed or a percentage; the former is better.

#### **7.3.4 *Project participation***

This is almost always proposed in combination with one of the above. Consultants can be very useful in supporting the day-to-day project management in some circumstances. It is especially open to misuse and should not be undertaken lightly. Consultants may wish to participate in the project in their own right. In targeted research projects, this should be carefully considered, especially if they do not have something technical to contribute. In IPs and/or NoEs, such a participation is specifically allowed for at 100% funding. It should only be used to cover the administrative part of the coordination, not the technical direction or strategic project management. In particular they should not be permitted to chair the management board. See also 7.4.10, below.

#### **7.3.5 *Problems with Success Fees***

As mentioned in the introduction to this chapter, when a contractor signs a contract with the Commission, only the overall project budget is formally defined, not the split between participants. There should be some consideration of this in the collaboration agreement. Thus a success fee based on a percentage of funding contracted is actually impossible to assess. Percentage success fees as outlined under 7.3.2 or 7.3.3 above must be defined differently. Some options are –

1. Move to a fixed success fee
2. Have a percentage based on total project funding (lower of course)
3. Have it based on the indicated funding breakdown as per the contract with the Commission
4. Have it paid as advance payments are transferred on an annual basis.

## **7.4 Points to watch**

Be aware of the effect of the various practices of consultants can have on your proposal and the benefits accruing to you as a result. I outline below some points to look out for and only to agree to them if you understand the implications.

### **7.4.1 Fixed or calculated overhead rate**

In FP6 SMEs had a choice of using FC or FCF cost model. Although in FP7, they do not have this choice, there is an equivalent choice. That choice is whether to calculate their overhead rate or use the fixed rate option. It appears that for most participants, except the smallest, it will be more advantageous to use a calculated overhead rate. However this implies a check on the level of Overheads that would be allowable and this requires expertise on the Framework rules as well as a knowledge of accounting practice. Most consultancies do not have the expertise to correctly assess these aspects. They also may not wish to subcontract a knowledgeable accountant to check it – even though it would normally be an activity that could take only a half-day. Thus they may suggest that organisations use the flat rate overhead without any justification. I believe that all SMEs can justify more than this. It is prudent and worthwhile to employ a financial consultant with knowledge of the Framework Program financial rules.

### **7.4.2 Rights to the Output**

Please ensure that the work done by the consultant on your behalf and paid for by you belongs to you and he has no rights in it. i.e. If a proposal is produced by the consultant, it belongs to you. That you receive the source without any copyright or restrictions. For example you can reuse it for some other purpose or even give it to another consultant or subsequently resubmit it to a different call without him.

### **7.4.3 Last minute pressure**

This is where someone undertakes all the work in preparation of a proposal but at the last minute refuse to submit it unless you pay more than previously agreed. The best way to minimise this is to have a written contract with the consultants and at a minimum a signed agreement with partners well before the cut-off date.

Such problems can also occur with partners. Again, it happened to me on my first proposal in the early eighties. At that time one of our key partners refused to sign the proposal the day before the deadline, unless we gave them a much larger portion of the work. They of course said it was their MD who was insisting. Without them, we could not have submitted and there was insufficient time to get someone else involved. A “heads of agreement” up front could have avoided much conflict.

### **7.4.4 Consultants signing up your partners**

Consultants may undertake work on your behalf and as part of their contract explicit or implicit, insist that any potential partners also sign consultancy contracts with them. Under some circumstances this may be acceptable but at a minimum you should be made aware of this and agree to this in advance because it can result in some of the best prospective partners for you in a business sense being lost. Experienced or large organisations may not agree to such an arrangement and you most likely will end up with a consortium made up of only other inexperienced, small organisations and this will have a much lower chance of success as well as perhaps not meeting your business goals.

### **7.4.5 Consultants adding you into a consortium where they are already being paid by**

This is the corollary to 7.4.4 when a consultant is paying a consultant to help them build a consortium and submit a proposal and he then asks you for additional funding with or without the knowledge of the . This puts him in a major conflict of interest. You should insist in your contract with you of any other financial interests he may have in this same proposal.

### **7.4.6 Ensuring you agree with proposal**

I am aware of cases where consultants have prepared a proposal and submitted it without it really being understood by the main organisation involved. I have done this myself in the past as a consultant. This

may be because no one in the organisation has had the time or the personal commitment to work on it or even to read it closely. It also may be because the consultant did not give you a reasonable opportunity to react or sufficient explanation of the options or consequences of the proposal. In any case, it is vital that you do take the time and understand and agree with what is being proposed in your name.

#### **7.4.7 Use of SME Measures**

As previously explained, SME Measures are type of project where multiple SMEs require a third party to develop some new technology on their behalf. However the SMEs involved need to fund part of the R&D and the Research Organisation will not have rights for the work undertaken, even though they will get 100% funding. Most R&D organisations are Universities or research institutes and would in any case under an RTD project get 120% funding and they will own the IPR at the end.

#### **7.4.8 Ensure access to all information**

I have seen consultants receive important feed back from external sources such as the NCP or the appropriate Project Officer in Brussels and it not being passed on in full to the customer. Especially when you are dealing with technical subjects, I believe it important for the customer to automatically be copied on all correspondence. Examples of this include clear statements that the subject of the proposal is unsuitable. Some consultants may be understandably reluctant to pass this on and subsequently lose the business. I myself have had on several occasions to deal with upset proposers whose proposal failed for a fundamental reason that myself or the Project Officer had foreseen and told the consultant but this had not been passed on.

#### **7.4.9 Pressuring you to be Coordinator**

As the Coordinator of a proposal normally has to commit more resource to its preparation as well as in the subsequent project, consultants see more lucrative work opportunities open to them when they work with Coordinators. There is therefore a natural tendency to encourage customers to be the Coordinator. As projects on average have four to twenty or so partners, the majority of participants are not Coordinators. In section 3.4.1 above, I outlined the benefits and drawbacks of being the Coordinator. These should be the guiding principals and not the consultant's interests.

In a country relatively new to the Framework Program, there is much less experience with the internal working of projects and therefore it would be normal for the percentage of Coordinators to be proportionally less. A 10% Coordinator rate in approved projects would even be on the high side for newer countries. Thus there should be considerable opportunities for consultants to assist people to be normal partners. This would have less of an emphasis on proposal writing and more on identifying suitable opportunities and consortia and assisting with the planning and negotiation and budgeting. In total effort, it could well be equivalent to the work for a Coordinator. My plea is for consultants to also suggest this more frequently than they currently appear to do.

Of course the other end of the scale is where the client pays for the consultant to build the consortium and prepare the proposal, but for some reason that client is not put forward as the . Some times this is correct, but it should be ensured that his up front commitment is somehow reflected in his official role in the project.

**As you have a much better chance of success being a partner in a consortium that includes one or more of the key players in this research area; consultants can really assist their clients by getting them involved in such suitable consortia. This can take just as much effort as writing a proposal and not only would you have a better chance of success, but also the resulting business relationships could be much more beneficial.**

#### **7.4.10 Taking role of Coordinator**

It frequently happens that Consultancies may insist on being part of the consortium. This is quite legitimate if it is allowed for in the specific call. However, under such circumstances, I would expect this

to be reflected in their charges which should consequently be much lower or zero and in my opinion their should be no success fee.

## **7.5 Quali4EU**

Having been concerned about all the previously mentioned issues, I was attracted to a new organisation that was being set up called Quali4EU that to a large extent addresses many of those issues. ([www.quali4eu.net](http://www.quali4eu.net))

Quali4EU is an open organisation whose Members are Consultants who have many years of practical experience in the field of public funding instruments. Members of Quali4EU are fully committed to provide consultancy services to private and public bodies interested in funding opportunities offered by European and national institutions.

The network consists of experts who meet measurable high Quality standards in terms of expertise, reliability and credibility, and commit themselves to professional Ethics as laid down in the Consultant Code of Conduct. Those consultants have broad experience in the development and management of European and national projects, as well as in the exploitation of their results, addressing a multitude of areas and funding schemes.

Being a member of the board of Quali4EU I have been able to ensure that code of conduct and the professional ethics cover most of my concerns. The best way to ensure such standards is only to use consultants who are members of Quali4EU or to encourage them to join.

## **7.6 Summary**

Using consultants correctly can enhance your likelihood of success, but they don't come cheap. A consultant who is willing to work 100% on success fee, is likely to be underemployed with other customers and you must draw your own conclusions on the reason why.

Most consultants would normally be open to negotiation on their fees, so explore their flexibility.

When you take up their references with previous satisfied customers, ask them what they paid.

Ask the consultant who would actually be doing the work - many times consultants may off-load onto third parties and free lance consultants. Insist on meeting and checking out the persons who will be working on your behalf.

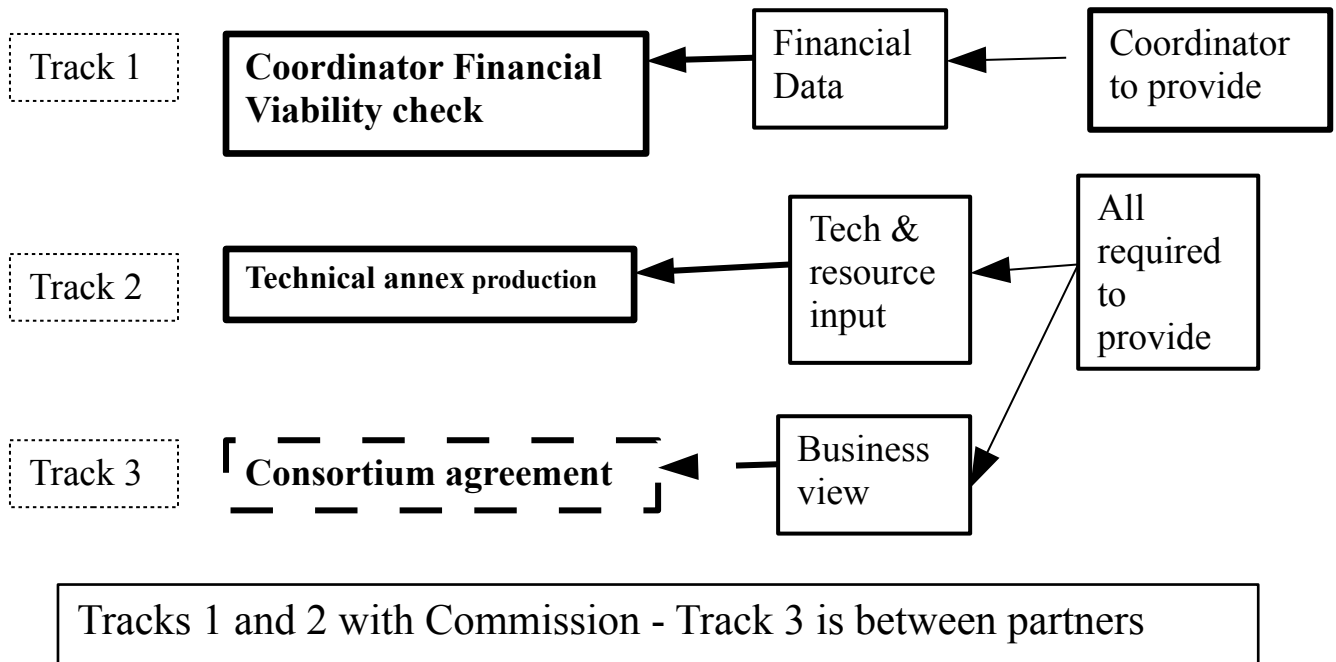
## 8 What to do when your proposal is to be funded

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.

### 8.1 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.**

#### 8.1.1 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 - (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.

#### Current situation:

A central validation team in the Commission's Research Directorate-General started operating at the beginning of 2007. Currently several thousand entities are "FP7 validated". The central validation team starts contacting entities once provisional ranked lists for a call are available, so that validation for the majority of participants is either already completed or about to be completed at the start of negotiations.

This process is now carried out on-line via the Participants Portal.

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 s in , 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.

#### New process:

The legal status validation is being completely separated from negotiation of individual grants. Each validated entity will receive a unique identifier (the –Participant Identification Code), to be used for identifying the participant in proposals and negotiations. See info on and at [http://cordis.europa.eu/fp7/pp\\_en.html](http://cordis.europa.eu/fp7/pp_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 will receive online access to the PDM-, 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 and validation via the PDM-.

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](http://CORDIS.europa.eu/fp7/find-doc_en.html)) i.e. how to conduct the ex ante check.

#### Negotiation Facility (NEF)

- This is accessed via the Participants Portal.
- See section 6.24.2 for update.
- 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 ) 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
- During negotiation, it will not be possible to directly modify the organisation's legal and financial data directly in ( 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 will then be used and communicated back to the organisation.

Before joining the negotiation process, you will be invited to designate a . The 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

### **8.1.2 Collective responsibility**

In FP6 there was financial and Technical collective responsibility. However, in FP7 the collective financial responsibility no longer exists (see section 6.19 above).

### **8.1.3 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
- If not ensure they complete the process
- Have to have the Grant agreement Preparation Forms ( ) 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/.

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. See section 6.24.2 for update.

The paper versions of this 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 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 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 for completing GPFs is mandatory (except as noted above). It allows the coordinator to establish a complete set of s 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 and it was again updated in Feb 2012. See section 6.24.2 for update.

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 in parallel to mailing it to him and for the to fax on a full signed set to the Project Officer - this allows him to initiate the approval process a little faster.

### ***8.1.4 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.

### ***8.1.5 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.

### ***8.1.6 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.

## **8.2 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 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.

Note however the commentary on finance withholding as per 10.3, below and see also 16.12..

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 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:

### **8.2.1 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
  - Technical contribution of each party (as set out in Annex I to the grant agreement);
  - Technical resources made available;
  - Production schedule for inter-related tasks and for planning purposes
  - Expected contribution, maximum effort expected
  - Modification procedure;
  - Provisions for dealing with non-performing (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, , 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

### **8.2.2 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.

### 8.3 Project Initiation

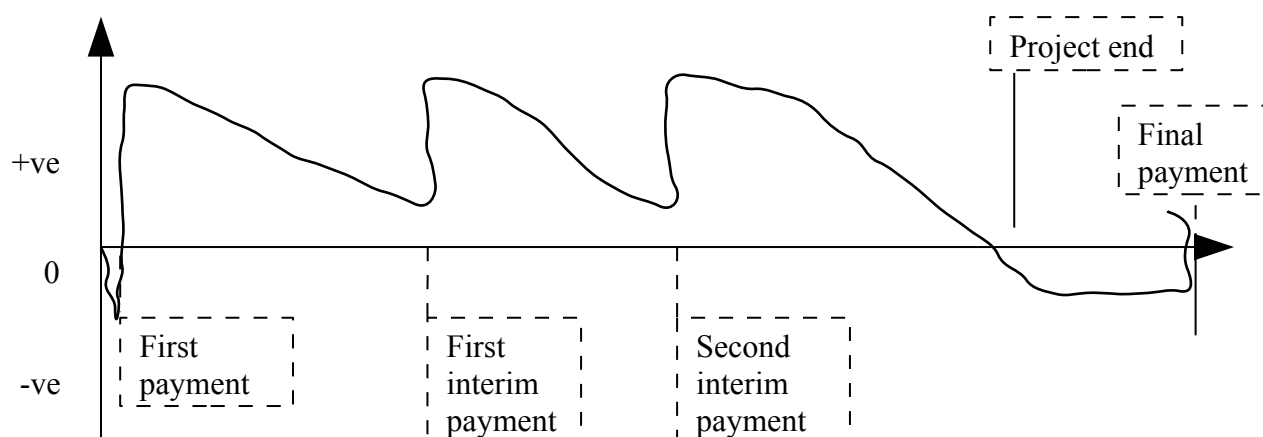
When the negotiations complete successfully the Project Officer will seek the approval of the program committee, if formally required and in parallel prepare the grant agreement for signature. There also has to be a formal Commission decision to award the contract. Eventually the partners or their representatives 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 the Coordinator will be made within 30 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.

### 8.4 Cash flow during a typical project



The advance payment is normally the only payment that is received fairly quickly (at least to the Coordinator). It has to be paid within 30 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 reports and make the corresponding payments within 90 days of their receipt. Of course frequently they ask for clarification after the 90 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

The European Union's Framework Program 7 (with an emphasis on ICT)  
of anyone ever succeeding in getting any.

A normal reason 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 or more! However, the positive cash flow through the majority of the project does offset this to some extent.

## **8.5 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

### **8.5.1 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.

### **8.5.2 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.

### **8.5.3 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 say 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. Ideally again, such a likelihood should be foreseen in the project plan.

### **8.5.4 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 -

<b>Type</b>	<b>Options</b>	<b>Notes</b>
<b>Partner problems</b>	<ul style="list-style-type: none"> <li>• Force them to continue</li> <li>• Force them to complete current responsibilities</li> <li>• Sue them and divide the work</li> <li>• Bring in a replacement</li> </ul>	<ul style="list-style-type: none"> <li>• Involve PO ASAP</li> <li>• Involve senior management</li> <li>• Involve Committee representatives</li> </ul>
<b>Technical problems</b>	<ul style="list-style-type: none"> <li>• Conclude the project</li> <li>• Modify the project significantly</li> </ul>	Assumes work was undertaken properly
<b>Market problems</b>	<ul style="list-style-type: none"> <li>• Conclude the project</li> <li>• Modify the project significantly</li> </ul>	Assumes work was undertaken properly
<b>Problems with the Commission</b>	<ul style="list-style-type: none"> <li>• Convince Project Officer it is OK</li> <li>• Undertake some additional work</li> <li>• Redo some work</li> </ul>	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](http://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.

### **8.5.5 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.

## **8.6 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.

## **8.7 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 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.

## **8.8 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 Coordinator or a participant'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

## 9 Project Management

In my experience, the first critical item in the execution of a successful project is good project management. Poor project management can destroy even the best technical project.

There is some confusion as to the role of the Project Manager. This is not an administrative chore. A Project Manager will require some administrative support, but that is far from the essence of the job. The administrative functions such as status tracking, financial reporting, change control and project library maintenance are really a minor part of the overall job. See also section 7.3, 7.4 and 7.5 for related issues. However I will repeat here **“READ AND BE FAMILIAR WITH THE GRANT AGREEMENT AND ITS ANNEXES. (DON'T FORGET ANNEX 2!)”**.

Note that in FP7 a legal distinction is made between "Consortium Management" and "Project Management". We summarise this now.

Consortium Management includes:

- Maintenance of the consortium agreement, if it is obligatory,
- Overall legal, ethical, financial and administrative management
- For each participant obtaining the certificates on the financial statements or on the methodology, the Implementation of competitive calls by the consortium for the participation of new participants
- Other management activities foreseen in the proposal
- Assessment and Evaluation

Project Management consists of:

- Management of the Technical aspects of the project
- Coordination of research and technological development activities
- Scientific coordination including WP Management

It is unclear where Quality Management fits in - this is probably dependent on how it is described and its relationship to technical activities. We would expect that QA of deliverables for example would not be considered as Consortium Management, whereas the Quality Aspects of the functioning of the consortium as a whole and its management would be.

Only the former can be funded at 100% under Consortium Management.

### **In the Guide to Financial Issues (16 January 2012) there are some peculiar changes.**

Specifically: Art. II.16: Clarifications on the activities which may be charged under the category "other costs", including "Management costs". It states: "Costs related to project meetings (kick-off, periodic, final) should in principle be charged under RTD activities, since they are deemed to address scientific/research aspects of the project." We find this peculiar as "project meetings" normally address consortium issues as well as technical issues. If project meetings are split into Management/Plenary meetings and Technical/Operational meetings We think the former could be properly charged under Management, whereas the latter could not. As for Kick-off meetings, we think that at least half of it could be charged to Consortium Management.

### 9.1 Introduction to Project Management

Successful Project Management of a Framework Program Project requires various skills and knowledge. In my view it requires a person with the following attributes –

1. Good appreciation of the relevant business area
2. Participation in a previous Framework project
3. Knowledge of Framework procedures
4. Good interpersonal and communication skills

5. Well organised and systematic in own work
6. Good knowledge of ISO 9001
7. Good knowledge of English
8. Some knowledge of project technical area
9. Some knowledge of financial management

Project Management is a combination of all of the above skills. Extra strength in some areas could compensate for weakness in others. Remember this function includes legal responsibility aspects and thus keeping of good records is essential. Any telephone calls and agreements, especially with the Project Officer should be minuted and/or confirmed in writing, at least by email.

## **9.2 Kick off Meeting**

It is normal to organise a kick-off meeting shortly after the contract has been signed and the project formally starts. It is wise to wait for this so costs associated with the meeting are allowable. Again it is accepted practice that the kick-off meeting be held at the premises of the Coordinator. This is of course open to discussion if there is some good reason to hold it elsewhere. It is also good practice to invite the Project Officer to the meeting - at least to the last part of it.

It is an ideal opportunity to agree and approve a Press Release on the project. This could be your initial dissemination action and would be appreciated by the Commission. Of course it could be released in modified form by each partner in his own local area. Don't forget to mention that the project is partially supported by the European Commission.

Kick off meetings are usually spread over two days with an opportunity for an informal evening get-together in between. The meeting should include the following topics, under two headings -

### Administrative Session

1. Introductions
2. Presentation of host organisation
3. Brief presentation by each partner on its organisation
4. Review of management structure and decision making mechanism
5. Review of project administrative and financial procedures
6. Discussion on advance payment amounts and procedure
7. Agreement on Project Handbook
8. Further discussions on Consortium Agreement and potential amendment
9. Formal procedure review with Project Officer if present
10. Dates for subsequent Project Meetings - at least a year forward

It is important to ensure that each partner has a full copy of the contract and all annexes as well as the Consortium Agreement.

### Technical Session

- Review of overall project and technical objectives
- Review of work plan, assignments and activities for first year
- Detailed discussion on Task and Work Package tasks and timetable by WP leaders

## **9.3 Essential Documents**

There are various documents that need to be prepared. They include the following -

### **9.3.1 Project grant agreement with annexes**

It is vital to read and be familiar with the provisions. Note that there are instrument specific conditions. Annex I of the contract is the Technical Annex i.e. Workprogram and is the basis of the project. Any projected deviation from it must be treated seriously and discussed within the consortium and with the

Project Officer.

### **9.3.2 Project Handbook**

The contents of a project handbook should be oriented to each specific project and its needs but should contain the following type of sections. Note this is not exhaustive but is an example of the type of information that could be included. The Project Manager should ideally distribute a draft prior to the kick off meeting for discussion at it. Changes should be discussed at the meeting and then be formally adopted at the meeting with a final version to be distributed shortly thereafter.

1. Change Control
2. Contents
3. Background and Rational
4. Cross-references
5. Document Numbering Scheme
6. Document standard format
7. Project Structure
8. Reporting procedures, frequency and format
9. Roles
10. Specific responsibilities within the project
11. Management Board Draft Meeting Agenda and Minutes
12. Technical Committee Draft Meeting Agenda and Minutes
13. Where applicable how to handle consortium calls for additional participants
14. Handling of gender equality
15. Ethical issues if required
16. Communication procedures
17. Conflict resolution
18. Tracking system for actions
19. Corrective actions

### **9.3.3 Progress tracking**

I find that the minimum I need to manage a project is a continually updated chart that has a row for each planned event and deliverable (formal and informal). Each entry must have a unique number tied into the document change control system. Against each you also need the planned completion date and any subsequent revisions. It should also show completed activities and the date and cross reference the deliverable document. For more complex projects this can be part of a project management software suite. I would however ensure though that any automated tool I used would be able to produce project status charts as required.

## **9.4 Project reporting guidelines**

The formal reporting requirements are included in the project grant agreement and its appendices. There are usually program specific appendices. Formal reporting is basically financial and progress reports.

Formal Progress Reports are usually required every six months but within the programs there may be requirements for interim reports on a more frequent basis. The content and frequency of progress reports will be stated in the grant agreement. If it is unclear, check with the Project Officer. It is also important to verify at the start of the project the form of the reports and existence of any template.

### **9.4.1 FP7 Interim reporting requirements:**

At the end of every interim period, a periodic report is due within 60 days of the end of the reporting period, this report comprises of:

- a) An overview, including a publishable summary, of the progress of work towards the objectives of the project from the technical point of view, including achievements and attainment of any milestones and deliverables identified in Annex I. If there are any discrepancies then these should

be fully explained and justified.

- b) A financial statement from each beneficiary and each third party, if applicable. The Form Cs should be accompanied by certificates, if required.
- c) A summary financial report consolidating the claimed Community contribution of all the beneficiaries (and third parties), based on the information provided in by each beneficiary. This summary is prepared by the Coordinator.
- d) An explanation of the use of the resources. This report should tie together the progress report and the financial reports.

Each periodic report should be in the form of ONE single report in electronic format, preferably in PDF format and include, where applicable, a copy (properly scanned) of the signed pages, the originals being sent in parallel by post. The signed pages concerned are the Form Cs, the self declaration of the coordinator and the audit certificates or certificates on the methodology if required.

#### **9.4.2 FP7 Final reporting requirements:**

In addition to supplying the information required by the interim report, there are two extra reports that are required as part of the Final Reports:

- a) A final publishable summary report covering results, conclusions and socio-economic impact of the project.
- b) A report covering the wider societal implications of the project, in the form of a questionnaire, including gender equality actions, ethical issues, efforts to involve other actors and to spread awareness, as well as the plan for the use and dissemination of foreground.

Please note that the 60 Day deadline for submitting the reports after the end of the reporting period is also applicable for the final period.

## **9.5 Project Reviews**

### **9.5.1 Introduction**

The aim of a technical audit or review is to assess the work carried out under the project over a certain period and provide recommendations to the Commission. Such review may cover scientific, technological and other aspects relating to the proper execution of the project and EC grant agreement (ECGA) in line with its article II.23 (General Conditions).

### **9.5.2 Mandate of the Independent Expert(s).**

Objectives

The reviewer's task is to give external advice to the Commission on the project, with respect to the following issues:

1. The degree of fulfilment of the project work plan for the relevant period and of the related deliverables
2. The continued relevance of the objectives and breakthrough potential with respect to the scientific and industrial state of the art
3. The resources planned and utilised in relation to the achieved progress, in a manner consistent with the principles of economy, efficiency and effectiveness
4. The management procedures and methods of the project
5. The beneficiaries' contributions and integration within the project
6. The expected potential impact in scientific, technological, economic, competitive and social terms (where relevant), and the plans for the use and dissemination of results.

The reviewer(s) will also assist the Commission by recommending any reorientation that may be required, but the final decision on recommendations and reorientation is taken only by the Commission.

### **9.5.3 Outline of the review process**

If a review meeting is scheduled, the expert(s) will read all relevant documents before the meeting and will attend the review meeting. He/she will then provide an assessment of the project based on the written material and information provided at the meeting. In the case of remote review, the assessment will be based on written documents only.

#### **9.5.4 Review material**

The documents to be reviewed should normally include the following:

- Annex I (contractual Description of Work)
- Progress report for the period under review
- Deliverables necessary for the assessment of the work, due in this period, according to the deliverable table in Annex I,

For a final technical review, the following additional documents should also be part of the material to review:

- The final publishable summary report
- The report covering the wider societal implications of the project, including gender equality actions, ethical issues, efforts to involve other actors and spread awareness as well as the plan for use and dissemination of foreground

#### **9.5.5 Reporting**

At the end of the review exercise, the expert will prepare a report with his/her findings, containing an assessment of the facts as well as suggestions for further actions or changes. A template for the project review report is included in this document. This document has to be completed and returned to the Project Officer within the requested deadline. When more than one expert is involved in the project review, they might be asked to issue a single consolidated report.

#### **9.5.6 Reporting Portal**

The Commission on-line reporting for projects is accessed via the Participants Portal. This directs you to the appropriate back end (SESAM, QUEST, NEF, FORCE etc.)

#### **9.5.7 Project Assessment of the Commission**

On the basis of the experts' formal recommendations, the Commission will inform the coordinator of its decision (which may differ from the experts' recommendations):

- to accept or reject the deliverables;
- to allow the project to continue without modification of Annex I or with minor modifications;
- to consider that the project can only continue with major modifications;
- to initiate the termination of the grant agreement or of the participation of any beneficiary according to Article II. 38 of the grant agreement;
- to issue a recovery order regarding all or part of the payments made by the Commission and to apply any applicable sanction.

In FP7, the term "Foreground" means information and results arising from the project, as opposed to "Background" which is information and rights prior to accession to the grant agreement

#### **9.5.8 Template for the Technical Review Report**

The template hereafter provides the structure for the technical review report that needs to be prepared by the expert(s) after the review. It may be completed on-line via the IT reporting tool (username and password are required). The template can be found at [http://cordis.europa.eu/fp7/find-doc\\_en.html](http://cordis.europa.eu/fp7/find-doc_en.html)

In case the expert feels that he/she does not have the competence or the information to answer a question, he/she must declare it in the corresponding sections.

#### **9.5.9 Some notes on the process**

1. It is normal practice for the names and a brief CV of each proposed reviewer being provided in advance to the project. A project can normally object to a specific reviewer although such objections are usually best based on potential conflicts of a commercial nature.
2. It is normal also for the Project Officer not to express an opinion or "lead" the reviewers during the review by asking leading questions.
3. It is best regarded that it is not only the project that is being reviewed but also the support of the Project Officer. i.e. the Project Officer is normally meant to identify himself with the project and not with the Reviewers.

## **9.6 Dealing with Crises**

In section 8.5 I dealt with the type of crises that can occur and how to deal with them. The main point is that the Project Manager should not avoid addressing these problems until it is too late. It is vital that potential problems are identified early and dealt with. Informally keeping the Project Officer informed is also a good idea. How close you confide in the Project Officer depends largely on your working relationship and their basic attitude. The majority of the Project Officers appreciate being involved and don't jump the gun on problems, however there are some in whom it would not be a good idea to confide. I am afraid I cannot name names, but it should quickly become apparent in your initial dealings with them.

## **9.7 Completing the Project/Final Review**

There was a notable tendency in FP6 and continued into FP7 for a few Project Officers to decide to hold the project Final Review in the month following the project end. We have always regarded this as an exception and only with the agreement of the consortium. It will inevitably lead to requesting an extension for the final reports and will lead to much longer delays in the final payments. This can be exceptionally acute if further work is requested by the reviewers. The Final Review should only be a review of the technical aspects; financial details should not be subject to review by the external reviewers, however we note that some reviewers forms request comments on the financial aspects.

It should be normal practice for the Project Officer to take a neutral line and allow the reviewers to express their own opinion however we have noted occasions when the Project Officer has taken an active role in pointing out problems to the reviewers and/or asked leading questions. We do not believe that this final review should be used by Project Officers to vindicate their own negative views of aspects of a project.

The project is not formally complete until the final report has been submitted and accepted by the Commission. Assuming the final cost statement has also been submitted correctly, final payment can be expected in at least sixty days but may be much longer. Some projects have been known to have to wait for two years for their final payment through no real fault on their part. A combination of internal Commission reorganisations and Project Officer changes is often to blame. Parallel consortium changes and consequential changes to the contract also tends to freeze payment processes.

Of course there may be some ongoing dissemination that was committed to and there may be some activities related to exploitation that may also have to be completed. Such things are subjects of discussions and agreements with the Project Officer.

However, if you wish to change the use and/or application of funds, you must apply for and receive authorisation at least sixty days prior to the formal end of the project.

## 10 Project Good Practice

### 10.1 Introduction

Having been involved in many projects since 1984 – I have seen it all – good and bad. However during the past several years I have seen a real deterioration of behaviour. In FP5 and further in FP6 the Commission devolved many responsibilities to the consortia. This has opened the doors even wider for abuse of trust.

Larger sums of money are generally also involved with the creation of the New Instruments. This along with the retirement of the original 1984 players has resulted in a general deterioration of behaviour. This was combined with the introduction of a large number of new participants from the mainly New Member States who are largely unfamiliar with normal behaviour. It appears that in FP7, the situation will remain the same.

### 10.2 Why behave properly?

The Framework Program funds *collaborative* research with *partners cooperating* in consortia. Good, ethical behaviour will result in mutual trust and respect and lead not only to a more productive experience but also generally better overall results. "A fish rots from the head" – not all the problems arise from the actions of the Coordinator but many of the worst do.

Each of the particular points and recommendations I make in this paper is based on some specific previous experience I have noted when it has not been done. These are not hypothetical points!

### 10.3 The Role of the Coordinator

The official role is well defined by the Commission but is generally misinterpreted and this is what leads to most problems.

**"Coordinators have no Additional Rights in a Consortium, only Additional Obligations."**

This is absolutely key. Their role should be as a "Secretary General" not a "Director General". However this is not generally reflected in most Consortium Agreements. A basic problem is that there does not appear to be any draft Consortium Agreements that reflect the true ethos of a coordinators role.

In FP7, it is not possible now to request or demand financial guaranteed from partners, however this does not prevent in practice for coordinators to withhold funding as a performance guarantee, particularly from SMEs. However it appears that if a Consortium Agreement, by using funding transfer as a management tool, causes a participant financial problems such as to put in doubt his ability to fulfil its contractual obligations (i.e. by cash-flow problems), then this would be seen as being in breach of the grant agreement with the Commission and the consortium or the coordinator could be legally forced to rectify this aspect of the Consortium Agreement as it cannot be in conflict with the Grant Agreement..

### 10.4 Actions at different stages

#### 10.4.1 Building a consortium

At this stage the Coordinator generally attracts partners to join him in participating in a proposal. Occasionally the coordinator is not the originator of the proposal idea – in those cases, the originator should have his legitimate interests protected.

Partners should not be privately competing in a parallel proposal – full disclosure is ethical – sabotage is unethical. This can normally be handled by having each partner sign a non-competitive, Non-disclosure agreement. However, in order to make a proposal more attractive, the presence of a major player is important and few of them will sign such a document.



1. Partners should be formally informed that they are part of the consortium and should not be dropped without adequate discussion and agreement.
2. Coordinators should not normally "charge a fee" to join the consortium unless all are treated equally and it is to cover legitimate and agreed costs.
3. Partners should be informed who all the partners are. Sometimes they are not and this may lead to a conflict of business interests.
4. Partners should not be "milked" then dropped. Major players should not rely on naivety of new players and take advantage of them.
5. Don't lead partners on and then abandon the proposal at the last moment leaving them without any alternate opportunities.

#### ***10.4.2 Submitting the proposal***

Partners should not be told what man rate to use or what cost model they must use. Each partner should determine its own. Checking it is eventually the concern of Commission Services. On the other hand partners should quote rates in line with the program rules i.e. they must be consistent with normal practice within that organisation.

Each partner should be given complete drafts as the proposal is being built – even if they are not major contributors

1. The valid requests of partners as to their needs to carry out the work should be honoured.
2. Travel budgets should be calculated for each partner based on an estimate of the number of trips and the cost of travel from that geographic location. Equal or average budgets for all partners is unrealistic and unfair to many partners.
3. When the proposal is finally submitted, it should be with the general agreement of the partners. Partners should each be sent a copy of the final proposal and a copy of the acknowledgement of receipt
4. Don't try last minute blackmail. By this I mean threatening to withdraw when it is too late to modify the proposal or find a substitute unless certain demands are met.

#### ***10.4.3 Evaluation***

One should keep your partners in the picture. When you receive the ESR it should be immediately distributed to each partner. On the other hand, partners should feed back any information they may receive informally. Any necessary lobbying should be organised by the Coordinator via the various Program Committee representatives as needed and as may be appropriate in the local circumstances of that specific call.

#### ***10.4.4 Contract negotiations***

Conduct them in an open manner and fully involve your Workpackage Leaders

1. Forward the invitation to negotiation to all in good time and ensure partners have a copy of the "Framework for Negotiation"
2. Allow interested partners to attend, subject to space
3. Ensure partners receive meeting report and a copy of Commission minutes of the meeting
4. Be responsive to documentation requests
5. Respect various needs of the partners while fine tuning the budgets. Do not use standard travel budgets – allow each partner to use projected real costs
6. Ensure as far as possible partner comments taken into account
7. Keep in full confidence financial status information of individual partners
8. Do not modify individual partners participation based on individual circumstances such as relative man rates without the agreement of the partner concerned.
9. Handle budget cuts fairly and take into account individual partners concerns to maximum extent possible.

#### **10.4.5 Consortium Agreement**

1. The agreement should ensure participative management – not a dictatorship Coordinators should have a single vote (and perhaps casting vote).
2. Must prevent single partners from blocking decisions
3. Must protect interests of minor players
4. Perhaps have some arbitration process for disputes, especially regarding reallocation of funding/tasks
5. Should ensure partners receive their funding net of receipt charges
6. All correspondence between Coordinator and the Commission to be copied to all beneficiaries.
7. Must ensure that partners do not suffer financially because of errors made by the coordinator.

#### **10.4.6 During the project**

Remember this is a research project – do not project manage it like a civil engineering project. Management needs to be light weight and participative.

All partners should be kept fully informed of relevant developments as they occur. Notify partners immediately on receipt of pre-financing or any payments from the Commission and ensure that funding is transferred without any undue delay net of bank charges.

1. Partners should not directly interface with the Project Officer without agreement of Project Manager (unless there is a major un-resolvable disagreement)
2. Partners should be open about problems as soon as they become apparent, especially operational ones
3. Partners should be responsive to emails & telephone – if away have mobile or someone cover
4. Partners should not do anything illegal – if in doubt discuss before hand
5. If there is an organisational change in an organisation ensure a smooth handover

However also see 8.2.2 above.

#### **10.4.7 Project End**

1. Don't lose project funding by last minute unforecast under-spend by some partners.
2. Don't hold up others being paid by not being prompt with your own cost statements!!
3. The project is not over until all reports are accepted – ensure ongoing availability of staff in case of problems
4. The final payment may be crucial to some partners – expedite its payment
5. Don't turn your back on your partners!

#### **10.4.8 Sabotage**

As noted in 1.5.16, we are aware of companies joining a project with a specific goal of trying to minimise the commercial impact of any results on their own (proprietary) commercial activity. This is not to be encouraged, but as mentioned above, it has occurred very occasionally in the past.

### **10.5 Unacceptable bias**

It almost should go without stating, but we would expect no participants to hold or express any bias for or against any participant or participant organisation on account of their national, religious, racial, gender or life style. Such considerations are completely unacceptable and cannot be tolerated.

### **10.6 Summary**

Projects should be a good experience not just a technical success. They should be seen as an opportunity to broaden your business & professional contacts. Unethical behaviour reflects badly on you, your organisation and your country. On the other hand, being a reliable partner can ensure you being invited into additional projects – the opposite is equally true.

## 11 European Technology Platforms

This is a relatively new concept that has appeared during 2004. It was seen as a lead into FP7. In my opinion they now look like what many large players thought that IPs would turn out to be!

### 11.1 Official view

Officially, platforms are seen as follows -

European Technology Platforms are ambitious, demand driven initiatives, set up in areas where Europe's future competitiveness will depend upon major upstream research and technological advances. This can be achieved through public-private partnerships to bring together the efforts of all concerned stakeholders in the creation, implementation and deployment of a common European Strategic Agenda. Technology Platforms are planned to be one of the main pillars of FP7. Their funding, however, will arise from a variety of sources. Industry will play a leading role in each platform but the efforts of all other key stakeholders must also be mobilised, including the research community, public authorities, standardisation bodies, the financial community, civil society, and consumers. Technology Platforms are objective-oriented, requiring a vision and a strategic research agenda with a detailed action plan.

The concept was initially introduced in the Commission Communication in their communication "Investing in research: an action plan for Europe" 3% of GDP for research. They saw the aim of Technology platforms as providing the means to foster effective public-private partnerships between the research community, industry, financial institutions, users and policy-makers, in order to mobilise the research and innovation effort and facilitate the emergence of "lead markets" in Europe.

ETP is a mechanism that:

- brings together the main stakeholders in an RTD field.
- to identify common RTD goals of industrial relevance
- develop a roadmap to achieve these goals – Strategic Research Agenda (SRA).
- roadmap addresses technology & non-technology barriers
- stakeholders include industry, academia and the investors in research, public or private
- stakeholders should commit to supporting financially the roadmap and monitor its implementation

The Council invited the Commission to set up a limited set of ETPs, each with a well identified research and industrial community ready to collaborate in developing a roadmap and to engage in its implementation. There was seen the need to pool resources and create a critical mass including public and private resources at national and European level (Community, Eureka,..). A clear commitment to invest in the realisation of the roadmap is a key aspect of a Technology Platform. ETPs are NOT just forums for discussion or advisory groups.

Overall, there are currently 36 ETPs defined in FP7 per area as follows:

#### Energy

1. European Biofuels Technology Platform - (Biofuels)
2. European Technology Platform for the Electricity Networks of the Future - (SmartGrids)
3. European Technology Platform for Wind Energy - (TPWind)
4. Photovoltaics - (Photovoltaics)
5. Zero Emission Fossil Fuel Power Plants - (ZEP)
6. Sustainable Nuclear Technology Platform - (SNETP)
7. Renewable Heating & Cooling (RHC)

#### ICT

8. Embedded Computing Systems - (ARTEMIS)
9. European Nano-electronics Initiative Advisory Council - (ENIAC)
10. Integral Satcom Initiative - (ISI)
11. Mobile and Wireless Communications - (Net!Works) was eMobility
12. Networked and Electronic Media - (NEM)
13. Networked European Software and Services Initiative - (NESSI)
14. Robotics - (EUROP)
15. European Technology Platform on Smart Systems Integration - (EPoSS)
16. Photonics21 - (Photonics21)

### **Bio-based Economy**

17. Farm Animal Breeding and Reproduction Technology Platform - (FABRE TP)
18. Food for Life - (Food)
19. Global Animal Health - (GAH)
20. Nanotechnologies for Medical Applications - (NanoMedicine)
21. Plants for the Future - (Plants)
22. Forest based sector Technology Platform - (Forestry)

### **Production and processes**

23. European Construction Technology Platform - (ECTP)
24. European Steel Technology Platform - (ESTEP)
25. European Technology Platform on Sustainable Mineral Resources - (ETP SMR)
26. Future Manufacturing Technologies - (MANUFUTURE)
27. Future Textiles and Clothing - (FTC)
28. Water Supply and Sanitation Technology Platform - (WSSTP)
29. Sustainable Chemistry - (SusChem)
30. Advanced Engineering Materials and Technologies (EuMaT)
31. Industrial Safety ETP - (IndustrialSafety)

### **Transport**

32. Advisory Council for Aeronautics Research in Europe -( ACARE)
33. European Rail Research Advisory Council - (ERRAC)
34. European Road Transport Research Advisory Council - (ERTRAC)
35. European Space Technology Platform - (ESTP)
36. Waterborne ETP - (Waterborne)

For details on each follow the link: [http://cordis.europa.eu/technology-platforms/individual\\_en.html](http://cordis.europa.eu/technology-platforms/individual_en.html)

One of the main functions in reality of the ETPs is to input their SRA to the Work Program planning in its technological area. In practice we have also seen, especially in those ETPs not proceeding to a JTI (see below), the platform being an informal coordination agent for consortia forming to propose into the relevant calls for proposal.

The nine ICT related ETPs are inevitably interrelated to a certain extent. Similar topics and aspirations appear in multiple ETPs but address them from different perspectives. Organisations that are interested in specific ETPs should also have a look at those that have a common interface with it. See 11.2 below.

## **11.2 Interfaces between ICT Platforms**

One can view the inter-relationship between the ICT ETPs as illustrated below. We have tried to identify specific interfaces and have numbered them for ease of reference.

As can be seen above, we believe there are currently 16 such interfaces. We believe it important that each

pair of ETPs involved in an interface, define the demarcation. This has begun in several instances. For example we are aware that ENIAC and Artemis have a written agreed position on Interface 5.

### **11.3 Joint Technology Initiatives**

Of the current 36 ETPs, five have established JTIs:

1. Innovative Medicines Initiative (IMI)
2. Embedded Computing Systems (ARTEMIS)
3. Aeronautics and Air Transport (Clean Sky)
4. Nanoelectronics Technologies 2020 (ENIAC)
5. Fuel Cells and Hydrogen (FCH)

Of the five JTIs, two are ICT ETPs; Artemis and ENIAC. Each JTI has set up a legal entity to manage each JTI. These legal entities are called Joint Undertakings.

Note that a sixth JU has been set up via a different pedigree.

6. Ambient Assisted Living Joint Undertaking (AAL)

This is different in nature from the other two ICT JUs in that it did not start off as an ETP. The Ambient Assisted Living Joint Program is a joint research and development (R&D) funding activity by 23 European Member States and Associated States with the financial support of the European Community based on article 169 of the EC treaty.

One vital role of the is to create and maintain a Research Agenda derived from their SRA and to issue calls for proposal based on it, evaluate the proposals and with the agreement of the funding bodies, to issue contracts for the various selected projects as well as to manage these contracts.

These s issue calls for proposal based on their Research Agenda on a periodic basis (mainly annual).

JTI funding is planned via Article 171 which reads:

“Community may set up joint undertakings or any other structure necessary for the efficient execution of Community research, technological development and demonstration programmes”

Support must be proposed by Commission but requires a Council decision. One example was Galileo. In such a way, private and public resources are brought together into one “pot”. The management structure should consist of stake holders with a “Concessionaire” for implementation.

### **11.4 Relationship with Eureka**

The ICT JTIs are closely aligned to specific Eureka activities (MEDEA+ and ITEA2). Not only is there a broad overlap in technological area, there is also a complete overlap between the major players. i.e. the companies and even the specific company staff involved in Eureka are the same people who are running the relevant JTIs. The two ETPs that are planning JTIs will probably use a similar call mechanism as they use in Eureka for proposals under JTIs.

It appears that it is the intention to gradually replace MEDEA+ and ITEA2 Eureka by the new JTI funding mechanisms.

#### **11.4.1 Eurostars**

EUREKA's Eurostars Program is the first European funding and support programme to be specifically dedicated to SMEs. Eurostars stimulates them to lead international collaborative research and innovation projects by easing access to support and funding.

See [www.eurostars-eureka.eu/](http://www.eurostars-eureka.eu/)

The European Union's Framework Program 7 (with an emphasis on ICT)

A Eurostars project is a European research and development project. It can address any technological area, but must have a civilian purpose and be aimed at the development of a new product, process or service. A Eurostars project is collaborative, meaning it must involve at least two participants (legal entities) from two different Eurostars participating countries. In addition, the main participant must be a research-performing SME from one of these countries.

The role of the SME participants in the project should be significant. At least 50% of the project's core activity should be carried out by SMEs. This percentage can, however, include minor contracting. The consortium should be well balanced, which means that no participant or country will be required to invest more than 75% of the total project costs.

A Eurostars project should be market-driven: it must have a maximum duration of three years, and within two years of project completion, the product of the research should be ready for launch onto the market. The exception to this rule applies to biomedical or medical projects, where clinical trials must be started within two years of project completion.

The Eurostars Program addresses a niche market of research and innovation-performing businesses that fulfil the EU-adopted definition of an SME, are based in a Eurostars participating country and that, in addition, invest 10% or more of full-time equivalent or annual turnover in research activities. European SMEs act as a source of renewal and a driving force for the development of new business areas. The Eurostars Program is aimed at stimulating these SMEs to lead international collaborative research and innovation projects by easing access to support and funding.

Currently 32 countries are actively participating in the Eurostars Programme through the EUREKA network of national offices. These countries are:

Austria, Belgium, Bulgaria, Croatia, Cyprus, Czech Republic, Denmark, Estonia, Finland, France, Germany, Greece, Hungary, Iceland, Ireland, Israel, Italy, Latvia, Lithuania, Luxembourg, the Netherlands, Norway, Poland, Portugal, Romania, Slovakia, Slovenia, Spain, Sweden, Switzerland, Turkey, United Kingdom

Eurostars projects are funded primarily through national research schemes. The amount of funding and costs eligible for funding will therefore vary between member countries.

## **11.5 How ETP activities are funded**

The differences between FP7 and the JTI funding may be seen on several levels:

- upstream versus downstream research (this also implies different distribution between industrial and academic participation, and funding rates),
- all EU member states plus associated countries participation versus some active countries in JTI, funding of research infrastructure.

### ***11.5.1 Via Framework funding***

In this way part of each ETP Strategic Research Agenda has been incorporated into the relevant Workprogram. Anyone is then free to make proposals against it in response to a normal call. However, in practice, consortia will form within the membership of each ETP to propose. In fact it will be the leadership of each ETP that will (at least informally or wearing different hats) agree who will bid what. Of course, these will not be the only proposals but without the participation of the leading industrial players, the chances of approval will be significantly lower.

### ***11.5.2 Joint Technology Initiative***

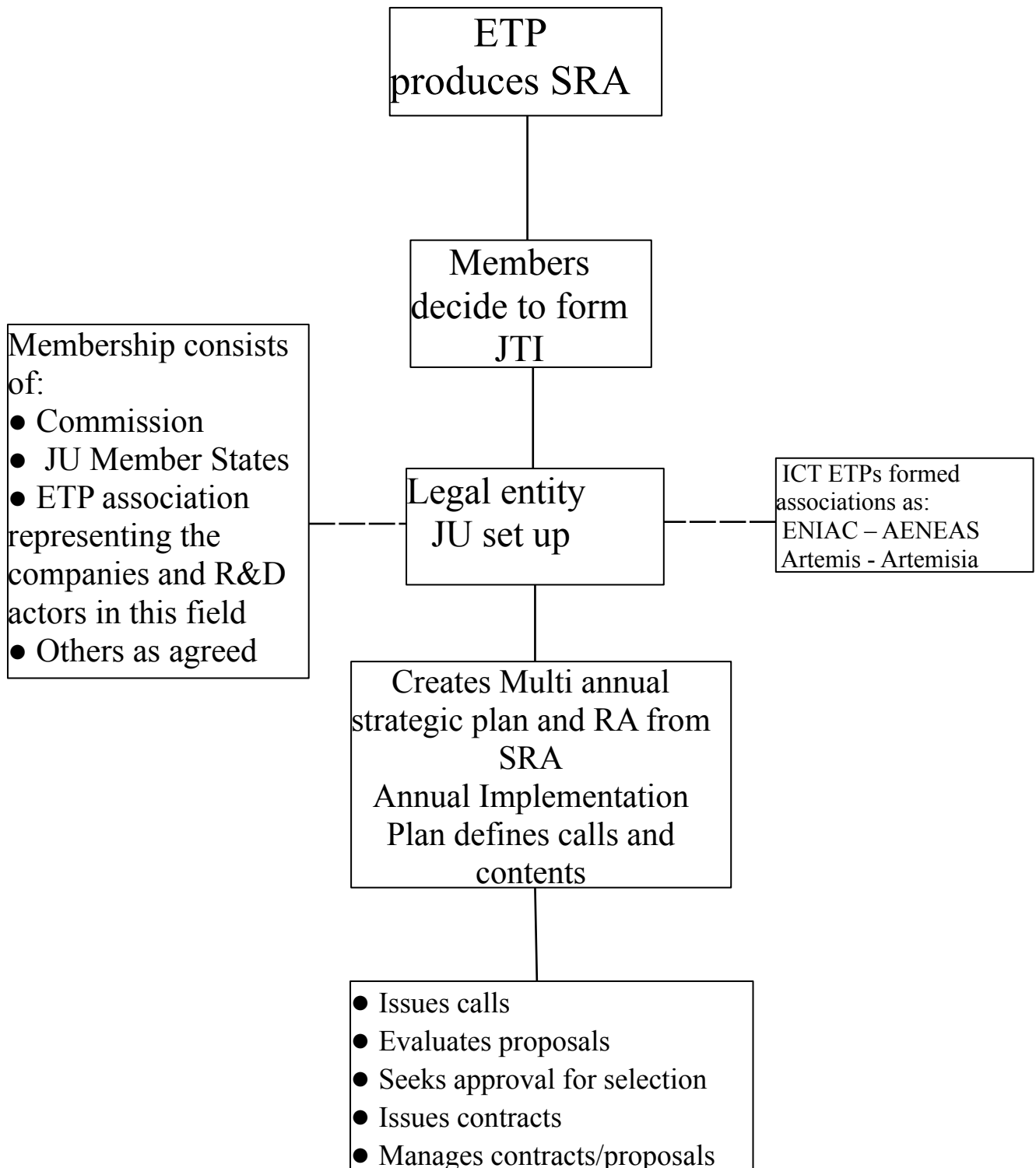
Each year (starting in 2008) each involved program put aside certain funds to be available to support the ETP JTIs. For each of the two ICT JTIs more than 400 M€ will be available over FP7 for this purpose. This will be different from the money envisaged in the normal ICT Calls for Proposal. This funding

complemented by participant funding and National funding will be used to fund projects from the specific SRA not covered by the ICT Workprogram. Other funding has been made available for the AAL – see below.

Please note that the report "Designing together the 'ideal house' for public-private partnerships in European research" by the JTI Sherpas' Group that reviewed the operation of the JTIs essentially recommended replacing them by PPPs in FP8.

### 11.6 JTI/ETP Structures

Based on the Council Regulation setting up the individual Joint Undertakings, I have tried below to illustrate there structure and relationships.



## 11.7 Financial Details

### 11.7.1 Funding Aspects

This can be seen as falling under two distinct categories; the operating costs of the entity and the funding available for R&D. In this section, I am quoting the Artemisia published figures and they apply to the whole of FP7.

The Joint Undertaking is funded by a combination of annual contributions from the members complemented by a levy on all partners in funded projects. Artemisia will levy a charge of up to 1.5% from each project participant. However if there are non-members in a project who do not pay this contribution, then the large company members will have to pick up their contribution costs. Each will define its own membership costs. Again taking Artemisia as an example their annual membership costs have been initially defined as follows:

1,000€ for Associates

1,000€ for SMEs (A:members)

1,000€ for Research Organisations (B:members)

5,000€ for Corporate Organisations < 500€M (C:members<500€M)

10,000€ for Corporate Organisations > 500€M (C:members>500€M)

The typical operating costs of the Artemisia are agreed to be up to €20M or 1% of R&D costs, not exceeding €30M with the Commission contribution not exceeding €10M.

In the case of Artemisia, the total available R&D budget will be made up of the following elements:

- Community (FP7 ICT) contribution of up to €410M
- The member states > 1.8 times the Community contribution (i.e. > €738M)
- R&D participants > 50% of their costs in kind i.e. R&D costs) – compared to ~65% in Eureka

Overall budget available for R&D 2.4 – 2.7 €B

### 11.7.2 Participant funding in JTI project

There are two basic situations for partners belonging to a FP7 Member State or an Associated Country: their country is a Member State of the particular activity or not. Please note that the two different uses of the term “Member State”.

For JU Member State participants, they will receive up to 50% funding of their R&D with approximately 1/6<sup>th</sup> from the JU and an additional 1/3<sup>rd</sup> from their own national funding direct.

For participants from a country that is not a member of the JU (but are a FP7 Member State or Associated country) then they will only receive the 1/6<sup>th</sup> funding from the JU. There is also a situation that a country can be a Member State of a JU but commit zero funding in a particular year. Note that they could then, in theory, receive an additional 1/3<sup>rd</sup> from their own country without them being a member of the JU. This situation is similar to a “project by project” type of participation. However in a recent decision by the Council this was made illegal for EU member States. This ruling would therefore not apply to participants from states associated to the Framework Program. However, in this case that country would not be able to participate in the management or supervision activities.

Please also note that a maximum of 10% of the resources was forecast for participants from non-Member States or Member States not contributing to the budget. This is done because if a country does not provide resources to the call, it also does not leverage extra EC money.



Note that one implication of the R&D funding rules (under 11.7.1 above) implies that if a particular member state has insufficient participation from that country, then the overall funding available to the JU will be reduced.

Another important rule is that in any consortium bidding on a JTI call, there must be a minimum of three unaffiliated partners from three different Member States.

SMEs and Research/Academic partners should also note that whereas under FP7 they could get up to 75% funding, under JTI funding the total may be less than 75% as the levels of National funding and conditions varies widely between different Member States.

### ***11.7.3 JTI Call, Evaluation and Contract Process***

There will be an annual call cycle starting in 2008. The normal procedure will be to have a two step process i.e. a Proposal Outline (PO) followed by a Full Project Proposal (FPP). However in 2008 they skipped the first step due to lack of time in 2008. The criteria for the PO assessment and the criteria for the FPP evaluation were included in the formal call contents but briefly are along the following lines:

#### PO expert Assessment

The assessment of each PO by the entity will be carried out by two experts to be selected by the Executive Director (ED).

Results in:

- a recommendation to the project consortium
- a first overview of the funding requests
- will not result in any funding decision

Assessment will be carried out by:

- One expert from a list composed by the IRC (industry and Research Committee)
- One expert from a list composed by the PAB (Public Authorities Board i.e. the funding countries)

Assessment will first be done individually remotely then per proposal in a meeting of all experts and then finally in a plenary meeting meeting with all experts for calibration of the overall results with the Chairman.

Rules for selection of PO experts

- Relevant technical expertise
- No conflict of interest (experts organisation does not participate in that specific project)
- Balance of profiles (industrial and academic)
- No family relationships

PO Assessment Criteria:

- Relevance to the Research Agenda, Multi-annual Strategic Plan and the Annual working plan application domains and technologies in the call
- Innovation beyond the state of the art
- Impact on the market and competitiveness
- Application, innovation and achievements

Assessment will be carried out by:

- Two experts from a list composed by the IRC (Industry and Research Committee)
- Two experts from a list composed by the PAB (Public Authorities Board i.e. the funding countries)

Evaluation will first be done individually remotely then per proposal in a meeting of all experts and then finally in a plenary meeting meeting with all experts for calibration of the overall results with the

Chairman.

Rules for nomination of experts

- Relevant technical expertise
- No conflict of interest (experts organisation does not participate in that specific project)
- Balance of profiles (industrial and academic)
- No family relationships

Full Project Proposal Evaluation

The evaluation of each FPP by the JU will be carried out by four experts to be selected by the Executive Director (ED).

Results in:

- a selection of the proposals based on the expert evaluation criteria
- a selection of the proposals based on the national and eligibility criteria

FPP Evaluation Criteria:

- Relevance to the Research Agenda, Multi-annual Strategic Plan and the Annual working plan application domains and technologies in the call
- Innovation beyond the state of the art
- Impact on the market and competitiveness
- Application, innovation and achievements
- Exploitation and Dissemination
- Project Management
- Resource justification and critical mass

The Public Authorities Board then will have to verify the proposed funding and the criteria for this are:

- Synergy with EU and National policies and activities
- Relevance and contribution to the objectives of the call
- Positive National funding assessment
- Management track record

#### ***11.7.4 ICL JTI Call for proposals***

Financial contribution of the Joint Undertaking to participants in projects: Following the evaluation, selection and award procedures of the Joint Undertaking, the Joint Undertaking will conclude grant agreements with participants. The financial contribution of the Joint Undertaking will be 16.7% of eligible costs incurred by participants to implement the projects.

Financial contribution of the Member States to participants in projects: Following the evaluation, selection and award procedures of the Joint Undertaking, Member States will conclude national grants with participants. The financial contribution of the Member States will be a certain % of eligible costs incurred by participants to implement the projects which may vary according to the type of participant and the type of R&D activity as specified by each Member State (see Guide for Applicants).

Eligible costs:

- For participants established in Member States, eligible costs are defined by the respective funding authorities issuing the national grant agreements (see Guide for Applicants)
- For participants established in Member States or Associated Countries to the Seventh Framework Programme that are not Member States, eligible costs are defined by the Joint Undertaking (see Guide for Applicants).
- Eligibility criteria: The eligibility criteria for proposals, as well as the eligibility criteria to receive funding from the and from Member States are specified in the document on eligibility criteria.

The European Union's Framework Program 7 (with an emphasis on ICT)

Objectives: Joint Technology Initiatives (JTI) aim to achieve strategic focus by supporting common ambitious research agendas through mid-term technology R&D in areas that are crucial for competitiveness and growth, assembling and coordinating at European level a critical mass of research. Detailed objectives of the Call are set out in the Annual Work Programme 2008.

Evaluation and selection:

- For this first call, a one-stage submission procedure will be followed
- The evaluation criteria and sub-criteria, including weights and thresholds, and the selection and award criteria were originally set out in the Annual Work Program 2008

Project agreements: Participants in any project resulting from this call are required to conclude amongst themselves a project agreement. This project agreement shall lay down the Intellectual Property arrangements in compliance with Article 23 of the Statutes (\*) annexed to Council Regulation setting up the Joint Undertaking.

(\*) Note that a corrigendum to Article 23(3.4.2) of these Statutes will be published in the Official Journal in order to include the following footnote in the paragraph: "The participants may, by written agreement, agree on a different time-limit or waive their right to prior notice in the case of transfers of ownership from one participant to a specifically identified third party"

Ethical requirements: The Joint Undertaking will not support projects which are contrary to fundamental ethical principles and those recalled in article 4 of the Council decision 2006/975/EC of 19 December 2006 concerning the Seventh Framework Programme of the European Community.

Information Package: These are the key documents required for the preparation of your proposal:

Joint Undertaking selection and evaluation procedures related to Calls for proposals

Additional Information:

Useful documents on the call and on the Joint Undertaking in general.

- COUNCIL REGULATION (EC) setting up the Joint Undertaking (pdf format)
- Joint Undertaking web Home Page

## **11.8 Initial Membership, Funding and Hosting**

Please note that the ICT ETPs list explicit "Member States", whereas the others are less explicit. The current six constituted ETPs and their members are as follows:

### ***11.8.1 Clean Sky Joint Undertaking***

The members of the Clean Sky Joint Undertaking should be the European Community represented by the Commission as public representative, the leaders of Integrated Technology Demonstrators (hereinafter referred to as 'ITDs) and the Associate members of the individual ITDs. The Clean Sky Joint Undertaking should be open to new members.

The maximum Community contribution to the Clean Sky Joint Undertaking covering running costs and research activities shall be EUR 800 million paid from the budget appropriation allocated to the Theme 'Transport' of the Specific Programme Cooperation, according to Article 54(2)(b) of the Financial Regulation.

A host agreement shall be concluded between the Clean Sky Joint Undertaking and Belgium concerning office accommodation, privileges and immunities and other support to be provided by Belgium to the Clean Sky Joint Undertaking.

### ***11.8.2 Innovative Medicines Joint Undertaking***

Founding members of the IMI Joint Undertaking should be the Community and EFPIA. EFPIA is a non-profit organisation representing the research based pharmaceutical industry in Europe. The aim of EFPIA

The European Union's Framework Program 7 (with an emphasis on ICT)

is to ensure and promote the technological and economic development of the pharmaceutical industry in Europe. EFPIA is open for membership to national associations of research-based pharmaceutical companies, as well as directly to research-based pharmaceutical companies. It applies general principles of openness and transparency for membership ensuring a wide industrial involvement. The IMI Joint Undertaking should be open to new members.

The maximum Community contribution to the IMI Joint Undertaking covering running costs and Research Activities shall be €1,000M. The contribution shall be paid from the appropriation in the general budget of the European Union allocated to the 'Health' theme of the Specific Programme Cooperation implementing the Seventh Framework Programme according to the provisions of Article 54(2)(b) of the Financial Regulation.

The IMI Joint Undertaking should be established in Brussels, Belgium. A host agreement should be concluded between the IMI Joint Undertaking and Belgium concerning office accommodation, privileges and immunities and other support to be provided by Belgium to the IMI Joint Undertaking.

### ***11.8.3 ARTEMIS Joint Undertaking in Embedded Computing Systems***

Founding members of the ARTEMIS Joint Undertaking are the Community, Austria, Belgium, Czech Rep., Denmark, Estonia, Finland, France, Germany, Greece, Hungary, Ireland, Italy, Netherlands, Norway, Portugal, Romania, Slovenia, Spain, Sweden, United Kingdom and ARTEMISIA, an association representing companies and other R & D organisations active in the field of Embedded Computing Systems in Europe. The ARTEMIS Joint Undertaking is open to new members.

The maximum Community contribution to the ARTEMIS Joint Undertaking covering running costs and R & D Activities shall be €420M paid from the appropriations in the general budget of the European Union allocated to the Theme 'Information and Communication Technologies' of the Specific Programme 'Cooperation', according to the provisions of Article 54(2)(b) of the Financial Regulation.

A host agreement shall be concluded between the ARTEMIS Joint Undertaking and Belgium concerning office accommodation, privileges and immunities and other support to be provided by Belgium to the ARTEMIS Joint Undertaking.

### ***11.8.4 ENIAC Joint Undertaking***

The founding members of the ENIAC Joint Undertaking are the Community, Austria, Belgium, Czech Rep., Estonia, France, Germany, Greece, Hungary, Ireland, Italy, Netherlands, Norway, Portugal, Poland, Spain, Sweden, United Kingdom and AENEAS, an association representing companies and other R & D organisations active in the field of nano-electronics in Europe. The ENIAC Joint Undertaking is open to new members.

The maximum Community contribution to the ENIAC Joint Undertaking covering running costs and R & D activities shall be €450M paid from the appropriations in the general budget of the European Union allocated to the theme 'Information and Communication Technologies' of the Specific Programme 'Cooperation'.

A host agreement shall be concluded between the ENIAC Joint Undertaking and Belgium concerning office accommodation, privileges and immunities and other support to be provided by Belgium to the ENIAC Joint Undertaking.

### ***11.8.5 Fuel Cells and Hydrogen Joint Undertaking***

The Founding Members of the FCH Joint Undertaking will be the European Community represented by the Commission as public representative and the European Fuel Cell and Hydrogen Joint Technology Initiative Industry Grouping (hereinafter the 'Industry Grouping'), which represents the interests of industry and is open to private companies. A Research Grouping may become a member of the FCH Joint

## Undertaking.

The maximum Community contribution to the FCH Joint Undertaking running costs and operational costs shall be €470M. The contributions shall come from the 'Cooperation' Specific Programme implementing the Seventh Framework Programme for research, technological development and demonstration (2007-2013) implementing the Community budget according to the provisions of Article 54(2)(b) of Regulation (EC, Euratom) No 1605/2002.

A host agreement was concluded between the FCH Joint Undertaking and Belgium concerning office accommodation, privileges and immunities and other support to be provided by Belgium to the FCH Joint Undertaking.

### ***11.8.6 Ambient Assisted Living Joint Undertaking***

This is different in nature from the other s in that it did not start off as an ETP. The Ambient Assisted Living Joint Program is a joint research and development (R&D) funding activity initially set up by 23 European Member States and Associated States with the financial support of the European Community based on article 169 of the EC treaty.

## 12 Ethical Considerations in FP7

All EU-funded research activities must comply with a strict ethical code.

Decision No 1982/2006/EC of the European Parliament and of the Council of 18 December 2006

This concerns the Seventh Framework Programme of the European Community for research, technological development and demonstration activities (2007-2013)

"Article 6 Ethical principles":

All the research activities carried out under the Seventh Framework Programme shall be carried out in compliance with fundamental ethical principles.

- The following fields of research shall not be financed under this Framework Programme:
  1. research activity aiming at human cloning for reproductive purposes,
  2. research activity intended to modify the genetic heritage of human beings which could make such changes heritable,
  3. research activities intended to create human embryos solely for the purpose of research or for the purpose of stem cell procurement, including by means of somatic cell nuclear transfer.
- Research on human stem cells, both adult and embryonic, may be financed, depending both on the contents of the scientific proposal and the legal framework of the Member State(s) involved. Any application for financing for research on human embryonic stem cells shall include, as appropriate, details of licensing and control measures that will be taken by the competent authorities of the Member States as well as details of the ethical approval(s) that will be provided.
- As regards the derivation of human embryonic stem cells, institutions, organisations and researchers shall be subject to strict licensing and control in accordance with the legal framework of the Member State(s) involved.
- The fields of research set out above shall be reviewed for the second phase of this program (2010-2013) in the light of scientific advances." (L 412/5-6)
- "(30) Research activities supported by the Seventh Framework Programme should respect fundamental ethical principles, including those reflected in the Charter of Fundamental Rights of the European Union. The opinions of the European Group on Ethics in Science and New Technologies are and will be taken into account. Research activities should also take into account the Protocol on the Protection and Welfare of Animals and reduce the use of animals in research and testing, with a view ultimately to replacing animal use." (L 412/4 – paragraph 30)
- "Security and society: mission orientated research which will focus on socio-economic analyses, scenario building and activities related to: cultural, social, political and economic dimensions of security, communication with society, the role of human values and policy making, psychology social environment of terrorism, citizens' perception of security, ethics, protection of privacy, societal foresight and systemic risk analysis. Research will also address technologies that better safeguard privacy and liberties, and will address vulnerabilities and new threats, as well as the management and impact assessment of possible consequences." (L 412/27 – Annex I Section 10: Security)

As technology improves, the Ethical Issues within FP projects are increasing. For this reason, in the FP7 "Guide for Applicants", there is an added annex called "Ethics" which deals with the ethical issues that have to be addressed.

All applications for funding must include a section outlining how the ethical issues raised by the proposed project will be handled. If this provides insufficient information or it touches on sensitive ethical issues, an Ethical Review Panel is called in to assess whether the proposed research complies with the ethical rules of the EU Framework Program.

The Commission then takes into account the results of the scientific evaluation and the ethical review

The European Union's Framework Program 7 (with an emphasis on ICT) when deciding on the proposals to be funded. Projects which cannot comply with fundamental ethical principles are excluded.

Further information on ethics requirements and rules are given at the FP7 ethics website:

[http://cordis.europa.eu/fp7/ethics\\_en.html](http://cordis.europa.eu/fp7/ethics_en.html)

## 12.1 Ethical Issues at the Proposal Stage

It is extremely important that the Ethical Issues aspects are adequately addressed in FP7 Proposals and Projects. In fact, in FP7 the Ethical Issues are even more important than they were in FP6 at the proposal stage.

**Proposals that ignore ethical concerns will be rejected.**

The implications of the new FP7 stance on Ethical Issues is that all consortia submitting proposals under FP7 have to ensure that their proposal's ethical concerns must be identified and addressed within the proposal. If proposal does not do this then it will be rejected – **the Commission will not give the consortium a chance to submit further information.**

However, if a proposal makes a credible attempt to address ethical issues but does not cover all the issues, **then clarification may be sought** and a the consortium may be given the chance to submit additional information to the Ethical Review Panel and an ethics review will be carried out on the proposal.

**In reality, we are seeing that Proposals are being given a chance to have a second ethics review once additional information is provided. However, this should not be taken for granted.**

The Commission advises proposers that “If there are ethical, safety, socio-economic or other issues associated with the subject of the proposal, show how they have been adequately taken into account - indicate which national and international regulations are applicable and explain how they will be respected. Explore potential ethical aspects of the implementation of project results.”

Proposers have to describe in their proposal the ethical issues raised by their projects in detail and explain how they will handle these. Important elements that the proposers should address are:

- National legal and ethical requirements:  
Proposals must explain how the national legal and ethical requirements of the country where the research is performed will be fulfilled, indicating the timing of approval of the national authority.
- Ethical Management:  
Within IPs & NoEs. (also STREPS if necessary).

In addition, applicants are requested to fill in a Ethics table:

Proposers who tick “YES” in any of the boxes are invited to follow a web-link towards further “Crucial information” were there is a more detailed ethical issues check-list to fill in and detailed information on the main ethical issues that may emerge and on how they should be addressed

[http://ec.europa.eu/research/science-society/page\\_en.cfm?id=3205](http://ec.europa.eu/research/science-society/page_en.cfm?id=3205)

Applicants are also requested to confirm that the proposed research does not involve:

- Research activity aimed at human cloning for reproductive purposes
- Research activity intended to modify the genetic heritage of human beings which could make such change heritable
- Research activity intended to create human embryos solely for the purpose of research or for the purpose of stem cell procurement, including by means of somatic cell nuclear transfer
- Research involving the use of human embryos or embryonic stem cells with the exception of banked or isolated human embryonic stem cells in culture

## 12.2 Typical ICT Ethical Issues

Within the ICT program several aspects are particularly important with respect to ethics. They include the following:

- surveillance of people;
- informed consent of participants;
- privacy including some uses of RFID;
- sensitive data security;
- compliance with data protection legislation;
- potential danger to persons or property during experiments or trials;
- spamming or initiation of unsolicited emails;
- potential issues related to environmental contamination

## 12.3 Sensitive Ethical Issues

The Commission considers sensitive ethical issues to include research which:

- involves children and others unable to consent;
- use of human tissues such as embryonic and foetal tissue;
- use of genetic and other sensitive personal data;
- use of non-human primates and genetically modified animals;
- Human cloning for reproductive purposes;
- Germline gene therapy (research relating to cancer treatment of the gonads can be financed.);
- Creating human embryos solely for the purpose of research or of stem cell procurement, including by means of somatic cell nuclear transfer;

They all require particular attention.

## 12.4 Request for Ethical Review

All proposals that are flagged as having Ethical Considerations are subject to an Ethical Review. There are many ways in which a proposal can be flagged as having Ethical Considerations. It can be flagged by all or one of the following:

- The Proposers
- The Scientific Evaluators
- The Project Officer / Commission

Scientific evaluators are requested to identify whether there are ethical issues that need further attention. If there are, then a separate Ethical Identification Report (EIR) is filled in by the Evaluators to be passed onto the Ethical Review Board. Both the Scientific Consensus report (CR) and the Evaluation Summary Report (ESR) will indicate whether further ethical attention is required.

## 12.5 Ethical Review

In FP6, 11% of all funded projects have undergone an ethical review:

- Biomedicine and Genetics: 45%
- Food and green biotech: 11%
- Mobility: 11%
- Nanotechnology: 9%
- ICT: 8%
- Other: 18%

In FP7 the statistics are as follows:

<b>Ethics Review</b>	<b>2007</b>	<b>2008</b>	<b>2009</b>	<b>3 years</b>
Number of ethics reviews organised	245	294	232	771
Projects stopped as a result of the ethics review	0	0	0	0



Project proposals found to have insufficient safeguards in place, requested to modify project following contractually binding requirements	44	82	122	248
Proposals flagged for ethics audit	N/A	7	12	19
Experts having participated in ethics review process	79	95	103	277

The split between programs in 2009 are as follows:

<b>ETHICS REVIEWS IN 2009 BY FP7 THEMATIC AREAS</b>	<b>Number</b>
Environment	4
Food, Agriculture and Fisheries, Biotechnology	35
Health	39
ICT (Information and Communication Technologies)	21
NMP	13
Security	11
SMEs (Small and medium enterprises)	4
Transport	4
Ideas (ERC)	48
People (Marie Curie Actions)	52
<b>Total</b>	<b>232</b>

The European Commission initiates the ethical review of project proposals by independent external experts that raise sensitive ethical issues or where ethical issues have not been properly addressed as part of the funding evaluation process. In specific cases, further ethical reviews may take place during the implementation of a project.

Ethical Reviews are an integral part of the legal requirements of FP7. The Purpose of Ethical Review is to ensure that FP7 ethical rules are complied with and that the European Union is not supporting research which would be contrary to the fundamental ethical principles of FP7.

The aim of the Ethical Review is to:

- Ensure that the proposers properly address ethical issues arising from the research
- Make sure that research fulfils all ethical and/or legal requirements at national, EC and international level
- Raise the researchers' awareness about ethical issues in research (and to ensure that these issues are properly addressed.)
- Produce an Ethical Review Report

## **12.6 Ethical Review Workings**

The Ethical Review will be performed after a positive scientific evaluation by a multidisciplinary panel of experts. Proposers will be notified prior to the Ethical Review.

The Ethical Review Board has access to:

- The Proposal
- The EIR
- Correspondence between the and the Commission regarding the Ethical Review

Note: FP7 has removed the option for proposers to supply the Ethical review Board with “additional information”. The Ethical review will be based only on the information supplied by the proposers at the proposal stage. **However, in practice within FP7 in some cases proposers have been asked to clarify their intentions and supply additional information.**

The Ethical Review Board has the possibility of adjusting and improving proposals that impinge on fundamental ethical principles. The outcome of the ethical review, are the comments of the ethical review panel which are produced in the Ethical review report (ERR).

The ERR could include requirement for more complete information, a change in the design of the project, or in the methodology. The report of the ethical review (ERR) will be part of the technical annex.

Ethical review provides for the possibility of excluding a research project that contravene fundamental ethical principles. **Some proposals in FP7 that passed evaluation were not funded as a result of the ethical review.**

### **12.7 Contract negotiation and the Ethical Review report**

The allocated Project Officer who will be handling the contract negotiations is always invited to attend the Ethical Review.

The Ethical Review Board will report on proposals in the period between final ranking of proposals and finalisation of contract negotiations. The report of the ethical review will be handed over to the responsible scientific officer and must be included in the technical annex.

The ethical review will probably ask for follow-up reports on the sensitive issues.

- Appropriate national approval needs to be seen.
- Is there a new phase which may require further ethical review?

### **12.8 Ethical management**

IPs foresee specific ethical management within the project if required. In this case, the ethical reporting is linked to a management component in the project.

It is expected that IPs that raise sensitive ethical issues will have an ethics management component or workpackage. These should have expertise which is both appropriate and broad-based. Applicants should provide sufficient information in the proposal for this to be evaluated.

In NoEs and STREPs there is no specific ethical management required - but if felt necessary, the ER panel might for example recommend an ethicist be included on the management board

### **12.9 Ethics during the Project**

The Description of Work must contain the input and any follow-up that is required as a result of the Ethical Review.

If necessary, another Ethical Review may take place during the course of the Project, or the project may be subject to an Ethical Audit during or at any time up to 5 Years after the project end.

Any Project may be terminated at any time for Ethical Irregularity.

### **12.10 Special Clauses related to Ethics**

The following four clauses are examples of what may be added to specific grant agreements as deemed to be required:

### **12.10.1 Ethical Rules**

1. The beneficiaries shall comply with the ethical framework of FP7, all applicable legislation, any relevant future legislation and FP7 specific programs on "Cooperation", " People" "People", "Ideas", "Capacities" (2007-2013) and "Euratom" (2007-2011) .
2. The beneficiaries undertake not to carry out research under this project involving any of the following activities:
  - a) research activities aiming at human cloning for reproductive purposes,
  - b) research activities intended to modify the genetic heritage of human beings which could make such change heritable and
  - c) research activities intended to create human embryos solely for the purpose of research or for the purpose of stem cell procurement, including by means of somatic cell nuclear transfer.

### **12.10.2 Research involving the use of human embryos and embryonic stem cells**

The beneficiaries shall inform the Commission in writing of any research activities that may involve the use of human embryos or human embryonic stem cells, unless such provisions in Annex I to the grant agreement have specifically been approved. Such research may not take place without the prior written agreement of the Commission.

The agreement of the Commission shall be subject to its internal procedures. Should such research not be approved, the Commission will not fund it as part of the project and may terminate the grant agreement if the project cannot continue without that research.

### **12.10.3 Ethical Review**

1. The beneficiary(ies) shall provide the Commission with a written confirmation that it has received (a) favourable opinion(s) of the relevant ethics committee(s) and, if applicable, the regulatory approval(s) of the competent national or local authority(ies) in the country in which the research is to be carried out before beginning any Commission approved research requiring such opinions or approvals. The copy of the official approval from the relevant national or local ethics committees must also be provided to the Commission.
- [2. The beneficiaries shall ensure that, where an ethical review has been carried out by the Commission, the research carried out under the project fully complies with the following additional requirements resulting from the ethical review:  
Free text with clear operational conclusions from the ethical review.]

### **12.10.4 Clinical Research (specific to for biomedical research involving human beings):**

1. The beneficiary(s) shall provide the Commission with a statement confirming that it has received (a) favourable opinion(s) of the relevant ethics committee(s) and, if applicable, the regulatory approval of the competent national authority(ies) in the country concerned before beginning any biomedical research involving human beings.
2. (For biomedical research involving human beings including clinical or other trials) The Commission shall never be considered as a sponsor for clinical trials in the sense of Directive 2001/20/EC of the European Parliament and of the Council of 4 April 2001 on the approximation of the laws, regulations and administrative provisions of the Member States relating to the implementation of good clinical practice in the conduct of clinical trials on medicinal products for human use.

Annex I shall indicate the name(s) of any such sponsor(s). For trials not covered by Directive 2001/20/EC, Annex I shall indicate the name of the person or organisation that is responsible for the initiation, co-ordination and monitoring of the trial]

## 13 Status of SMEs

The financial conditions for SMEs in FP7 are much more positive than under FP6 rules. See 3.10 above and Section 6 for financial details.

In respect of plans for SMEs in FP7, Commissioner Potocnik made the following statement:

"The Seventh Framework Programme (FP7) will be more inclusive for small and medium-sized enterprises (SMEs) than its predecessors, Janez Potocnik, EU Commissioner for Science and Research, assured participants attending a conference on participation in the Framework Programme in Kortrijk, Belgium, on 23 May 2006. SMEs are vital to the European economy, with approximately 25 million of them accounting for close to two-thirds of Europe's employment and GDP.

'Therefore, it comes as no surprise that SMEs are a key component of research and innovation policies. SMEs are often better positioned to exploit new and emerging research opportunities that address ongoing social, environmental and economic challenges,' said Mr Potocnik. The Sixth Framework Programme (FP6) aimed to create a favourable environment for SMEs, but figures show that just 22 per cent of proposals considered to be of a 'very high standard' received funding, whereas 50 per cent of total projects of a 'very high standard' received funding.

The Commissioner said that while FP7 aims to redress this imbalance, he rejected proposals to set quotas for participation. 'This brings all kinds of artificial and bureaucratic processes into motion without really benefiting the best SMEs that we are trying to get in our programmes. There are many other things we will do to help SMEs, based on a clear distinction of different kinds of SMEs, their particular needs and what they can contribute to Europe's competitiveness,' he said.

FP7 is designed to increase participation and includes simplification of the rules, procedures and administration for applicants. The Commissioner referred to the FP6 principle of collective financial responsibility, which he said was a particular problem for SMEs, particularly in collaborative research. 'SMEs are often confronted with demands for expensive bank guarantees.'

In FP7, collective financial responsibility is replaced with the participant guarantee fund, which covers the financial risks of defaulting project participants.

In FP6 the contribution for industry participants was 50 per cent of the total cost of the project. In FP7 proposals, the EU contribution has increased to 75 per cent for projects involving SMEs.

The Commissioner noted that successful participation under FP7 will also be determined by the organisation of national and regional administrations, and how they help their SMEs participate. He highlighted the need for an efficient network of national contact points and additional programmes to support SMEs international collaboration outside the direct realm of FP7.

### **Test to help SMEs verify status**

Please refer to the SME definition document to determine if your organisation is categorised as an SME under EU rules: [http://ec.europa.eu/research/SME-techweb/pdf/SME-definition\\_en.pdf](http://ec.europa.eu/research/SME-techweb/pdf/SME-definition_en.pdf)

### **13.1 Types of SMEs**

We believe it essential to distinguish between two distinct categories of SMEs. The first is the High Technology . These are the "engine of innovation". Usually being set up by several scientists and business men to develop and exploit an innovative idea or invention. Mostly they attract venture capital and the successful ones go on to have an IPO and may get listed on stock exchanges etc. A large percentage fail, either financially or technically but in my view mostly through incompetent business management or ignorance of the investment community. Those that survive mostly are eventually taken over by the big

industry players and very few survive independently to grow into sector leaders in their own right. Large companies do not nurture the high risk innovative climate to be able to come up with the occasional major break through. The industry norm is to take over SMEs in order to acquire new technology. This tendency does complicate things for SMEs early on in the innovation cycle. We can distinguish between types of by the following attributes -

<b>Attribute</b>	<b>Low Tech</b>	<b>High Tech</b>
<b>Activity</b>	Innovation	RTD
<b>Potential Role</b>	End user or exploiter	Technology/solution provider
<b>Period of involvement</b>	Mainly second half	From beginning
<b>Type of project</b>	Application trial	Enabling/application technology
<b>R&amp;D capability</b>	None or very limited	High
<b>Suitability for RTD project</b>	Medium	High

The vast majority of SMEs however are low tech. These are the small manufacturers, retailers and service companies. They do not possess any in house R&D capability. However it is important for the general economy that they adopt leading edge technologies to remain competitive. So they have to be encouraged to take up latest technology.

Opportunities per funding scheme are seen as follows –

<b>instrument</b>	<b>Low Tech</b>	<b>Note</b>	<b>High Tech</b>	<b>Note</b>
<b>IP</b>	As an end user	Medium	Technology contributor	Major
<b>STREP</b>	As an end user	Medium	Technology contributor	Major
<b>NoE</b>	None	--	Management, dissemination, technology transfer, training	Minimal direct involvement with research itself

### 13.2 Funding rules for SMEs

The replacement of the FP6 cost models with a single fixed scheme as mentioned in Section 3 (above) and detailed in Section 6 should make it much more financially attractive for SMEs to participate. It appears financially to return the grant levels close to those of FP5 if not higher.

### 13.3 Opportunities for High Tech SMEs

High Tech SMEs have many possibilities for participation as they have strong innovative R&D capabilities. In fact, they can participate in every area of the ICT program, perhaps with the exception of FET as it is much more academic and long term. The inclusion of SMEs forms part of the project evaluation in FP7. For those that are already involved with some of the major players either directly as part of their supply chain or indirectly, it should be much easier.

### 13.4 Opportunities for Low Tech SMEs

Traditionally the role of low tech SMEs has generally been as end users for new technology. It is too early to know the opportunity level for this in ICT in FP7; it was low in IST in FP6. However, where appropriate Take up is possible within Integrated Projects (IPs) but towards the end of the project.

### 13.5 Financial viability issues

Given that an has found a suitable project opportunity, in FP6 its financial viability came under question. In FP7 a new guarantee measure should minimise this. See Section 6.19 for details. 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.

### **13.6 Domination by large companies**

In FP6 the large collaborative projects were dominated by the large industrial companies and consequentially SMEs suffered. This has continued into FP7 but the financial viability issue appears to have been largely resolved via the new guarantee fund. In addition, the smaller collaborative projects will overall have a much larger share of the available budget and participation in those was also much higher.

### **13.7 Implication of non-monolithic IPs**

A way for large organisations to appease the requirement would be also to proclaim in the proposal that suitable SMEs would be added in say after two years in an internal call for additional participation. However, that would normally only apply to low tech SMEs as I would expect the high tech ones to make a contribution from the beginning. In any case the costs involved in having an internal call will detract from the R&D funding and no one sees a problem in identifying SMEs at proposal time.

### **13.8 Verification of status**

Because of the major financial implications introduced in FP7, it will be necessary to confirm that a company legally meets the criteria. In FP7 this will be confirmed by the audit and there are clear rules about charging when a company's status changes during a project.

### **13.9 Definition**

Effective 1 January 2005 an enterprise is defined as an SME if it:

- 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.

Independence is defined as -

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:
  - (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.

### **13.10 Coordinators**

As the Commission is no longer able to ask for financial guarantees in FP7, SMEs not meeting the ex ante controls with respect to financial resources, may have difficulties to coordinate. This could be a major blow! Of course the Commission may request an organisation to “volunteer” a bank guarantee. In practice this may return us to the FP6 situation.

### **13.11 Barriers to Participation in FP7**

In extensive discussions with SMEs and from the experiences of EFPC itself confirmed by both questions to the Finance Help-desk as well as discussions and feedback from our Workshops, we can identify the following:

I see the following industrial problems in FP7 and suggest some solutions:

1. Complexity of the rules
2. Time to payment
3. The currency problem
4. Built in bias against small companies
5. Mistaken Commission reliance on SMEs being able to enforce contracts
6. Inexperience of most auditors

#### ***13.11.1 Complexity of the rules***

Every new Framework Program has a stated goal to reduce complexity. None has succeeded in reality. As each successive FP has grown in size – mainly by incorporating other pre-existing programs – they have brought with them a variation in the rules. This always adds complexity.

#### ***13.11.2 Time to payment***

Theoretically, within the Framework Program, there should be no cash-flow problems for SMEs – but in reality it is an enormous problem. Although pre-payments are normally made expeditiously, frequently it is not passed on expeditiously to partners. However the Commission takes an enormous time to make interim and final payments. It is not uncommon for final payments only to be made one year after a project ends. There are a variety of reasons but the Commission itself is extremely bureaucratic internally. This never used to occur when the Commission made payments directly to all participants instead of the current practice of making them via the coordinator. In effect the Commission passed the problem from themselves to the participants and as a result SMEs suffer.

#### ***13.11.3 The currency problem***

All contracts and financial matters are in Euros. Thus payments and costs have to be in Euros. This creates financial risk for organisations outside the Euro zone. For SMEs it is particularly difficult. The prepayment is done in relation to a Euro budget generally created the previous year based on exchange rates at that time. When a payment is received one normally changes it to local currency at that time. However after say another year when a cost claim has to be made it generally uses the exchange rate of the first of the month after the accounting period. Thus one does not know during a period how the financial costs will relate to charges/budget. This is particularly difficult in the final cost period. Most SMEs overspend to ensure they can fully use their assigned budget in Euros.

#### ***13.11.4 Built in bias against small companies***

The majority of the industrial budget is under Collaborative Research. However “impact” and “exploitation” are important factors in the evaluation. During the first four Framework Programs Technical Evaluations of Proposals were undertaken anonymously. i.e. the Evaluators could only evaluate the technology without knowing who the organisations were. Now it is not anonymous and there is an obvious bias towards known large companies/research institutions. This is especially true when “impact” and “exploitation” are taken into account as those large organisations are generally assumed to be better at this. As this is scored during evaluations equally with the technology, it impacts SMEs in getting their ideas approved.

There is additional bias in that the SMEs do not have a strong voice in Brussels. This is best illustrated by Consortia Agreements (CA). They are compulsory for Collaborative Research and are concluded between consortium members. The Commission promulgates, but does not officially endorse, “standard” CAs produced by large entities in Europe that are basically anti-SME. Most consortia are lead by large entities. One reason for this is that coordinators have to meet very strict financial criteria as all funding now passes

via them. It is extremely difficult for an SME to meet these financial criteria, especially for the larger projects. The "standardised" CAs generally permit the coordinator to have SMEs pay not only their own bank charges but also those of the coordinator when money is transferred to them. In addition most coordinators do not transfer funding "expeditiously" as required but may take several months which makes time to payment worse. This is compounded by the next point.

### ***13.11.5 Mistaken Commission reliance on SMEs being able to enforce legal contracts***

Since the Commission tried to lower its own administrative Overheads by working via the Consortia Leaders i.e. the Coordinators – unlike previously, when Commission funding was passed by the Commission directly to the recipients, it now goes via Coordinators. The Commission relies on partners taking Coordinators to court if they break signed agreements such as the CA. This is an unreasonable assumption, as an SME will only very rarely sue a large organisation and they seldom win in court. Coordinators frequently break the rules but there is little that SMEs can do. In the past the Commission dealt with it but they will not now.

### ***13.11.6 Inexperience of most auditors***

There are two levels of audit; that provided within a country by accountants giving, as required, certification of costs incurred and external auditors appointed by the Commission to audit individual companies. There is no training for either type of auditor in the complex FP financial regulations. Even the auditors appointed by the Commission have little knowledge. The Commission contracts with an accounting company who send staff accountants for specific assignments that know little about the FP contract. This can result in an SME having its correct costs disallowed. The individual SME does not know enough to argue their case and as a result can lose much of their grant.

## **13.12 Example of company outside Euro-zone**

Using actual exchange rates of Euro against Pound Sterling

Assume 2 year FP7 R&D project with 2 cost periods. Specific SME company calculates 1 person working full time on this project

Cost of employment of this person is £100,000 per annum and ten trips required at cost of £800 each; 5 each year.

Proposal submitted 1 Jan 2008. Project starts 1 Jan 2009; project ends 31 Dec 2010.

Budgeting finalised 15/12/07; Advance payment received 15 Jan 2009; Interim payment received 15/3/2010; Final payment received 1/1/2012

Exchange rates Euro/£ (actual from ECB) are as follows:

15/12/07	1.4011
15/01/09	1.1153
01/01/10	1.1128
15/03/10	1.0983
01/01/11	1.161
01/01/12	1.1974

Initial budget is calculated as £200,000 plus £8,000 = £208,000. With 75% funding and 60% overhead that comes to: £249,600

Initial proposed budget in Euros at 15 Dec 2007 exchange rate:	€349,715
Advance payment of 60% received on 15 Jan 2009 in Euros:	€209,829

Advance payment in sterling	£188,137
Assuming 50% of sterling budget spent during first year, first Form C amount in sterling is:	£124,800



The European Union's Framework Program 7 (with an emphasis on ICT)

First Form C in Euros as of 1 Jan 2010 is:	€138,877
First interim payment assuming 20% retained in Euros:	€69,943
First interim payment received 15 Mar 2010 in sterling:	£63,683
Final Form C assuming budgeted spend in sterling	£124,800
Final Form C in Euros as of 1 Jan 2011:	€144,893
Final payment in Euros:	€3,999
Final payment in sterling received 1 Jan 2012:	£3,339
Total received in Sterling:	£191,822
Total spent in sterling:	£249,600

These should match. They will match for those organisations inside the Euro-zone!

### **13.13 Research for SMEs, Research for SME Associations**

In FP7 these funding schemes, which focus on the needs of low tec SMEs, appear under Capacities. They used to be known as "CRAFT" and "Collective Research", respectively, in previous work programs. Please refer to section 5.6 which describes them in more detail.

## 14 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.

### 14.1 Comparison between IPR provisions under FP6 and FP7 Main changes

FP6	FP7
<p><b>Pre-existing know-how</b> Information and rights held prior to the conclusion of the contract</p> <p>Included side-ground (information and rights acquired in parallel with the contract)</p> <p>No specific reference to “needed”</p>	<p><b>Background (Article 2.2)</b> 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><i>As the FP6 definition did not explicitly include a limitation to information which was “needed”, some participants were concerned because they did not make the link with the access rights provisions, which contained that limitation (i.e. some feared that they needed to give access to all their pre-existing know-how and were therefore hesitant to participate or to make huge lists excluding all pre-existing know-how). To avoid such misunderstandings, an explicit limitation was included</i></p>
<p><b>Knowledge</b> Results of the action</p>	<p><b>Foreground (Article 2.1)</b> 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><b>Ownership of knowledge</b> Owned by the participant(s) carrying out work leading to that knowledge</p>	<p><b>Ownership of foreground (Article 39)</b> Slight change in wording but no change in substance</p>
<p><b>Joint ownership of knowledge</b> Nothing specific foreseen if a joint ownership agreement was not reached (this permitted a joint owner to block licensing deals with third parties whilst not using the results themselves)</p>	<p><b>Joint ownership of foreground (Article 40)</b> <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</p>

	<p>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. The default regime may also serve as an incentive to reach an agreement on a joint ownership agreement.</i></p>
<p><b>Ownership of knowledge in cooperative (CRAFT) or collective research</b>                  Knowledge is the joint property of the SMEs or the enterprise groupings, which shall agree on the allocation and terms of exercising the ownership of the knowledge in particular in the consortium agreement in accordance with rules and contract</p>	<p><b>Ownership of foreground by specific groups (Article 41)</b>                  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 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><b>Transfer of ownership</b>                  Prior notice to other participants needed as long as the participant was required to grant access rights</p> <p>Commission had to be notified</p> <p>Commission could object to a transfer to a third</p>	<p><b>Transfer of ownership (Articles 42-43)</b>  <u>No prior notice</u> required if transfer to a specifically identified third party (with the prior agreement from all participants)</p> <p><i>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.</i></p> <p><u>Commission does not have to be notified</u> unless foreseen in grant agreement (see cases below)</p> <p><i>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.</i></p>

<p>party on competitiveness or ethical grounds</p>	<p>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</p> <p><i>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).</i></p>
<p><b>Protection of foreground</b> If a participant does not protect or waives protection, the Commission may protect.</p>	<p><b>Protection of foreground</b> (Article 44) If a participant does not protect, the foreground <u>may be transferred to another participant</u> or the Commission may protect</p> <p><i>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).</i></p>
<p><b>Community Financial Support</b> Publications and other notices must specify that the project has received research funding from the Community. (NB <i>this was only in the model contract and NOT in the Rules per se</i>)</p>	<p><b>Community Financial Support</b> (Article 45) Statement indicating Community support must be included in <u>patent applications</u>, publications and other dissemination activities</p> <p><i>This is a mechanism to create more visibility for the Community funding and to facilitate impact assessments that has little cost for participants</i></p>
<p><b>Publications</b> Prior written notice needed to be given to the Commission and the participants. If requested, a copy needed to be made available.</p> <p>Thereafter, the Commission and the other participants could object if the protection of their knowledge could be adversely affected.</p>	<p><b>Dissemination (including publications)</b> (Article 46) Prior notice of any dissemination activity must be <u>given only to the participants</u> (unless foreground is not protected nor transferred).</p> <p>Any of the <u>participants may object</u> if it considers that its legitimate interests in relation to its foreground could suffer disproportionately great harm.</p> <p><i>The obligation to notify the Commission was removed as the other participants are much better placed to deal with such dissemination intentions.</i></p>
<p><b>Access Rights</b> Specific pre-existing know-how could be excluded</p>	<p><b>Access Rights</b> (Articles 48-52) Background may be <u>freely defined</u> by written</p>

<p>from the obligation to grant access rights by means of a written agreement <u>prior to signature of contract or before a new participant joined</u>. The participants could withhold their agreement to exclusion if they could demonstrate that the implementation of the action or their legitimate interests would be significantly impaired.</p> <p>Exclusive licences to knowledge and pre-existing know-how in principle not possible so long as the participant was required to grant access rights (it was unclear whether exclusive licences could be provided if other participants waived their access rights as this was not explicitly indicated in the EC contract, thus raising the possibility of contradiction between the consortium agreement and contract)</p>	<p>agreement by the participants</p> <ul style="list-style-type: none"> <li>● <u>No time limit for exclusion</u> of specific background</li> <li>● It is clearer that <u>only “needed” background is to be excluded</u> – by definition if not needed not necessary to exclude therefore no need for long lists of exclusions.</li> </ul> <p><i>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.</i></p> <p>Exclusive licences possible if all participants waive their access rights (<u>explicit</u>)</p> <p><i>Exclusive licence can be granted if all access rights are waived, which increases the freedom of the participant concerned, the value of its and the likelihood that the results will be exploited.</i></p>
<p>Commission could object to the grant of access rights to a third party on competitiveness or ethical grounds</p>	<p>Commission can object to the grant of an exclusive licence to legal entity established in a <u>third, not-associated country</u> on competitiveness or ethical grounds – <u>grant will not take place until the Commission is satisfied</u></p> <p><i>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.</i></p>
<p><b>Access Rights for execution</b> Access rights to knowledge royalty-free</p> <p>Access rights to pre-existing know-how royalty-free, unless otherwise agreed before signature of the contract</p> <p><b>Access Rights for use</b> Access rights for use to knowledge royalty free, unless otherwise agreed before signature of the contract</p>	<p><b>Access Rights for implementation</b> (Article 50) Access rights to foreground royalty-free (same)</p> <p>Access rights to background royalty-free, unless otherwise agreed before accession to the grant agreement (same)</p> <p><b>Access Rights for use</b> (Article 51) Access rights for use to foreground either under fair and reasonable conditions, or royalty-free – no time limit for agreement on terms</p> <p><i>As some participants (e.g. universities) may not have the possibility to exploit their results</i></p>

<p>Access rights for use to pre-existing know-how shall be granted under fair and non-discriminatory conditions</p> <p>Access rights for use may be requested until two years after the end of the indirect action or after the termination of the participation of a participant, whichever falls earlier, unless there is a provision for a longer period</p>	<p><i>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.</i></p> <p>Access rights for use to background either under fair and reasonable conditions, or royalty free</p> <p><i>Royalty-free was added to clarify explicitly that if participants wish, royalty-free access is also allowed.</i></p> <p><i>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</i></p> <p><i>Since the two year time limit in FP6 was considered too long by most FP6 participants, a default time limit of one year is proposed - with the flexibility for the participants to choose a different (longer or shorter) limit.</i></p>
	<p><b>Access rights for “frontier” research (Article 52)</b></p> <p><u>Access rights for implementation and use shall be royalty-free to other participants</u></p> <p><i>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.</i></p>
<p><b>Access rights for the benefit of specific groups</b> (NB: <i>this was only in the model contract and NOT in the Rules per se</i>)</p> <p>RTD performers shall grant access rights to the other contractors to pre-existing know how necessary for the execution of the project, on a royalty-free basis.</p> <p>RTD Performers shall grant access rights to pre-existing know-how for use under fair and non-discriminatory conditions to be agreed.</p>	<p><b>Access rights for the benefit of specific groups</b> (Articles 50-52)</p> <p>RTD Performers shall grant access rights to background for implementation royalty-free</p> <p>RTD Performers shall grant access rights to <u>background for use royalty-free</u></p> <p><i>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.</i></p>

	<p>If all the owners agree, <u>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</u></p> <p><i>This allows the RTD performers to use the results in further research which was requested by them.</i></p> <p><i>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 <u>may grant a sub-licence</u>, in respect to any access rights granted to it, to those members which are established in a Member State or an Associated country</i></p> <p><i>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.</i></p>
<p><b>Additional provisions</b> Additional provisions re access rights, use and dissemination may be established in the consortium agreement</p>	<p><b>Additional provisions (Article 20)</b> Additional provisions re access rights, use and dissemination may be established in <u>grant agreements and further provisions may be established in the consortium agreement</u></p> <p><i>Depending on the nature of the project, it may be appropriate to foresee additional requirements regarding access rights, use or dissemination.</i></p>
	<p><b>Specific provisions (Article 22)</b> The grant agreement may lay down specific provisions:</p> <ul style="list-style-type: none"> <li>● in indirect actions to support existing research infrastructures and, where applicable, new <u>research infrastructures</u>: re <u>confidentiality, publicity, access rights and commitments that might affect users</u></li> <li>● in indirect actions to support training and career development of researchers: re confidentiality, access rights and commitments relating to the benefiting researchers</li> <li>● in indirect actions in the field of <u>security and space research</u>: re confidentiality, classification of information, access rights, transfer of ownership of foreground and the use thereof</li> <li>● in indirect actions addressing <u>security issues</u>, other than those referred to in the</li> </ul>

	<p><u>preceding paragraph</u>: re confidentiality, classification of information, access rights, transfer of ownership of foreground and the use thereof</p> <p><i>Particular types of research actions may warrant specific provisions in the grant agreement.</i></p>
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## **14.2 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 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.

## **14.3 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 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 and third party.

## **14.4 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 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.



## 15 How to write a proposal

This chapter is inserted as a cook-book of how to go about the logistics of actually putting together a proposal. I have tried to include tips and anecdotes as appropriate – with considerable input from experience of current and previous Framework Programs and their results. It should be seen as complementary to other chapters of this book such as 4, 5 and 6 in particular. I have also included some other appendices which should be of considerable assistance to those writing or reviewing proposals. In the descriptions below of how to fill in the various sections of Part B, **the text in italics are quotes from the appropriate Guide for Applicants.**

1. Appendix 5 which is an example of a financial spread sheet to use while constructing a proposal
2. Appendix 6 which are some classic illustrations of what is meant by “blah blah”.
3. Please also read Chapter 16 carefully for further administrative advice on proposal preparation and submission.

To simplify the task I have decided to concentrate on an ICT STREP, but the principals can be extended quite easily to other instruments and other programs. I am assuming that the reader is either the coordinator of the proposal or a consultant working with him on the proposal. Note again that I see the role of consultants as complementary to the proposers i.e. not an operation where the customer throws some details over a wall to a consultant, who in turn throws back “the finished proposal” after an appropriate time. However, these notes should be of assistance also to any participant in a proposal who wishes to be useful to the coordinator in assisting in the composition of the proposal.

I also assume that all the activities outlined in previous chapters have been carried out such as –

1. Business reason for your proposal clearly understood
2. Strategic objective and call identified
3. Topic and objective understood and agreed
4. Abstract endorsed by specific Objective point of contact in Brussels
5. Background work on previous projects in this area researched
6. Partners identified and agreed
7. Some NDA, or letters of intent exchanged

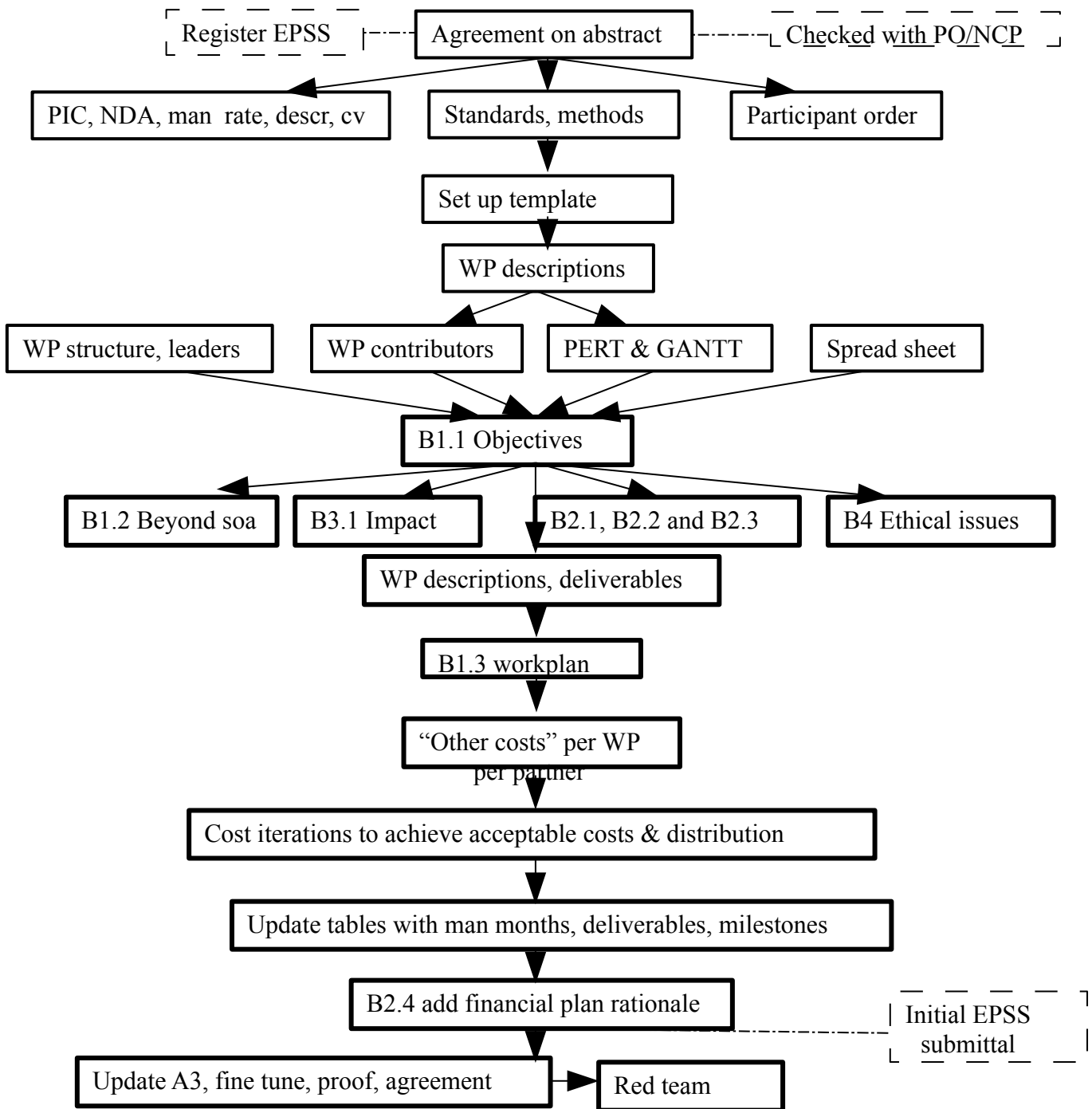
Now, what is left is the production of the proposal itself and that is what this chapter is about. I believe that it is best practice to project manage the production in a professional manner. This is not only in order to minimise surprises and last minute panics but also to ensure that you can actually work effectively with your prospective partners. I have seen many times that partners have been dropped from a consortium because of the unreliable and unprofessional way they have behaved in proposal preparation. Conversely I have seen wise organisations withdraw from consortia because it became obvious they could not project manage effectively. You have to treat proposal production seriously just like any business tender. By this I mean that you must see yourself as a supplier and have a clear view of the needs, point of view and requirements of the “customer”.

But who is the “customer”? I have found it best to identify him closely with the Head of Unit where the Objective resides. He is the one, who within the legal constraints of the program and within the political and managerial constraints of his directorate, really decides what to fund and holds the budget. But what does he really want? Well he wants something that clearly contributes to the topics of the particular Objective. But in addition he wants something that has a high chance of producing major results that he can take credit for. He also wants things that plays to a certain extent to his political constituency i.e. the major EU players in that area. He wants some major player(s) on his side to fight his fights for him. As in all organisations, he wants to maximise the budget he controls as this could allow him to increase his head count. A measure of the importance of a Unit is the size of budget it controls. He therefore wants many top notch proposals to try and justify increases to his notional preallocated budget. Finally, he wants projects that will not blow up in his face or generate scandals. He much prefers projects that are

“politically correct” where possible as they can generate good PR not only for him but for the Commission and he can bask in the reflected glory.

In practice the “customer” is initially represented by the evaluators assigned to your proposal. They will have been briefed by the “customer” and should understand what is wanted but frequently they may give him something he doesn't really want – but that is a different story. The “customer” chooses the evaluators and assigns proposals to him and his knowledge of likes and dislikes of different evaluators can “steer” things to a certain extent. The reason I mention this here is that you must take it as given that each evaluator is a domain expert or his CV implies this. So please don't talk down to him in the proposal. For example in an eHealth proposal there is no need to explain what an Intensive Care Unit is.

In order to manage the proposal production professionally we need to set up a suitable, achievable timeline. We identify several phases in the process as follows –



1. Preliminary commitment of participants by provision of PIC and other information, overhead rate, man-rates, organisation description and CVs and signature on NDA.
2. Agreement on participant order
3. Set up of Part B Template
4. Agreement on document standards and method of working
5. Agreement on Work Package structure and which partners contribute to which WP
6. Production of preliminary Pert and Gantt
7. Agreement on WP leaders (for proposal production)
8. Set up of Project Effort form (from Guide for Applicants) and costing spread sheet
9. Production of B1.1 – Objectives (this constrains all the rest)
10. Production of B1.2 - State of the art.
11. Production of B2.1, B2.2, B2.3, B3.1, B3.2 and B4 (can proceed in parallel)
12. Production of initial text for WP descriptions for B1.3 including deliverables by WP leaders and initial manpower guestimates
13. Production of B1.3 work plan
14. Initial guestimates of other costs per WP per partner
15. Iterations via costing spread sheet to achieve acceptable costs and distribution
16. Updating of all tables with man months, deliverables and milestones
17. Addition to B2.4 of rationale for financial plan
18. Updating of A3, fine tuning, proofing, agreement by partners
19. Red teaming of proposal i.e. external dummy evaluation

I have not included in above list, detailed activities related to submittal which has to be via EPSS / SEP (see chapter 4) or requesting early on password for EPSS, which should be done after point 1 (above).

During the production of the proposal it is important to keep in mind the suggested page count for each section. Required tables and charts are not part of the page count. The proposal may now fail if you go over the limit.

In a specific Guide for Applicants the following text is given:

"A recommended length may be specified for the different sections of Part B, or for Part B as a whole. You should try to keep your proposal within these limits. Even where no page limits are given, it is in your interest to keep your text concise since over-long proposals are rarely viewed in a positive light by the evaluating experts."

Note also that in other places a maximum page count is specified (e.g. Section 2.2). These limits must be observed.

It has been noted that different instructions are given to evaluators regarding these page counts. In general, it appears that in DG CONNECT, they appear to be less rigid than DG Research. It is claimed that for example in Health, evaluators are told to ignore pages over the limit.

In most cases page counts are net of the required tables.

One additional area of lack of clarity is the work package description tables. We believe they should be single or two pages maximum but there is no official comment and we have seen instances of them extending up to five pages each.

**It is vital that you examine the relevant Guide for Applicants as the limits can vary widely. For example the Energy Call which closed on the 8 March 2012 has no specified section or overall page limits (apart from stating that The overall strategy of the work plan must be limited to one page.**

**There was a major, subtle change in ICT for Call 8 that was not been widely publicised.**

In the Guide for Applicants for STREPs and for IPs relating to ICT Call 8 there was a change that means the format and content of section 1 of Part B is different from the past and different from other programs. In addition to adding the words "(Maximum length – one page)" to the text after "Describe the overall strategy of the work plan" on page 46 of the STREP Guide and on page 47 of the IP Guide, unlike other programs (such as Security Call 5) they did not explicitly state that the WP descriptions are limited to 2 pages. On further investigation they really mean that section 1.3 be limited to the one page with all the rest of the info being in the unlimited size of the WP descriptions.

I received the following statement from DG CONNECT to substantiate this:

The point 1.3i) is indeed only intended to be a brief statement of the strategy behind how the work is planned the way it is. On point 1.3ii) the timing of the work-packages are shown diagrammatically over the duration of the programme; they are listed on table 1.3a) and the associated deliverables and the overlying milestones are listed at points b) and c)

Table 1.3d) - one for each Workpackage - is where the full description lies. It is placed in a non-page-limited section of the proposal because the experts' criticisms are often couched in terms of "the proposal does not describe...." or "does not sufficiently describe" something or other, and we don't want the proposer to be able to come back to us complaining that this is really our fault because we limited him to only X pages.

Note also that in proposals for stage 1 of a 2-stage submission, where called for, must not exceed the page count or it will be disqualified or the excess pages ignored. See section 5.9 above.

However you are obviously missing the point if say your B1 is thirty six pages and they recommended twenty. I would suggest you limit yourself to the recommended maximum page counts where specified and be as terse as possible where there is no stated maximum. Additional text should be reassigned to other more appropriate sections or to an Annex or preferably eliminated.

Another general but important point is not too make unsubstantiated sweeping statements or claims. Avoid "blah blah" in your proposal. There are many professional "blah blah" writers who can fill a page with text which, on reflection, has zero content or added value. Be business like, accurate, verifiable and modest – the proposal should speak for itself. See Appendix 9 – if you are unclear as to the type of writing I am referring to.

Quoting Lord Kelvin in this respect:

"I often say that when you can measure what you are speaking about, and express it in numbers, you know something about it; but when you cannot express it in numbers, your knowledge is of a meagre and unsatisfactory kind"

I have always considered, if I had the time, to write a complete blah blah proposal. i.e. one that is content free. I have certainly seen enough examples appropriate to all sections. My main concern is that it would be used as a source book for proposal writers!

I now will go through each of the previously described proposal writing activities and make some hopefully helpful comments on each.

## 15.1 Agreement of project abstract, objective and scope

I believe that it is vital that you start off with the abstract and then proceed to write section B1.1 "Concept and objectives". Although this is in the plural, please **ensure you have a single high level objective**. Make sure that the reader will immediately see that this proposal clearly related to a topic within the Strategic Objective. Do this by reusing some of the same phrases.

When I was an evaluator the first thing I did was to read the proposal abstract and hopefully develop an immediate view as to the context of the proposal. Assuming my initial view is positive, I would then read the proposal to reinforce my positive view and be on the look out for key points I would hope to see to confirm this view. If my initial view was negative, I would then read the proposal to confirm this. In both cases there are many instances that during the reading my view changes in either direction.

However there was a third case that usually accounted for half of the proposals I read. This is the case that from the abstract I couldn't understand what the proposal was about. I then had to read the proposal to try and form a view of what it was about. I would then have to reread it to determine in detail my view on individual aspects. You must try to avoid this – make it easier for the evaluator. In most cases where the proposer was unable to explain the proposal clearly in the allowed 2,000 character abstract, it failed.

Time and effort put into a good abstract is time well spent. As a corollary, it is also useful if the Title encapsulates its essence.

## 15.2 Preliminary commitment of participants

It is vital to have some physical evidence of good faith and real intent. A way to achieve this and at the same time avoid last minute panics is to request:

1. Their PIC
2. Their man month rate in Euros
3. Their overhead rate
4. Their RTD rate.
5. Brief description of Organisation
6. One or two very brief CVs of participating staff
7. Signed NDA see 15.2.1, below.

The submittal of many proposals have last minute panics on these points. If an organisation has not yet been involved in a FP proposal, the identification of overhead rate as well as even man rate can be extraordinarily difficult to get. It frequently may involve explanations on how to determine them. It is important to get them approximately correct as it will determine the maximum grant and it is extremely difficult to have it subsequently increased. It is also unwise to overestimate, as it detracts from the proposal. A good method is to independently check if the organisation is already in a different project or proposal and extract those figures. Main message is do it early on. Another simple thing you should get up front is a very brief description of the organisation as related to the subject in hand – no more than half a page and one or two brief CVs of people who will be involved. By brief CV we mean not more than say six lines that emphasises his relevant experience. Marital status, age etc. are irrelevant.

### 15.2.1 Non Disclosure Agreement - NDA

Referred to in this book also as a Memorandum of Understanding, such agreement should be sought before providing any consortium participant with detailed information on the proposal, participants and strategy. What follows is a brief example of the basic part of an MoU. Other paragraphs for example related to exploitation rights and other points that would be included in the Consortium Agreement that may be difficult should be addressed up front on occasions.

#### Non-disclosure agreement

This agreement is made this <Date> by and between "*coordinator*" and <Beneficiary name and Address> <Beneficiary> agrees to participate in this project proposal and to use its best efforts to ensure its success. With regard to materials pertaining to the "*project proposal*" to be submitted under Objective xxx of Call xxx, "*proposal acronym*" supplied by "*coordinator*", we, <Beneficiary> (The Recipient) hereby agree the following:

1. Not to divulge or discuss this information to third parties who are not members of the project consortium.

The European Union's Framework Program 7 (with an emphasis on ICT)

2. The Recipient shall treat as commercial in confidence all "*proposal*" proposal information. Confidential Information also includes corrections, updates, new releases and new versions of the project proposal 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 "*coordinator*". If such written permission is given, "*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 to "*proposal*" in this call without the written agreement of "*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 "*coordinator*" relating to the proposal but will still be bound by the confidentiality clauses above. Any controlled archive copies will be exempted from this provision if access is restricted.

For and behalf of <Beneficiary>

<Name of person Responsible at the Beneficiary Organisation>

<Address of beneficiary organisation>

### 15.3 Agreement on participant order

This seems rather trivial but it is important for logistic reasons in writing the proposal. The is number 1 and I suggest you then number them according to importance and certainty. If you have a doubtful participant, put him last. This number appears on each A2 form and in several other places in the proposal and determines some ordering in it.

### 15.4 Set up of Part B Template

Take an electronic copy of the correct template for this instrument and call. Source can be the appendix to the Guide for Applicants or the Template that can be downloaded from EPSS/SEP for this call and instrument or some other source. What is important is to set it up correctly and consistently. I suggest in Word rtf that has correct formatting, i.e. language variant, heading structure, A4 page set up, font and text size, correct headers and footers as per Guide for Applicants.

Note in particular:

The minimum font size allowed is 11 or 12 points depending on program. All margins (top, bottom, left, right) should be at least 15 mm (not including any footers or headers).

Ensure that the content rules are understood such as no use of colour in the proposal and if external graphics are to be incorporated, the definition is appropriate i.e. no more than say 300 dpi or a simple illustration can consume say 10 MBytes.

### 15.5 Agreement on document standards and method of working

1. Issue each partner with some basic rules and guidelines. This should include the following –
2. List of partners, points of contact, short name and partner number (from 15.4 above)
3. Copy of project abstract, type of project and relevant Objective from the Workprogram
4. Call number and closing date
5. A pointer to the proposal template or the template itself
6. A list of planned preparation activities and completion dates leaving at least a week free prior to deadline
7. I suggest setting up a project email list server with Project Manager in charge
8. Simple rules on proposal change control i.e. numbering scheme and how updates and changes to base document are controlled by Project Manager

It is usually best to put current live version of proposal on a server (protected in some way) with only Project Manager allowed to modify it. This version should have a detailed change history and track changes enabled. As someone wishes to update a section they should send the changed part to the Project Manager for incorporation. Every such requested change must be dated with a few words as to what was done. The Project Manager would then check it and incorporate it onto live version. This needs careful partitioning or things can get quickly out of control.

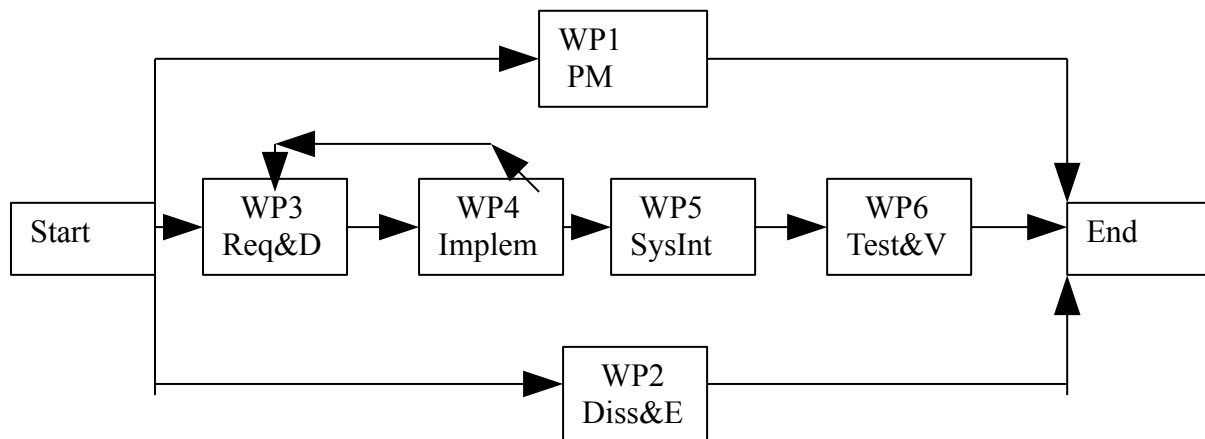
### 15.6 Agreement on Work Package structure and contributing partners

The Project Manager should decide on an initial breakdown of work packages. Take WP 1 to be Project Management and WP2 to be Dissemination and Exploitation.

A significant change in FP7 from FP6 is that only a single activity type can be included in a specific Work Package. This means that, for example Technical Management and Other or RTD can no longer be included under the Project Management WP.

How to break down the work into packages can be an endless debate as you can essentially approach it in a horizontal or vertical fashion. I have always found that approaching it horizontally (i.e. time based) is best. For a STREP, I would put an overall limit of say eight work packages. So how do we decide on the remaining six?

It is best to start with the following standard model shown as a PERT chart –



In the above: WP3 is Requirements and Design, WP4 is Implementation, WP5 is System Integration and WP6 is Test and Validation. No single project will 100% fit this and you have another free WPs to customise your PERT. For example you may have to split WP4 into hardware and software or you may have to have another WP dealing with application level work or you may have a WP dealing with more fundamental research issues feeding into the implementation. There should normally also be some iteration between Implementation, Design and Requirements showing the research aspect of the work.

#### 15.6.1 Assessment and Evaluation

Note that in the past in contract negotiation documentation it usually stated:

“ allocating a specific work package to review and assessment (by the participants) of project results and progress towards the objectives. This work package should have appropriate resources allocated to it (guideline: up to 5% of total project resources) and describing how the output of the on-going assessment will feed into the project management, as assessment is only useful when it informs management in a timely fashion”

Or  
“or assessment and evaluation elements may be explicitly included in the project-specific work packages”  
So ensure that you have this 5% included in your proposal

### **15.7 Production of preliminary Pert and Gantt**

Once you have produced a draft of the WP breakdown that is agreed by your major partners, build a final PERT chart as above and from it a preliminary Gantt chart that shows the start and dates of the work packages. A good tip is to ensure that there is a phased start up of the project as, in practice, it usually takes 2 to 3 months for all the resource to become available. Also ensure that in the final month of the project only WP1 and WP2 (as above) run in order to produce final reports etc. These are normal good management practice and shows the evaluators you are an experienced manager.

### **15.8 Agreement on WP leaders and WP descriptions**

A good way to distribute proposal preparation work is to assign initial WP leaders. The Coordinator is always WP1 leader. Assign the partner who has the most to contribute in each WP if in doubt. It is important that someone does take responsibility and is both enthusiastic and available. If the obvious WP leader will not be available during time required substitute someone else temporarily and try and ensure that he reviews drafts. When this has been done, with the coordinator taking up any slack, publicise the list and incorporate it into the proposal. I have previously mentioned that it is a bad idea generally to have an academic coordinator. This also goes for the dissemination and exploitation Work Package leader. Academics are the wrong choice! Think again.

The next vital step is to fill in each WP description form with the WP title, objectives and principal tasks. This must be agreed with the WP leader and then an agreement reached as to which partner will contribute what to each Workpackage. It is important that this done before other parts of the proposal are written.

Note that for an IP, I suggest going a level down and appointing Task leaders and Task members.

### **15.9 Set up of Project Effort form (Guide for Applicants) & costing spread sheet**

Use the provided Project Effort form from the template to track partner man months per WP. You should initially identify which partners will participate in which WP in addition to the agreed leader. Identify them with a star in the chart and the leader with a double one. In parallel set up a spread sheet that will allow you automatically to generate costs and funding per partner from the man months per partner per WP taking account of funding rate, cost model, overhead rate, man rate as well as travel, equipment, subcontracts and other costs. This will be used to track and monitor overall costings as definition develops and allows you to force changes to ensure funding levels and split falls within your own targets for the proposal. We provide one as illustrated in Appendix 5. It should be considered normal that consortium management would use about 10% of the effort but this is very dependent on the number of participants and the nature of the project.

### **15.10 Production of B1.1 Concept and Objectives**

I would estimate that 95% of the proposal drafts I see start off section B1.1 with one to three paragraphs of background before getting to the paragraph that starts “The objective of this proposal is ...”. As an evaluator I found this exceedingly annoying as did others I have spoken to. An evaluator is locked up for a week reading proposals – mostly badly written – and he quickly wants to understand what it is about. It is impossible to begin to think about the relevance or quality of a proposal until you have a model in your mind of its objective, scope and relevance to this call. You must hit him between the eyes with this straight away. If you feel you must have justifications why it is important in this section put it in later.

On the subject of “objective’ please avoid the following extremely common errors.

1. Making it appear that this is a product development project. There generally must be research content. STREPs in particular are usually expected to be extremely leading edge with consequent



risk of failure. Use the word “research”.

2. Implying that the work has already been done. You would be surprised how many proposals appear to only wish funding for productisation of some existing technology. I have seen proposals that even quote the product name and catalog number they are apparently going to supply and have a deliverable within three months of project start!
3. Using the word “demonstration” or “demonstrate”. Expurgate it – i.e. do a word search to ensure it has not crept in. It really only means you will get less funding. I see no reason why anything some one wished to do as a “demonstration” could not be done using a different word such as “trial”, “validation” or “system test”.

*B1.1 must be completed by explaining the Concept as well as the objectives of your project and the main ideas that led you to propose this work. Describe in detail the S&T objectives. Show how they relate to the topics addressed by the call. The objectives should be those achievable within the project, not through subsequent development. They should be stated in a measurable and verifiable form, including through the milestones that will be indicated under section B1.3.*

### **15.11 Production of B1.2 Progress beyond the state of the art.**

In section 15.10 we produced B1.1 and this must now be complemented by showing convincingly in B1.2 that what you propose is beyond the current state of the art. Prepare for this by going over all previous and current projects in this area and where necessary explain why your proposal is better. Don't be afraid to name names but do it positively – remember the evaluator may have been personally involved in a previous project you are quoting. An important goal here is to show the evaluator you have done your homework and are aware of the latest developments in the field.

*Describe the state of the art in the area concerned and the advance that the proposed project would bring about. If applicable, refer to the results of any patent search you might have carried out.*

### **15.12 Production of B2.1, B2.2, B2.3, B3.1, B3.2 and B4 (can proceed in parallel)**

**Please note that we are taking a specific example here but it is vital that you examine the relevant Guide for Applicants as the page limits can vary widely. For example the Energy Call closing on the 8 March 2012 has no specified section or overall page limits (apart from stating that The overall strategy of the work plan must be limited to one page.**

When you have an almost final B1, split up B2.1, B2.2, B2.3, B3.1 and B4 between your partners who have experience in proposal writing for drafting. Be aware you may end up doing it all yourself or with one partner. I have always found it best to quickly draft some content and circulate it for comment and you end up getting all the needed material. In other words it is usually better not to give someone a blank page – give them something they can disagree with – that stimulates a response. By way of additional guidance, I include here some notes on each of above sections.

#### **15.12.1 B2.1 Management structure and procedures**

This section has to be concise, complete and very well thought out. This section should describe how the proposed project will be managed, the decision making structures to be applied, the communication flow within the consortium and the quality assurance measures which will be implemented, and how legal and ethical obligations will be met. Emphasise the experience and quality of the management. Make it clear how progress will be monitored and how an effective management structure will be put in place, with agreed lines of communication and responsibility. Describe how corrective actions will be initiated and how conflicts will be resolved. I believe it is vital to include an organisation chart. See 5.2.1 for an example for a STREP.

*Describe the organisational structure and decision making mechanisms of the project. Show how they are matched to the complexity and scale of the project.*

There should be a brief section on each body in the organisation chart, its composition and function. Each defined role such as Project Manager, Work Package Leader etc should also have a brief description of their role and responsibilities. Reference must be made to the future Consortium Agreement that will expand on the topic and formalise it.

The specific obligations of the Coordinator must be distinguished from the management of the consortium activities. The Coordinator's specific obligations are:

- 1 to ensure accession to the contract by the other contractors
- 2 to ensure the communication between consortium and Commission
- 3 to receive and distribute the EC contribution
- 4 to keep project accounts

Only the coordinator may have these particular tasks and their associated costs. However, there are many other tasks that are considered part of the management of the consortium and these can be carried out by any beneficiary, in accordance with the terms of the consortium agreement. The costs are determined according to the task allocation.

Please also see the introduction to section 9 where there is more information on Project Management costs.

#### ***15.12.2 B2.2 Individual participants***

This section should also contain a **BRIEF** description of each partner, **emphasising his relevance to the project and role**. By brief, we mean maximum of a third of a page. You can also include a brief CV of one or two staff per participant. Do not exceed one page per participant and preferably two thirds of a page. Any excess must be relegated to an appendix. (A diplomatic way to handle a Professor who insists on five pages of references.)

There are important things to say and irrelevant things. The evaluator is interested in a company's technological capability, not on which stock exchange it is listed. If your company was founded two years ago or if you only have five staff, **do not mention it**. This can only detract from your creditability. If you have been involved in previous successful projects, name them. The CV of the nominated Project Manager is of particular importance. You have to show that he has experience of successful international project management. Emphasise this aspect.

*For each participant in the proposed project, provide a brief description of the organisation, the main tasks they have been attributed, and the previous experience relevant to those tasks. Provide also a short profile of the staff members who will be undertaking the work.*

***(Maximum length for Section 2.2: one page per participant is normal)***

#### ***15.12.3 B2.3 Consortium as a whole***

Start off with a short one page description of the consortium stating who the participants are, what their roles and functions in the consortium are, and how they complement each other. It is vital you identify such partners as "end user", "exploiter or supplier" as well as "research contributor" etc.

Describe how the participants collectively constitute a consortium capable of achieving the project objectives, and how they are suited and are committed to the tasks assigned to them. Show the complementarity between participants. Explain how the composition of the consortium is well balanced in relation to the objectives of the project.

*If appropriate describe the industrial/commercial involvement to ensure exploitation of the results.*

*i) Subcontracting:*

*If any part of the work is to be subcontracted by the participant responsible for it, describe the work involved and explain why a subcontract approach has been chosen for it.*

*ii) Other countries:*

*If a one or more of the participants requesting EU funding is based outside of the EU Member states, Associated countries and the list of International Cooperation Partner Countries, explain in terms of the project's objectives why such funding would be essential.*

Be very careful of sub-contracts. The Commission does not like them. Do not sub-contract R&D. Remember if a company sub-contracts some work they will normally have to pay 100% of the costs (potentially with profit) and will normally only get 50% or 75% back. It is quite clear what sub-contracts are considered reasonable. If, for example, a project is producing a prototype of some equipment and require a special enclosure for this and it is not the type of work one of the partners would normally do in house, it is quite proper to sub-contract the work. Sub-contracting art work or say even building a web site are reasonable and should be mentioned and justified.

**15.12.4 B3.1 Expected impacts listed in the work program**

*Describe how your project will contribute towards the expected impacts listed in the work program in relation to the topic or topics in question. Mention the steps that will be needed to bring about these impacts. Explain why this contribution requires a European (rather than a national or local) approach. Indicate how account is taken of other national or international research activities. Mention any assumptions and external factors that may determine whether the impacts will be achieved.*

**15.12.5 B3.2 Dissemination and/or Exploitation of project results and management of knowledge**

*Describe the measures you propose for the dissemination and/or exploitation of project results, and the management of knowledge, of Intellectual property, and of other innovation related activities arising from the project.*

*(Recommended length for the whole of Section 3 - 3.1 and 3.2 – ten pages)*

This section should include the description of plans for the dissemination and/or exploitation of the results for the consortium as a whole and for the individual participants in concrete terms, for example by describing the dissemination and/or exploitation strategies, the user groups to be involved and how they will be involved, the tools and/or means to be used to disseminate the results and the strategic impact of the proposed project in terms of improvement of competitiveness or creation of market opportunities for the participants.

Exploitation is a vital part of this section. Emphasise the usefulness and range of applications, which might arise from the project. Explain the partners' capability to exploit the results of the project and detail how you foresee doing this in a credible way. Refer to the draft Consortium Agreement with respect to exploitation rights within the consortium. **This is particularly important.** Be specific and quantify things such as accessible market etc. It is possible to include an appendix to the proposal that could deal with broader or more detailed aspects of this.

Please note that the specific requirement to indicate the European Dimension has been removed in FP7 as it is inferred and was too often misinterpreted when non-EU partners were included.

**15.12.6 B4 Ethical issues**

Normally, for ICT projects there is one of significant impact here and that is data protection acts, both at European and at National level. You should state that the project will comply and it is the responsibility of say the Project Manager to ensure compliance and mention this in his responsibilities under B2.1.

*Describe any ethical issues that may arise in the project. In particular, you should explain the benefit and*

*burden of the experiments and the effects it may have on the research subject. Identify the countries where research will be undertaken and which ethical committees and regulatory organisations will need to be approached during the life of the project. Include the Ethical issues table. If you indicate YES to any issue, please identify the pages in the proposal where this ethical issue is described. Answering 'YES' to some of these boxes does not automatically lead to an ethical review. It enables the independent experts to decide if an ethical review is required. If you are sure that none of the issues apply to your proposal, simply tick the YES box in the last row.*

*Notes:*

*For further information on ethical issues relevant to ICT, see annex 5 of the Guide for Applicants. The option for providing additional information for an ethical review board is no longer available in FP7 this means that any ethical review will be performed solely on the basis of the information available in the proposal.*

#### *15.12.7 B5 Gender and other issues*

Check the specific Guide for Applicants for your proposal (i.e. Theme, Call and instrument) and see if a section 5 is required for this proposal and if so what it should cover. It is not generally required in ICT.

### **15.13 Initial text for WP descriptions, deliverables & initial manpower**

Try to limit them to two page forms. This is only a summary and should not be too detailed. The details are elsewhere in B1.3. It should include an initial guesstimate of man months per WP participant from those agreed under 15.6 above. They should include any mandatory or major deliverables numbered in the form Dx.y. Where “x” is the work package and “y” is a running number, usually chronological. Work packages should be broken down in the proposal into Tasks. Then the numbering would include the task number within the WP and be of the form Dx.y.z I personally don't believe you need this formal depth of detail in a proposal – it could be amplified at contract negotiation time. For every identified Task you must have at least one deliverable. The WP description should indicate against each Task which participants will be involved. Note: this is new under FP7.

**Please note that from 2010 it has been noted that some project officers insisted that the deliverable month is on the 1st of the stated month!**

### **15.14 Production of B1.3 work plan**

B1.3 does not consist only of the required PERT, Gantt and WP charts and tables – they are purely summaries. You have up to fifteen pages available (assuming that you have used 5 pages for B1.1 and B1.2). Many proposals I see use perhaps half a page. That is why they grossly exceed many of the earlier parts of the proposal allocations. Please review my comments that just precedes section 15.1. This section should include –

1. rationale for your implementation method
2. alternatives considered
3. phasing and check points
4. system design as appropriate
5. potential technical risks and fall backs
6. reference to other work
7. reference to other funded projects and justification

This is the technical section – it is vital in convincing the evaluators of your “technical excellence”, without which, nothing will be funded. If you have extended background material that is vital, put in an appendix. This section must of course be consistent with and support the following work package descriptions.

**Please note that we are taking a specific example here but it is vital that you examine the relevant Guide for Applicants as the page limits can vary widely. For example the Energy Call closing on**

**the 8 March 2012 has no specified section or overall page limits (apart from stating that The overall strategy of the work plan must be limited to one page.**

*A detailed work plan should be presented, broken down into work packages 1 (WPs) which should follow the logical phases of the implementation of the project, and include consortium management and assessment of progress and results. (Please note that your overall approach to management was described, in section B2.1.*

*Please present your plans as follows:*

- i) Describe the overall strategy of the work plan (Maximum length 1 page).*
- ii) Show the timing of the different WPs and their components (Gantt chart or similar).*
- iii) Provide a detailed work description broken down into work packages:*
  - Work Package list (please use table 1.3a);*
  - Deliverables list (please use table 1.3b);*
  - Description of each work package, and summary (please use table 1.3c)*
  - Summary effort table (1.3d)*
  - List of milestones (please use table 1.3e)*
- iv) Provide a graphical presentation of the components showing their interdependencies (Pert diagram or similar)*

*Notes:*

*The number of work packages used must be appropriate to the complexity of the work and the overall value of the proposed project. The planning should be sufficiently detailed to justify the proposed effort and allow progress monitoring by the Commission..*

*Any significant risks should be identified, and contingency plans described*

Please note that it is not stated in ICT Guides but in some of the others e.g. Security that WP descriptions are limited to 2 pages.

### **15.15 Initial guestimates of other costs per WP per partner**

Each partner under the prompting of the WP leaders, should identify other costs such as material, equipment, travel etc. required for each WP. This should be consolidated and added into the spread sheet by the Project Manager. Once validated this will form the basis for the financial plan.

### **15.16 Iterations on costing spread sheet to achieve acceptable cost distribution**

Generally, the coordinator will have a target range for the size of contribution he hopes to request. i.e., elsewhere in this book I suggest a range of 1-3 or exceptionally 4 MEuro contribution for a STREP. **Check the specific Guide for Applicants related to your call and the WP for specific guidance.** If he decides to try to aim for 2.9 MEuro, then it may be necessary to “fine tune” the proposal i.e. the WP content to get to this. Never do a top down preallocation of funding. This leads to obviously artificial estimates. It is infinitely better to do a bottom up and then fine tune. i.e. start with the activities and rates and calculate the costs. It ruins the creditability of any proposal for an evaluator to see that you have, for example, five partners each getting exactly 500,000 Euros except the coordinator who will get 1,000,000. Avoid round numbers deliberately.

### **15.17 Updating of all tables with man months, deliverables and milestones**

This activity should be self evident. It is important that all your internal tables and figures are self consistent and your arithmetic is correct.

### **15.18 Addition to B2.4 Resources to be committed**

*In addition to the costs indicated on form A3 of the proposal, and the staff effort shown in section 1.3 above, identify any other major costs (e.g. equipment). Describe how the totality of the necessary*

*resources will be mobilised, including any resources that will complement the EC contribution. Show how the resources will be integrated in a coherent way, and show how the overall financial plan for the project is adequate.*

Don't forget audit certificate costs for participants who require them (those whose accumulated uncertified reach 375,000 Euros). You should take the information from your spread sheet and briefly mention and justify any major expenditures you have taken into account such as travel, equipment, material etc. Remember on A3.1 forms all you will see is man months and costs.

### 15.19 Updating of A3.1 forms, fine tuning, proofing, agreement by partners

The man months and financial figures should be reflected back into the A3 form for each partner. However, this is your last opportunity to circulate this final draft and incorporate any hopefully minor changes or additions. It is usually at this point that a partner wants to introduce a new partner or finds some completely new important material. Strongly resist such changes at this stage. Remind people it will always be possible to make changes, even add in a new partner, during contract negotiations. Changes made at this stage inevitably introduce consistency errors in the proposal.

### 15.20 Number of pages in a Proposal

Unlike previous FPs, in FP7 the Commission has stated that evaluators will be stricter in compliance with recommended and maximum page counts in proposals. The following table has been constructed from the Guides for Applicants for CPs under recent calls in FP7. It was built up from ICT and Health Guides specifically.

**Please note that we are taking a specific example here but it is vital that you examine the relevant Guide for Applicants as the page limits can vary widely. For example the Energy Call closing on the 8 March 2012 has no specified section or overall page limits (apart from stating that The overall strategy of the work plan must be limited to one page.**

Section	Page count	Note
1.1, 1.2, 1.3	20 + 5	+5 Extra for tables 1.3a – 1.3d + Pert/Gantt + x (number WPs)
2.1	(5)	Check with specific Guide for Applicants
2.2	y	If y partners
2.3	(4)	Check with specific Guide for Applicants
2.4	2	
3.1, 3.2	10	
4	(3)*	Including Ethics issues table as a minimum
Total	50 + x+y	including 1 for cover page plus section 4 below

Please note that in above table x = number of Workpackages and y= number of partners.

### 15.21 Red teaming of proposal i.e. external dummy evaluation

Treat the proposal like a serious commercial tender – which it is. It is normal and good practice in industries driven by major procurements such as defence or other government bids to use a “red team”. You identify several experienced people not connected with the proposal effort and give them the

The European Union's Framework Program 7 (with an emphasis on ICT)

Workprogram and Guide for Applicants and have them spend a full day doing a dummy evaluation. It is important that you at least one person involved who is experienced in such evaluations. Hire someone for a day to organise the effort. Ensure you leave yourself sufficient time to implement any required corrections resulting.

## 16 Practical Advice - 2012/13 collaborative research calls

This chapter has been added as a response to numerous questions that have arisen in responding to calls under FP7. Based on some experiences from the calls in 2007, 2008, 2009, 2010, 2011 and 2012, this section has been updated. As in most of the rest of this book, we are only dealing with the ten collaborative research themes. It is assumed before you start this process you have finalised the following decisions:

- (a) Specific Program
- (b) Specific call
- (c) Objective
- (d) Funding instrument
- (e) An agreed abstract for the proposal of less than 2,000 characters
- (f) An agreed acronym
- (g) Title for the proposal.

In parallel with preparing the proposal as described in Chapter 15 above, it should prove useful to proposers to separate and highlight some of the practical steps needed.

### Gathering of partner information

1. Setting up EPSS/SEP A Forms
2. Entering the initial information
3. Setting up the budget spread sheet
4. Entering initial cost data for each partner
5. Finalising the budget
6. Finalising the proposal
7. Common Errors

Each of the above is now expanded in following sections:

### 16.1 Gathering of partner information

When the consortium is formed as described in Chapter 15 and a email reflector list has been set up as suggested, the following information needs to be gathered from each partner:

#### Organisation legal name

- (a) Organisation short name
- (b) Organisation type
- (c) RTD funding rate for the organisation (50% for large industrial company and 75% for all others)
- (d) Average man month rate in Euros that includes salary and salary related costs (cost of employment)
- (e) Average cost for a trip (travel, hotel and per diem - depends on where located)
- (f) Chosen overhead rate for the organisation (20%, 60% or calculated)
- (g) Whether calculated Overheads apply to all non-subcontract costs or only to personnel costs
- (h) Organisation PIC via URF facility

### 16.2 Setting up EPSS/SEP A Forms

This should be done as early on as possible before you get deeply involved in writing the full proposal. First read the EPSS/SEP Guide and review the EPSS or SEP Frequently asked questions. Note that the email address given by the person registering the proposal is the one to which the passwords will be sent permitting the A Forms to be filled in and the proposal submitted for EPSS. Two passwords are emailed; one for the coordinator to access the A1 A2 and A3 forms and one for the partners only to access the A2 forms.

If your Call uses SEP, then the email used must be the same as your Participant Portal Email to ensure access.



### **16.3 Entering the initial information**

The coordinator must fill in the A1 form and add in A2 forms for each partner. When doing this be careful that the partner order is the one you wish (with any doubtful partners at the end) as this partner numbering has to be maintained in the Proposal part B. Please note that the coordinator has to specify the organisation type for each partner as they added into the consortium.

When the coordinator has set up the A1 form and filled in his own organisation A2.1 and A2.2 form, he should send the password information to each partner so he can fill in his own A forms. The A3 forms will be completed by the coordinator after the budget has been determined later on in the submittal process.

### **16.4 Setting up the budget spread sheet**

At the same time as the EPSS/SEP process is initiated, the coordinator should set up the project budgeting spread sheet an example of this is given in Appendix 5.

If you are using the sample spread sheet discussed in Appendix 5, you can download it from our company web site. It is called Budget-V1R with up to eight work-packages and ten partners (aimed at STREP size projects). You should only modify it if you have more than eight WPs or ten partners to fit the configuration of your own proposal.

Assuming you want to customise it you first need to unprotect each sheet and the work-book - note we have used a blank password. Do this from Tools/Protection. If you have more than eight work packages, you need to add columns in each sheet to correct the number of WPs, including the Project sheet. I suggest you add WP columns to the middle of the set in every sheet.

You then need to do a similar operation if you have more than ten partners. Add additional partner sheets to match your number. I suggest you insert them from/to the middle of the set. You should then rename each sheet so the tab runs from Part 1 to Part x. At the same time I suggest you change the Partner number at the top of sheet to match. You should then insert or delete partner columns in the MPOWER sheet (again in the middle) to match. Check all the formula in that sheet are correct and modify them as needed.

Check that all the references are correct and then re-protect each sheet and the work-book to prevent accidental damage to formulae. I would then enter some data and check it works OK. I, personally, find I introduce errors each time I modify it.

You next need to modify the Activity rate for each WP on the Project sheet according to Appendix 5 to match your particular need. WP1 must be kept as Project Management and set to 100%. WP2 must be Dissemination/exploitation you have to decide if you wish to set its activity rate at 100% or at the RTD rate as discussed elsewhere in this book. It has been suggested that in ICT it should be set to RTD and perhaps move some Dissemination activity into WP1 under Project Management. In all programs you should seek advice from point of contact in Brussels as to what rate you should choose for dissemination and an acceptable level. If any of your WPs are demonstration, that WP activity rate should be set to 50%. training activities are not allowed in a small CP and are not allowed for in the spread sheet.

### **16.5 Entering initial cost data for each partner**

You should then enter the specific data for each partner on the project sheet as mentioned in Appendix 5 and as per the instruction text on the project sheet.

For each partner add in the number of man months for each WP or blank if no activity in that WP. Then add in travel costs for each partner for each WP. This is computed by the number of trips to be budgeted times the trip cost per partner. Now add in the following costs per partner per WP - making sure you have written justification for each as will be needed in B2.4 of the proposal.

- Sub-contracts and third party costs
- Equipment

- Material
- Other costs

One should then check that the final requested contribution on the Project sheet at the end of row 22 is in your target range and the balance between partners and countries seems reasonable. Otherwise you need to modify the partner costs until you get to something you feel comfortable with. It is also important to check B18 to see that the calculated percentage for consortium management is reasonable. i.e for an ICT STREP it does not far exceed 7% without good justification. In all cases one should check with the correct official in Brussels for guidance specific to that instrument and call. Where necessary again one needs to modify the partner costs per WP until you get to a reasonable figure.

## 16.6 Finalising the budget

A final aspect is to inspect the requested contribution for each partner and for those whose funding exceeds 375,000 Euros (under FP7 not CIP) to add in an Audit Certificate cost for that partner in E13. An audit certificate is required each time the funding for an individual partner reaches 375,000 Euros, so a partner with one million Euros funding will require two Audit Certificates (assuming the project exceeds two years). Note that partners under 375,000 Euros will not require any certificates. The Audit Certificate costs will slightly modify the funding on the project sheet so check it is still within your required parameters.

## 16.7 Finalising the proposal

The figures on each partners sheet need to be entered by the coordinator into that partners A3.1 sheet. We have modified the row titles to match the naming on the A3 forms. We have highlighted then in **bold**.

You have to finalise Part B by copying the appropriate numbers from MPOWER sheet into the manpower tables in the proposal. Relevant parts are in 1.3 under the WP list and in the headers in each WP description. It also may be required in 2.4 and anywhere else that you refer to man power. In the latest version R, we have modified the spread sheet so it matches the format required.

## 16.8 Additional EPSS specific Issues

EPSS as initially released had some errors and some rather peculiar aspects. For example, although there are no longer any "Cost models" the coordinator when setting up the A forms is asked what the "Cost model" is for each partner! In addition, the A3.1 information online is different from the printed PDF version of each A3.1 form. In particular some columns not applicable to that proposal are faded out on screen but appear normally in the printed PDF form.

It has to be noted that the ICT program does not have a category "other" so dissemination has to be put under "management". However we are assured that this is disregarded when the size of the management is looked at.

For example you can see that on-screen only RTD, Demonstration and Management are not faded out. But on the PDF version all appear valid. Some coordinators are sending out PDF versions to each partner and asking them to fill in their costs and then to fax the form back to the coordinator to fill in on-line. This leads to them trying to put costs into invalid activities. If a coordinator insists on working this way (which we would discourage) he should send them screen photos and not the PDF generated by EPSS.

## 16.9 ICT Calls miscellaneous notes

Questions have arisen about funding of STREP projects in ICT. The notes in the Guide for applicants (and the pop-up instructions in the EPSS for STREPs in ICT) 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.

The European Union's Framework Program 7 (with an emphasis on ICT)

- 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.

The coordination of the scientific work of the project is therefore explicitly included among the RTD activities. Only the financial/administrative coordination of the partners can be included under Management. If a STREP finds that it also needs to coordinate and communicate with other projects, then this can only have arisen from its research goals and so it is covered by RTD activities.

Dissemination activities are not as significant in a STREP as they are in an IP, but they still are important. An Integrated Project is supposed to be an important development initiative significant to a whole industry sector, so it is essential to communicate its outcome widely in Europe and maybe overseas. As IPs can have dissemination funded at 100%, we have decided that for STREPs it can be included in Management activities, but if the proposers choose, dissemination can be included under RTD activities instead.

IPR protection is not specifically mentioned in the notes, advice seems to be that, preparing and securing patents etc. is plainly one of a project's Management activities

Normally the exploitation of the results of a project (i.e. producing and selling the actual applications, services or systems) is a commercial activity that takes place after the project is finished, and is therefore outside its scope. So no funding for exploitation. The last funded workpackage in a STREP may now be expected to be a demonstration phase. This is a new emphasis and remains to be verified.

There should be no training activities in a STREP. Getting through the evaluation successfully means that the participants themselves are considered to be already sufficiently skilled to carry out the work, and training other people to do something is not part of a research-focused action.

### ***16.9.1 Management activities***

There is no formal limit in FP7. However the Commission would probably remind proposers to be aware that Consortium Management requirements have been substantially simplified from FP6 to FP7 and as explained elsewhere in this book have been redefined. (Please see section 9) The number of audit certificates has been reduced (only required when the cumulative EC contribution to an organisation in one project is more than € 375,000). The requirements for bank guarantees have been removed and replaced by the guarantee fund. The reporting requirements have been lightened. The requirements for the cost claims have been more clearly specified. The Consortium Management burdens on the consortia should thus be significantly less in FP7 than in FP6.

They may thus expect that the management costs should normally be somewhere between 5% of the grant for the smaller projects and 7% for the larger ones, however in practice we note that Consortium Management costs of 7 – 10% appear to be being approved. Percentages for Consortium Management will be discussed during the negotiations. Very clear justifications will probably be needed for higher percentages.

### ***16.9.2 The transitional overhead rate & SMEs***

A major change between FP6 and FP7 was the abolition of the old Additional cost model. This model was principally designed for universities and academic research institutes – which did not know how much time was spent on a project by their permanent "statutory" staff, so they could never calculate the real

total cost of their work.

As the old AC model has gone, the 60% "transitional" overhead rate was designed to bridge this gap in IPs, STREPs and NoEs. This is for use where total costs reported by the institute are still incomplete, here the Commission will pay an overhead of 60%

As mentioned in the Guide for Applicants and also shown in the EPSS/SEP, this special transitional arrangement is available for "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."

If one interprets this as meaning that only organisations that use analytical accounting can with certainty identify their real indirect costs on a project basis, then most SMEs should be able to use the derogation as few if any SMEs use analytical accounting.

In practice in 2007, 2008, 2009, 2010, 2011 and 2012 calls it appears that all SMEs that requested it, were granted the transitional rate. It now remains to be seen as to whether such grant levels will survive external scrutiny, especially by the Court of Auditors in Luxembourg.

The Commission are again repeating that:

‘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’.

However in our opinion the Commission staff have not been as explicit as could be in emphasising this to evaluators. We see no need for distributing A forms to the evaluators as is the case in some evaluations, especially in DG CONNECT. We also note that Project Officers are continuing to use the terms “resource” and “budget” interchangeably. We suggest that “resource” is manpower level and “budget” is Euros cost. It is only with the former that evaluators and POs should be concerned.

## **16.10 Result of the first five years Call Evaluations**

We would like to point out the following:

1. A much larger percentage than usual of proposals passed the minimum evaluation criteria. This was put down to the total available points being only up to 15 as a result of their only being three criteria rather than the previous 5 or 6. I must say I put it down to a lack of direction by Commission staff to evaluators. However it resulted in unwarranted raised hopes. Worse than that in IPs and NoEs it resulted in too many consortia being called to hearings with a consequential large waste of effort, time and expense both for evaluators but more seriously for proposers.
2. We have also noted that proposals we viewed as having low or no chance were scored highly and some proposals we thought were excellent failing the evaluation. i.e it appears that at least some of the results appear more like a lottery than in the past.

## **16.11 State of Play 2012/13 Calls**

There still appears to be a major problem with page counts in proposals. In some instances DG Research and Innovation appears to be advising evaluators to ignore all pages beyond the maximum as stated in the Guide for Applicants whereas in DG CNECT appear to be taking a different approach by advising

The European Union's Framework Program 7 (with an emphasis on ICT)

evaluators to take the page count into account when assessing the second criterion. However the one has to read the exact wording in the Guide for Applicants and differentiate between "not to exceed" or "recommended limit" for various sections of Part B.

Remember, please keep to maximum page lengths where these are specified. The minimum font size allowed is 11 (*12 in some programs*) points. All margins (top, bottom, left, right) should be at least 15 mm (not including any footers or headers).

*I should add here that no specific font is specified – and this can influence the effective size of the text.*

**Please note it is vital that you examine the relevant Guide for Applicants as the page limits can vary widely. For example the Energy Call that closed on the 8 March 2012 has no specified section or overall page limits (apart from stating that The overall strategy of the work plan must be limited to one page.**

The Commission may instruct the experts to disregard any excess pages. Even where no page limits are given, or where limits are only recommended, it is in your interest to keep your text concise since over-long proposals are rarely viewed in a positive light by experts

To our mind this is a major problem as it in effect penalises proposers who firmly adhere to the maximum page counts in ICT. However, a priori it is impossible to definitely know how the evaluators will be instructed.

I have heard that in a recent evaluation done on-site in Brussels for the SME-DL call, the Commission only gave the evaluators the first 50 pages of each proposal. This resulted in many proposals not including section 3 and they consequently received low marks as a result.

**There was a major subtle change in ICT for Call 8 that is has not been widely publicised.**

In the Guide for Applicants for STREPs and for IPs relating to ICT Call 8 there was a change that means the format and content of section 1 of Part B is different from the past and different from other programs. In addition to adding the words "(Maximum length – one page)" to the text after "Describe the overall strategy of the work plan" on page 46 of the STREP Guide and on page 47 of the IP Guide, unlike other programs (such as Security Call 5) they did not explicitly state that the WP descriptions are limited to 2 pages. On further investigation they really mean that section 1.3 be limited to the one page with all the rest of the info being in the unlimited size of the WP descriptions.

I received the following statement from DG CNECT to substantiate this:

The point 1.3i) is indeed only intended to be a brief statement of the strategy behind how the work is planned the way it is. On point 1.3ii) the timing of the work-packages are shown diagrammatically over the duration of the programme; they are listed on table 1.3a) and the associated deliverables and the overlying milestones are listed at points b) and c)

Table 1.3d) - one for each Workpackage - is where the full description lies. It is placed in a non-page-limited section of the proposal because the experts' criticisms are often couched in terms of "the proposal does not describe...." or "does not sufficiently describe" something or other, and we don't want the proposer to be able to come back to us complaining that this is really our fault because we limited him to only X pages.

*Another change from initial calls (and relevant as noted in the calls to other programs) is the use of remote evaluation. An effect of the use of remote evaluation is the ability of the evaluators to use other sources (i.e. The web) to check facts or references. This should be borne in mind but not relied on.*

The European Union's Framework Program 7 (with an emphasis on ICT)

Another major change from initial calls is the availability of a formal pre-proposal check facility which should be used. However note that "The Commission services will reply by fax or electronic mail giving a brief assessment of this pre-proposal. The assessment does not constitute in any respect a pre-evaluation of the proposal in terms of scientific and technical quality. The advice given by the Commission is strictly informal and non-binding. The advice provided through this pre-proposal check does not in any way engage the Commission with regard to acceptance or rejection of the proposal when it is formally submitted.

Additionally remote evaluators are given electronic copies of proposals. This is new and thus allows evaluators to see colour for the first time.

**See the Guides for Applicants for the various background documents and in particular the section on "Inquiries" at the end of the guide. This gives a better explanation of what they wanted for the pre-proposal check.**

It is vital to read the relevant Guide for Applicants and annexes for the specific call you are targeting as well as any relevant presentations used at call specific Information Days.

As an example of the importance I quote a current example:

*In ICT Call 9 under 8.2 "ICT for access to cultural resources" it defines the form of STREPs and IPs opposite from the norm.*

*IPs*

- *Systemic level research, allowed to tackle a whole range of related challenges with more flexibility*
- *Previously exclusively STREP level research funded*
- *Short to mid-term (3-5 years)*

*STREPs*

- *Innovative small scale focused research, also on individual component level*
- *Continuation from Call 6 (but know and show your knowledge of State of the Art)*
- *Mid to long term (5-10 years)*

**I need to emphasise this is completely different from the definitions used for other objectives under the same call.**

## **16.12 FP7 Contract negotiations**

We note that in the past the following text was included in the Invitation to Contract Negotiations used by some Units.

"Project Management: It is essential that the **Consortium Agreement is agreed and signed as soon as possible and no later than project signature.** The EC cannot be involved in its making and therefore does not want to see it, but IPR approaches and future exploitation could be also summarised in the DoW. The agreement should also include the protective measures taken by the coordinator in the distribution of pre-financing to the partners (including a possible scheduling of this distribution). Please, note that some models of consortium agreement have been provided by third parties on CORDIS. Regarding IPR, a help-desk is also available."

This is of great concern because it is clearly encouraging Coordinators to use withholding of pre-finance as a management tool.

We also have noted that from 15 June 2009 in both the Security and Space programs the administrative functions were formally transferred to the Executive Research Agency and staff from both the Agency and the PO will attend negotiations.

### 16.13 Project Officers

We have noted that Project Officers and officials in the outsourced agencies appear to be much more pedantic than what we were accustomed to in the past. They appear to play entirely by the book - which in itself is not bad but they tend to be extremely cautious. For example they insist on:

- initialling every page of every contract including annexes.
- only accepting signed originals of documents
- only accepting formal documents that have been received by mail

All of this causes delays and additional cost, mainly to coordinators. A slightly peculiar thing has been noted and that is that agency project officers appear heavily overloaded and sometimes appear willing to skip mid-term reviews. Given the other more pedantic aspects, we find this peculiar. We hope this will not continue in 2013 as electronic signatures make it redundant.

### 16.14 Deliverable Month

Please note that from 2010 it has been noted that some project officers insisted that the deliverable month is on the 1st of the stated month! We have noted this with the REA and are still checking if it is being uniformly applied on all projects. In the past it has been assumed the deliverable would be some time during that month - usually on the last day. Insisting if it is not on the first day, it is the following month and thus "late" is a completely new twist. I thus cannot see anything ever being in month 1. i.e. on the start of the project day.

### 16.15 Management Meetings not Management?

In **Guide to Financial Issues relating to FP7 Indirect Actions** dated 16 Jan 2012 there is an important change under Art. II.16: Clarifications on the activities which may be charged under the category "other costs", including "Management costs".

Inter alia it says:

"Management of the consortium activities does not include coordination of Research and technological development activities (RTD); therefore "RTD activities" include "scientific coordination". Most of the **project meetings** are scientific meetings and have to be charged as a scientific (RTD) activity.

Examples of scientific coordination could be:

- The scientific coordination and monitoring of sub-projects and work-packages (including the activities as work package leader);
- The supervision of project progress milestones and project global critical path;
- The scientific review of the work performed by the partners including scientific deliverables and the coordination of internal progress reports;
- Monitoring of progress with work packages, deliverables and milestones and the work plan, including the verification of the quality, consistency and respect of deadlines;
- Research risk management;
- The preparation of the scientific part of the reports and deliverables to be submitted to the EU;
- Conflict resolving relating to technical and organisational issues;
- Preparation by scientific/technical staff of scientific meetings (drawing up the agenda, the minutes..);
- Activities related to participation in scientific decision making bodies such executive committees, scientific advisory boards and steering committees (including travelling related costs)."

Please note however that formally this Guide is only a guide and contains only recommendations (however most POs and auditors take it as mandatory).

### 16.16 SEP

SEP is gradually encompassing EPSS. One can enter SEP in two ways:

1. Via your personal part of the Participants Portal
2. Via the calls page in Participants Portal

Initially when setting up a proposal we recommend entering via 2, above. Of course, subsequent entries will be via your personal part of the Participants Portal.

**IMPORTANT See the SEP Users Guide:**

[http://ec.europa.eu/research/participants/portal/ShowDoc/Participant+Portal/portal\\_content/docs/submission/10\\_minutes\\_guide\\_to\\_the\\_submission.pdf](http://ec.europa.eu/research/participants/portal/ShowDoc/Participant+Portal/portal_content/docs/submission/10_minutes_guide_to_the_submission.pdf)

## Coordinator, partner and referee

The roles that are available in the system are Coordinators, Partners and Referees. Depending on the proposal you participate in, you might play some of these roles and this has an effect on the actions you may do and the information you have to supply.

For a given proposal, the coordinator acts as the single point of contact between the participants and the Commission. The coordinator is generally responsible for the overall planning of the proposal and for building up the consortium that will do the work.

Note that for some calls, only one participant is needed and the participant will be the coordinator of the proposal by default.

If you are a partner to a proposal, you will be invited by the coordinator to fill the administrative forms that contain the contact and address details. Most of the fields will be pre-filled with data already supplied by the Commission systems in order to gain time and ensure higher data quality.

For some calls (Marie Curie actions / Mobility Actions) you might be invited to participate to the proposal cycle as a referee. The referee is the person designated by the coordinator (fellow) that assesses the participant quality to the Commission services by submitting a reference letter. The referee does not need to read or contribute to the proposal and his assessment is not visible to the coordinator.



## 17 People Program (Marie Curie)

### 17.1 Program Overview

Host Actions	Individual Actions
<ul style="list-style-type: none"> <li>● Initial training Networks (ITN)</li> <li>● Industry Academia Partnerships and Pathways (IAPP)</li> <li>● IRSES (International Research. Staff Exchange Scheme)</li> <li>● COFUND (EU Co-funding of National programs)</li> </ul>	<ul style="list-style-type: none"> <li>● Intra- European Fellowships (IEF)</li> <li>● Incoming International Fellowships (IIF)</li> <li>● Outgoing International Fellowships (IOF)</li> <li>● Career Integration Grants (CIG)</li> </ul>

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 the management of the Marie-Curie program to The Research Executive Agency (REA) <http://ec.europa.eu/research/rea/index.cfm?pg=home>
- Important to show evidence of working on projects e.g. time-sheets 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/multi-disciplinarity 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.

### **17.2 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.

### **17.3 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.

### **17.4 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

#### ***17.4.1 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

IOF - Offers EU researchers opportunity to be trained and acquire new knowledge in a 3rd country high-level research organisation, and subsequently return to an organisation MS or AS. EU Member or Associated State Nationals only. 24 – 36 months; 12-24 months in 3rd country followed by mandatory

reintegration phase in EU host institutions. Acquiring new knowledge in the third country – bringing it back to the EU/AS.

NB: From the 2011 Workprogram, researchers from other third countries who have been residing and carrying out their main activity in Member States or associated countries for at least the 5 years prior to the submission deadline are also eligible for this action

IEF - To support experienced researchers at various stages of their career, helping them in acquiring new research skills (multi or interdisciplinary) or to undertake inter-sectoral experiences. Financial support will be provided 12 to 24 months (FTE), in a different EU Member State (MS) or Associated Country (AC). The following rules apply to IEF calls published in the 2009 Workprogram onwards:

- researchers can be of any nationality
- researcher must move from MS/AC to another MS/AC
- major condition is that the researcher must have been active in MS/AS prior to the submission of the proposal; guideline is more than 1 year

### ***17.4.2 Integration Grants***

#### 2009, 2010 Workprograms

ERG - For researchers who are looking for a long-term employment in research after they have concluded their training within a Marie Curie Action under the 6th or the 7th Framework program. The duration of the grants is between 2 and 3 years. For experienced Researchers who have benefited from a Marie Curie training and mobility action with duration of at least 18 months (FTE). Researcher applies in liaison with a (re)integration host organisation located in an EU MS/AS Country. Supports research project with duration 2 -3 years. For ERG calls published from the 2009 Workprogram, applicants can be of any nationality and no mobility conditions apply; they must be hosted by an organisation located in MS or AC.

IRG - To provide financial assistance to European researchers who wish to return and find a job in 'Europe' after they have worked in research in a third country for at least three years. The duration of the grant is between 2 and 4 years. For experienced researchers who at the deadline of submission have been active in research in a third country for at least 3 years.

#### 2011-2013 Workprogram

CIG (Career Integration Grants) - 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.

### ***17.4.3 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.

ICPC countries and, other third countries (OTH) may participate (but not in the case of single or twinning host organisations). From 2010 WP, no "twinning" was allowed. OTC countries such as the USA, Canada, Australia, Japan, Singapore etc. and international organisations are 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.

### **New Grants within ITN (from Marie Curie 2012 Workprogram)**

### European Industrial Doctorates (EID)

Postgraduates enrolled in and qualified to complete a PhD program under a university can be employed with a partnering private enterprise during the project period, and will divide their time between the university and the enterprise. The program aim is for private industry to be involved in a much greater way in doctoral-level training.

One academic institution and one research-performing enterprise established in two different MS/AS. The academic partner must be entitled to deliver doctoral degrees. Each recruited researcher must:

- Be enrolled in a doctoral programme of the academic participant
- Be employed by and spend a majority of his/her time at the research-performing enterprise
- Be jointly supervised by at least two supervisors, one from each participant

### Innovative Doctoral Programmes (IDP)

This replaces the 'Mono-site Initial training Networks (ITNs)' and aims to encourage crossovers between disciplines, sectors and states. Whilst there are plenty of doctoral schools across Europe, there are not many international, interdisciplinary, cross-sectoral programs. The IDP is intended to rectify this.

Sole University or research organisation in MS/AS offering innovative doctoral program(s) (international, interdisciplinary and inter-sectoral training)

- Innovative elements of the proposed training should address the needs of the "Innovation Union Flagship Initiative"
- Large recruitment capacity
- Provide International and Interdisciplinary training environment
- Collaborations with wide set of Associated Partners

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 28). 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.

## **17.5 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

## 17.6 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
- Individuals/organisations from ICPC can participate and will receive funding in: IAPP, COFUND, ITN, IIF, ERG, (also potentially IEF, but see mobility conditions in 17.4.1), IRSES

Up to and including 2010 Marie Curie Workprogram, EU Funding for Marie-Curie Actions are 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)

### 2011/2012 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.

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 (IEF, IOF, 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 2009 Work program there is an important change:

**For IIF, IEF, IOF, management costs and Overheads replaced by fixed contribution of €700 per researcher month. The relevant Country correction factor is applied to this. Also, the total amount of this contribution cannot exceed 20% of total direct costs excluding sub-contracting and resources made available by third parties not used on premises of Beneficiary. This means that for all individual fellowships funded from the 2009 Work program, costs in all categories are fixed amount/flat-rate, and therefore no CFS is required**

**In the 2011-2013 Work programs, for IIF, IEF, IOF, Management Activities are not applicable and Overheads are calculated as a flat rate of €700 per researcher month (need to apply the country correction factor).**

#### Certificate on Financial Statement (CFS)

A CFS is required for Marie Curie projects where the following cumulative conditions hold true:

- a) Part of the EU funding is not given as Flat-Rate or Lump-Sum. e.g. Management Activities (Category G). EU funding for Category G for IAPP and ITN is given on the basis of eligible direct actual costs.
  - b) A Certificate on Financial Statement is mandatory for every claim (interim or final) in the form of reimbursement of costs whenever the amount of the EC contribution is equal or superior to €375,000 when cumulated with all previous payments for which a CFS has not been submitted. Once a CFS is submitted, the threshold of €375,000 applies again for subsequent EC contributions but the count starts from 0.
- Where a CFS is required, it should cover all categories (A to I).
  - Importantly, a CFS is not required where all EU funding in a project is given as Lump-Sum or Flat- Rate.

#### Financial Audit Requirements

The Commission, its representatives and European court of Auditors will not focus on actual costs incurred or funding given by the EU on the basis of Flat-Rate or Lump-Sum. i.e. they normally will not require evidence of actual eligible direct costs incurred. However, there are a number of checks an auditor should make. Examples include:

- Checking triggering events e.g. how many months a researcher actually worked.
- How much money was paid to the researcher?
- Did the researcher receive all due monies? e.g. mobility allowance
- Was a Career Exploratory award paid to the researcher (where applicable)?

The European Union's Framework Program 7 (with an emphasis on ICT)

- In the case of Travel Allowance, amounts should be paid to the research fellow and no evidence of travel need be shown. i.e. the researcher need not prove if he/she did actually incur travel expenses in the middle of a project.
- For calculation of travel allowance, the auditor should check the researcher's country of origin

### Filling in

The Reporting Categories should be filled in next to the following rows on the :

Lump-Sum/Flat-Rate: Categories A,B,C,D,E,F, I

Direct Actual Costs: Category G (Management)

Subcontracting: e.g. Audit Certificate Costs, etc.

Indirect Costs: Category H (Overheads)

### 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.

## **17.7 Eligibility of Tuition Fees in Marie Curie Action Cost Statements in FP7**

Tuition Fees charges by universities for Early Stage Researchers (ESR) registered for Ph.D. studies generally cover a series of costs including student registration, access to student services (library, computing etc.), teaching, supervision, examination and graduation (where appropriate).

In other terms the costs covered by the tuition fees could be included in the categories of eligible expenses defined in the FP7 contractual rules, particularly those expenses indicated under column E (Category 3 in WP 2011, 2012) "Contribution to the research training/transfer of knowledge programme expenses" and H (Category 5 in WP2011, 2012) "Contribution to Overheads" concerning the activities carried out by the host organisation and more marginally under column D ("Contribution to the participation expenses of eligible researchers") with regard to the activities carried out by the researcher.

Although the tuition fee is not a separate eligible cost per se, the services provided through the tuition fee (training, tutoring, assistance, use of infrastructure and facilities etc.) are eligible costs under the appropriate heading of the community financial contribution.

Such an approach applies several consequences with regard to Marie Curie Initial training Networks (ITN):

- The allowances under columns A, B, and C (Categories 1 and 2 in WP 2011, 2012) must be used entirely for the direct benefit of the fellow and no deductions for tuition fees are possible under any circumstances from these categories, nor can any additional payments be demanded directly or indirectly from the Fellow to cover his/her training costs.
- Services described in the training project (and reflected in the contract with the Commission) must effectively be provided to the Fellow whether or not these are covered by the tuition fees (training, tutoring, teaching, supervision etc.). In cases where tuition fees are levied, the host institution must clearly identify which activities are included in the fees.
- No double payment for the same event or activity is permitted, i.e. expenses for other training or research activities will be considered eligible costs only if additional to those already covered by the tuition fees.

If the conditions mentioned above are met, the amount of the tuition fees could be charged under columns D, E and H (Categories 3 and 5 in WP 2011, 2012) of the Community financial contribution. However, it should be noted that the contribution under these columns is also intended for the payment of other costs that might not be covered by the tuition fees but to which the researchers are entitled (e.g. research costs,

The European Union's Framework Program 7 (with an emphasis on ICT) conference attendance, training actions not comprised in the tuition fees etc.).

In summary, the host must guarantee that once the costs linked to the tuition fees are paid, coverage will be provided for any other training activities as well as for the costs of the research project incurred by the fellow.

### **17.8 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.
- 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.**

### **17.9 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](http://www.finance-helpdesk.org)
  - Slides
  - NCPs

### **17.10 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.

### **17.11 Marie Curie in Horizon 2020**

Please see section 21.21.



## 18 European Research Council (ERC) Projects

European Research Council (ERC) projects are funded from the IDEAS Specific Programme of FP7. The fundamental principle for all ERC activities is that of stimulating investigator-initiated frontier research across all fields of research, on the basis of excellence.

The ERC is the newest, pioneering component ('Ideas' Specific Programme) of the EU's Seventh Research Framework Programme. It is led by the ERC Scientific Council, composed of 22 top scientists and scholars. The ERC President is Prof. Helga Nowotny and the Scientific Council's representative in Brussels is Secretary General Prof. Donald Dingwell.

The ERC, also refer to A1.2.4 (ERC Executive Agency) below, complements other research activities under the 7th Framework Program managed by the European Commission, including the Marie Curie schemes, strategic basic research in support of thematic priorities, and support for European infrastructures.

Since many investigators who will be involved in the funded activities are likely to be working within universities, academies, research centres and similar establishments, the ERC can have a strong incentive effect on these institutions.

The Scientific Council of the ERC establishes the ERC's strategy. It has full authority over decisions on the type of research to be funded and acts as guarantor of the quality of the activity from the scientific perspective. In particular, among its tasks are the development of the annual work programme, the establishment of the peer review structure and process, as well as the monitoring and quality control of the programme's implementation from the scientific perspective, including the development of the ERC's strategy regarding international cooperation.

Four **frontier research ERC grants** are available: ERC Starting Grant (StG), ERC Consolidator Grant, (SoG), ERC Advanced Grant (AdG), ERC Synergy Grant (SyG). In addition, the ERC "Proof of Concept Grant" is a Support Action that encourages recipients of ERC grants to commercialise their research. All these funding streams, operate on a 'bottom-up' basis, across all research fields, without predetermined priorities:

The ERC Starting Grants and ERC Consolidator Grants provides critical and adequate support to the independent careers of excellent researchers, whatever their nationality, located in or moving to the Member States and Associated countries, who are at the stage of starting or consolidating their own independent research team or, depending on the field, their independent research programme.

The ERC Advanced Grants encourages and supports excellent, innovative investigator-initiated research projects by leading advanced investigators across the Member States and Associated countries. This funding stream complements the Starting Grant and Consolidator Grant schemes by targeting the population of researchers who have already established themselves as being independent research leaders in their own right.

The ERC Synergy Grant enables small groups of PIs and their teams bringing together complementary skills, knowledge, and resources, to jointly address research problems at the frontier of knowledge going beyond what the individual Principal Investigators could achieve alone.

**The ERC frontier research grants** will support projects carried out by individual teams which are headed by a single principal investigator (P.I.) of any nationality and, as necessary, include additional team-members. These teams may be of national or transnational character. With the focus on the Principal Investigator, the concept of individual team is fundamentally different from that of a traditional 'network'

The European Union's Framework Program 7 (with an emphasis on ICT) or 'research consortium'; proposals of the latter type will not be accepted.

An ERC grant is awarded to the institution (Applicant Legal Entity) that engages and hosts a Principal Investigator (PI), with the attached commitment that this institution offers appropriate conditions for the PI independently to direct the research and manage its funding for the duration of the project

Any type of legal entity in EU MS/AS, including universities, research centres and undertakings can host the Principal Investigator and his/her team.

### **18.1 ERC Starting Grants (StG) and ERC Consolidator Grants (CoG)**

Budget – For StG: €398M from 2013 Work Program; For CoG: €523M from 2013 Work Program

The ERC actions are open to researchers of any nationality who intend to establish and conduct their research activity in any Member State or Associated Country. The Principal Investigator may be of any age and nationality and may reside in any country in the world at the time of the application.

For the **Starting Grant (StG)** call from the 2013 Work Program, the Principal Investigator is assessed as “Starter” if first PhD (or equivalent doctoral degree) at  $\geq 2$  and  $< 7$  years prior to call publication. Extensions may be allowable. No allowance for part-time work (2 years of half-time work count as 2 full-time years). Cumulative eligibility period  $< 11.5$  years following award of first PhD.

For the **Consolidator Grant (CoG)** the Principal Investigator is assessed as “Consolidator” if first PhD (or equivalent doctoral degree) at  $> 7$  and  $< 12$  years prior to call publication. Extensions may be allowable. No allowance for part-time work (2 years of half-time work count as 2 full-time years). Cumulative eligibility period  $< 16.5$  years following award of first PhD.

The host institution will host and engage the Principal Investigator for at least the duration of the grant. It must be situated in one of the Member States, or one of the Associated countries. It may also be an International European Interest Organisation (such as CERN, EMBL, etc.) or the European Commission's Joint Research Centre. Normally, the applicant legal entity will be the only participating legal entity. Other legal entities, including those located in third countries, may however be involved and receive funding to support the work of additional team members, if so specified in the grant award or subsequent amendments to the original grant.

The level of ERC Starting Grants may be up to around €2,000,000 for a period of 5 years 5 (pro rata for projects of shorter duration). The level of ERC Consolidator Grants may be up to around €2,750,000 for a period of 5 years 5 (pro rata for projects of shorter duration).

### **18.2 ERC Advanced Grants**

Budget – €662M from 2013 Work Program

Advanced Grants are intended to promote substantial advances in the frontiers of knowledge, and to encourage new productive lines of enquiry and new methods and techniques, including unconventional approaches and investigations at the interface between established disciplines. higher-than-normal risk that the research project does not entirely fulfil its aims.

The ERC actions are open to researchers of any nationality who intend to establish and conduct their research activity in any Member State or Associated Country. The ERC Advanced Grant Principal Investigator can be of any age and nationality and he/she can reside in any country in the world at the time of the application. Principal Investigators applying for the ERC Advanced Grant must be established research leaders who have made exceptional contributions to research in terms of originality and significance. No specific eligibility criteria with respect to their academic requirements are consequently foreseen.

The aim is to fund individual teams led by established, innovative and active Principal Investigators. They will include, for example, leading contributors to research advances in Europe, leading scientists of the European 'diaspora' or non-EU nationals who wish to establish themselves in Europe and pursue ground-breaking, high-risk research that opens new directions in their respective research fields or other domains. Applicants must have a track record of research achievements and recognised as such. The contribution of Principal Investigators must be carried out in the EU or Associated countries. Team members, unlike Principal Investigators, may conduct the funded research outside the European Union or Associated countries.

The host institution will host and engage the Principal Investigator for at least the duration of the grant. It must be situated in one of the Member States, or one of the Associated countries. It may also be an International European Interest Organisation (such as CERN, EMBL, etc.) or the European Commission's Joint Research Centre. Normally, the applicant legal entity will be the only participating legal entity. Other legal entities, including those located in third countries, may however be involved and receive funding to support the work of additional team members, if so specified in the grant award or subsequent amendments to the original grant.

During FP7, this scheme is the largest funding activity of the ERC. Applications may be made in any field of research.

Depending on the specific project and field, the level of these grants may be up to around €3,500,000 for a period of 5 years (pro rata for projects of shorter duration). Normally, however, grants will be limited to a maximum of around €2,500,000 unless the application involves specific features requiring a higher level of support: requirement to purchase major research equipment, a Principal Investigator who is coming from a third country to establish a research team and activity at a host institution in a member state or associated country; access to large facilities

The Community financial contribution shall be in the form of a grant to the budget corresponding to 100% of the total eligible and approved direct costs and a contribution of 20% of the total eligible direct costs (excluding the direct costs for subcontracting and the costs of resources made available by third parties which are not used on the premises of the host institution) towards indirect costs.

Applicants for the prestigious ERC Advanced Grant are expected to be active researchers and to have a track-record of significant research achievements in the last 10 years which must be presented in the application.

Proposals are submitted by the Principal Investigator (PI), who has scientific responsibility for the project, on behalf of the host institution which is the applicant legal entity. A single submission of the full proposal will be followed by a two-step evaluation.

### **18.3 ERC Synergy Grants**

ERC Synergy Grants enable small groups of PIs and their teams to bring together complementary skills, knowledge, and resources, to jointly address research problems at the frontier of knowledge going beyond what the individual Principal Investigators could achieve alone. Projects are Interdisciplinary often using multidisciplinary approaches

- Minimum of 2 and Maximum of 4 PIs and their teams; one PI is designated as lead PI
- Max Grant M€15
- Up to 6 years in duration
  - Covers up to 100% of total eligible direct costs plus 20% flat-rate contribution towards indirect costs
  - Calls for proposals: published annually with one deadline

A single submission of an ERC Synergy Grant proposal will be followed by a two-step peer review evaluation. The evaluation process differs from the ERC Starting, Consolidator and Advanced Grants and also includes interviews.

The ERC Synergy Grant uses a panel-based system, similar to the ERC Starting, Consolidator and Advanced Grants. In step 1, the evaluation is conducted by five high level peer review panels dynamically separated into five panels of at most 15 experts, while in step 2, a single panel of around 15 experts will continue the proposals evaluation. At Step 1, proposals are reviewed by Panel Members (at least four) and external independent experts (at least four).

## 18.4 Proof of Concept

The Proof of Concept funding helps ERC grant-holders bridge the gap between their research and the earliest stage of a marketable innovation. These are Support Action projects (CSAs) to verify the expected near-market potential of an innovative idea arising from an ERC frontier research funded project (StG, CoG, AdG, SyG).

Funding covers activities at the very early stage of turning research outputs into a commercial proposition, and may be used for conducting further work (i.e. activities which were not scheduled to be funded by the ERC frontier research grants) to make evident to the market the innovation potential of an ERC-funded idea, securing thereof potential commercialisation opportunities.

Output will be a “package to present to venture capitalists, companies that might invest in the technology and take it through the early commercialisation or roll-out phase.

The funding can be used to:

- Establish viability, technical issues and overall direction
- Clarify Intellectual property rights position and strategy
- Provide feedback for budgeting and other forms of commercial discussion
- Provide connections to later stage funding
- Cover initial expenses for establishing a company

Notes:

- One-step submission and evaluation
- Max proposal length of 7 pages
- EU grant maximum of €150,000 for a period of 12 months
- Evaluation Criteria are: Innovation Potential; Quality of the proof of concept plan; Budget
- Pass/fail basis for each criteria; Need to be awarded a Pass mark for each criteria by majority of evaluators.

## 18.5 ERC Research Domains

The ERC Scientific Council has established the following indicative percentage budgets for each of the 3 main research domains:

- Physical Sciences & Engineering: 44%
- Life Sciences: 39%
- Social Sciences & Humanities: 17%

Applications for ERC Frontier Research Grants must nominate a relevant panel from one of three domains.

## 18.6 ERC Funding

The Community financial contribution shall be in the form of a grant to the budget corresponding to 100% of the total eligible and approved direct costs and a contribution of 20% of the total eligible direct costs (excluding the direct costs for subcontracting and the costs of resources made available by third

The European Union's Framework Program 7 (with an emphasis on ICT)  
parties which are not used on the premises of the host institution) towards indirect costs.

### **18.7 ERC Submission Rules**

- Only one frontier research ERC grant managed by a Principal Investigator may be active at any time.
- A PI who holds an ERC frontier research grant cannot submit a proposal for another ERC Grant unless the existing grant expires no more than two years after the call deadline
- A PI who has submitted an eligible proposal to a 2012 ERC call may not apply to any 2013 ERC frontier research call, unless his/her proposal was evaluated above the quality threshold at the end of step 1
- As an exception, a PI who has submitted an eligible proposal to the 2012 SyG call may apply to the 2013 StG, CoG or AdG calls (but not SyG) even if the proposal was of insufficient quality to pass to step 2 of the evaluation
- Only one ERC grant managed by a Principal Investigator or Co-Investigator can be active at any time.
- A PI may submit only one proposal to the ERC for ERC frontier research grant calls made under the same Work Program

### **18.8 ERC Evaluation**

A single submission of the full ERC frontier research proposal will be followed by a two-step evaluation. Principal Investigators whose proposals will be retained for the second step of the evaluation may be invited for an interview to present their project to the evaluation panel meeting in Brussels. They will be accordingly reimbursed for their travel and subsistence expenses.

### **18.9 ERC in Horizon 2020**

Please see 21.22

## 19 Public Private Partnerships (PPPs)

Apparently the ETP JTIs are seen in many quarters as very closed to outsiders. It has been decided that in FP8 (H2020) (See chapter 21) they will be replaced by PPPs. In order to phase in the concept a type of PPP is being introduced into FP7 in parallel with the current JTIs. These initial PPPs will use FP7 CPs for funding.

As part of the European Economic Recovery Plan, in 2010 the Commission launched four Public-Private Partnerships (PPPs). The four PPPs represent a powerful means of boosting research efforts in three large industrial sectors - automotive, construction and manufacturing - which have been particularly affected by the economic downturn and where innovation can significantly contribute towards a more green and sustainable economy and in the Future Internet sector.

These current PPPs are:

1. "Factories of the Future" initiative for the manufacturing sector;
2. "Energy-efficient Buildings" initiative for the construction sector; and
3. "Green Cars" initiative for the automotive sector.
4. "FI PPP" initiative for the Future Internet

See [http://ec.europa.eu/research/industrial\\_technologies/ppp-in-research\\_en.html](http://ec.europa.eu/research/industrial_technologies/ppp-in-research_en.html)

The Commission will 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.

In the PPP approach, there are the following advantages:

- renewed confidence to invest in long-term research even when faced with short-term economic problems;
- a leading role for industry, including SMEs, in the definition of the strategic priorities and the implementation of the research;
- a multi-annual integrated work programme with a pre-defined budget, ensuring continuity and allowing industry to make long-term investment plans,
- a cross-thematic approach going from basic and applied research through to validation and large-scale demonstration, with an increased emphasis on impact and exploitation;
- increased opportunities to support innovation in SMEs; and
- a single-stage submission of proposals leading to a faster evaluation process and time to contract.

Please note that the report "Designing together the 'ideal house' for public-private partnerships in European research" by the JTI Sherpas' Group that reviewed the operation of the JTIs essentially recommended replacing them by PPPs in FP8. See [ftp://ftp.cordis.europa.eu/pub/fp7/docs/jti/jti-sherpas-report-2010\\_en.pdf](ftp://ftp.cordis.europa.eu/pub/fp7/docs/jti/jti-sherpas-report-2010_en.pdf)

### **Commission published communication on PPPs. - 19/11/2009**

In a communication called 'Mobilising private and public investment for recovery and long term structural change: developing Public Private Partnerships' the Commission is presenting an overview of different modalities for PPPs. PPPs are interesting vehicles for the long-term structural development of infrastructures and services, bringing together distinct advantages of the private sector and the public sector, respectively.

## 20 PCP (Pre-Commercial Procurement)

The following requirements are applicable to PCP calls for tender launched under PCP Actions to ensure that the conditions for the Article 16f/24e exemption of the public procurement directives are respected, that the risk-benefit sharing in PCP takes place according to market conditions and that the Treaty principles are fully respected throughout the PCP process:

- The consortium of public purchasers should verify that the topic proposed for the joint PCP call for tender would fit the scope of an R&D services contract.
- The practical set-up foreseen for the PCP shall be clearly announced in the PCP contract notice. This shall include the intention to select multiple companies to start the pre-commercial procurement in parallel, as well as the number of phases and the expected duration of each phase.
- Functional specifications shall be used in order to formulate the object of the PCP tender as a problem to be solved without prescribing a specific solution approach to be followed.
- In view of triggering tenderers to send in innovative offers that include R&D that can bring breakthrough improvements to the quality and efficiency of public services, the selection of offers shall not be based on lowest price only. The PCP contracts shall be awarded to the tenders offering best value for money, that is to say, to the tender offering the best price-quality ratio, while taking care to avoid any conflict of interests .
- In respect of the Treaty principles, the public purchasers shall ensure EU wide publication for the PCP call for tender in at least English and shall evaluate all offers according to the same objective criteria regardless of the geographic location of company head offices, company size or governance structure. The PCP process should be organised so as to stimulate companies to locate a relevant portion of the R&D and operational activities related to the PCP contract in the European Economic Area or a country having concluded a Stabilisation and Association Agreement with the EU.
- In PCP, the public purchaser does not reserve the R&D results exclusively for its own use. To ensure that such an arrangement is beneficial both for the public purchaser and for the companies involved in PCP, R&D risks and benefits are shared between them in such a way that both parties have an incentive to pursue wide commercialisation and take up of the new solutions. Therefore, for PCP Actions, ownership rights of IPRs generated by a company during the PCP contract should be assigned to that company. The public purchasers should be assigned a free licence to use the R&D results for internal use as well as the right to require participating companies to license IPRs to third parties under fair and reasonable market conditions. A call-back provision should ensure that IPRs from companies that do not succeed to exploit the IPRs themselves within a given period after the PCP project return back to the public purchasers.
- In order to enable the public purchasers to establish the correct (best value for money) market price for the R&D service, in which case the presence of State aid can in principle be excluded according to the definition contained in Art. 87 (1) of the Treaty, the distribution of rights and obligations between public purchasers and companies participating in the PCP, including the allocation of IPRs, shall be published upfront in the PCP call for tender documents and the PCP call for tender shall be carried out in a competitive and transparent way in line with the Treaty principles which leads to a price according to market conditions, and does not involve any indication of manipulation. The consortium of public purchasers should ensure that the PCP contracts with participating companies contain a financial compensation according to market conditions compared to exclusive development price for assigning IPR ownership rights to participating companies, in order for the PCP call for tender not to involve State aid.
- The PCP contract that will be concluded with each selected organisation shall take the form of one single framework contract covering all the PCP phases, in which the distribution of rights and obligations of the parties is published upfront in the tender documents and which does not involve contract renegotiations on rights and obligations taking place after the choice of participating organisations. This framework contract shall contain an agreement on the future procedure for implementing the different phases (through specific contracts), including the format of the intermediate evaluations after the solution design and prototype development stages that progressively select organisations with the best competing solutions.

## **21 Horizon 2020 (Status of moves to FP8)**

The replacement for FP7 that would normally have been called FP8, was initially called CSF (Common Strategic Framework) but, after a competition, it was decided to name it Horizon 2020. In our opinion most people will still refer to it as FP8. Informally within the Commission it is being referred to as H2O.

On 30 November 2011 the Commission presented its high level proposal for Horizon 2020. (Memo-11-848) This shows a budget of €80B at 2011 values - this is estimated at €90B at 2020 values. Horizon 2020 will bring together all existing EU research and innovation funding currently provided through the Framework Programme for Research and Technological Development (FP), the Competitiveness and Innovation Framework Programme (CIP) and the European Institute of Innovation and Technology (EIT).

In December 2011 the Commission published its detailed proposal for Horizon 2020. The details contained herein are based on the Commission's proposal.

In early February 2013 with discussions on the EU seven-year budget, it was proposed that H2020 be reduced to just under €70B but the Parliament wants to increase this. This was agreed in June 2013

This initial proposal seemed very logical with everyone being funded at 100% but Overheads limited to 20%. SME actions were to be dropped and replaced by a mechanism similar to what was Exploratory Actions for SMEs. Exploratory Actions were dropped in FP6.

However, it was also agreed in June 2013 that the overheads will be 25%. It seems likely that these original intentions by the Commission on overheads will be watered down and changed significantly by the intensive lobbying now under-way. This may result in financial complexity akin to what is in FP7.

### **21.1 Horizon 2020 brings together all EU research and innovation funding**

Horizon 2020 will bring together all existing EU research and innovation funding currently provided through the Framework Programme for Research and Technological Development (FP), the Competitiveness and Innovation Framework Programme (CIP) and the European Institute of Innovation and Technology (EIT).

The different types of funding provided by the existing programmes will be brought together into a single coherent, flexible framework which will run from 2014 to 2020. It will provide funding for every stage of the innovation process from basic research to market uptake, in line with the EU's commitments under the "Innovation Union".

Horizon 2020 will be complemented by further measures to complete the European Research Area by 2014 ([IP/11/1025](#), [MEMO/11/597](#)). These measures will aim at breaking down barriers to create a genuine single market for knowledge, research and innovation.

### **21.2 Horizon 2020 - new program architecture**

EU funding for research and innovation will be focused on three strategic objectives, implemented through specific programs and a dedicated financial contribution to the EIT.

The first objective is dedicated to supporting an 'Excellent science' in Europe. A budget of €24.6 billion will strengthen the EU's position as a world leader in science.

This will include:

- €13.2 billion for the highly successful European Research Council (ERC), which provides substantial grants to top-level individual researchers working in Europe.
- Investment of €3.1 billion in future and emerging technologies (FET) to open up new fields of research and innovation.



The European Union's Framework Program 7 (with an emphasis on ICT)

- A budget of €5.75 billion for the Marie Curie Actions to develop research and innovation skills through the training, mobility and career development of researchers.
- Funding of €2.4 billion will also be available for supporting access to, and networking of priority research infrastructures across Europe.

The second objective, 'Industrial leadership', with a budget of €17.9 billion, will help make Europe a more attractive location to invest in research and innovation. It will include major investments in key industrial technologies such as Information and Communication Technologies (ICT), nano technologies, biotechnology and space (total of €13.7 billion). It will facilitate access to risk finance, which has a high leverage on private investment and has been shown to be a very valuable tool in fighting the lack of risk capital following the financial crisis (Dedicated budget of €3.5 billion). It will also provide EU-wide support for innovation in SMEs with high growth potential.

The third objective, 'Societal challenges' will see €31.7 billion allocated to tackling the major issues affecting the lives of European citizens. The focus will be on six key areas:

- Health, demographic change and well-being;
- Food security, sustainable agriculture, marine and maritime research and the bio based economy;
- Secure, clean and efficient energy;
- Smart, green and integrated transport;
- Climate action, resource efficiency and raw materials;
- Inclusive, innovative and secure societies.

The goal will be more than ever to bring excellent research results to market. This will deliver direct benefits to citizens, such as affordable health-care, protection against cyber crime, and the transition to a resource-efficient, low-carbon economy.

### **21.3 Cutting red tape**

Horizon 2020 has been built around radically simplified rules and procedures to attract more top researchers and a broader range of innovative enterprises. This includes:

- a more transparent programme architecture;
- a single set of rules for participation, including on eligibility for funding, evaluation and IPR;
- drastically simplified reimbursement by introducing a single flat rate for indirect costs and only two funding rates - for research and for close to market activities respectively;
- streamlined funding rules, for instance allowing the use of researchers' own accounting methods;
- fewer controls and audits, but without compromising the sound financial management of EU funds as simplified procedures for participation mean less error;
- earlier project starts.

### **21.4 Strengthening innovation**

If European industry is to remain competitive, it needs to bring more products and services from the drawing board onto the market. Horizon 2020 aims to provide support for this process not only by supporting research and technological development, but also by building on EU strengths in design, creativity, services and social innovation. Non-technological innovation can take place in all parts of Horizon 2020. Regarding social innovation, the 'Inclusive, innovative and secure societies' challenge contains a specific objective on 'social innovation and creativity'. Horizon 2020 will strengthen innovation by:

- acting on the supply side by increasing support for activities which are closer to market
- acting on the demand side by, for example developing specifications for new standards, or supporting public bodies to procure R&D services or innovative products and services.
- introducing inducement prizes
- strengthening bottom-up activities, allowing Europe's brightest and most creative minds to propose their own solutions
- introducing a new SME instrument specifically designed to help SMEs innovate
- scaling up financial instruments in which the public sector shares the risk with the private sector

## **21.5 Reversing the brain drain**

Horizon 2020 will attract talent from around the world and retain great researchers in Europe by building on initiatives to boost Europe's research and innovation facilities and performance.

The European Research Council (ERC) will increase efforts to attract top research talent from outside Europe. This body is already helping to retain and attract leading researchers who might otherwise have pursued their careers in the US or elsewhere. For example, two-thirds of the ERC's grant-holders in neurosciences have had post doctoral experience in the US; and, half of the ERC's economics grant-holders completed their PhD in the US.

This will be complemented by funding for the Future and Emerging Technologies (FET) which promotes research co-operation across disciplinary boundaries. Supporting innovation in the most promising emerging areas of technology, and creating cross-national communities of knowledge, will extend Europe's capacity for advanced and paradigm-changing innovation.

Marie Curie Actions (MCA) promote inter-sectoral and international mobility and knowledge-sharing. They equip researchers with entrepreneurial and innovation skills for the labour market. By attracting non-European researchers, they enhance international cooperation.

The research career portal EURAXESS helps researchers find attractive careers in Europe. The portal announces vacancies in universities and companies and has a network of more than 300 public and private centres.

## **21.6 Closing the research and innovation divide in Europe**

There are significant regional disparities across Europe in research and innovation performance, which need to be addressed. Horizon 2020 will allocate funding based on excellence, regardless of geographical location, but will increasingly focus on identifying excellence across Europe. Cohesion policy funds will focus on research and innovation capacity building through pre-allocated envelopes for eligible regions. Specific measures will include:

- Recognising excellence in less developed regions and creating links between researchers there with leading counterparts elsewhere in Europe. This includes twinning, staff exchanges, expert advice and assistance and the development of joint strategies for the establishment of centres of excellence, which may be supported by the Cohesion policy funds in less developed regions.
- Establishing 'ERA Chairs' to attract outstanding academics to institutions with a clear potential for research excellence. This would help create a level playing field for research and innovation in the European Research Area (ERA).
- Supporting access to international networks for excellent researchers and innovators who are not yet sufficiently involved in European and international networks.
- Supporting the development and monitoring of 'smart specialisation' strategies. A policy support facility will be developed and policy learning at regional level be facilitated through international evaluation by peers and best practice sharing.

## **21.7 Developing industrial leadership and competitiveness, including for SMEs**

One of the key objectives of Horizon 2020 is to increase industrial leadership in innovation, to raise competitiveness and bring more good ideas to market. Some key initiatives will be:

- Building leadership in enabling and industrial technologies, with dedicated funding support of €13.78 billion for ICT, including photonics and micro- and nano electronics, nano technologies, advanced materials, advanced manufacturing and processing, biotechnology, and space.
- €3.5 billion will be devoted to scaled up and expanded use of financial instruments to help leverage yet further private research and innovation investments, including venture capital investments for innovative, high tech companies, and in particular SMEs. For every Euro invested in this way, up to €5 in additional financing will be generated. This will be achieved through two financial instruments:

- ★ A **debt facility** providing loans and guarantees and other forms of debt/ risk finance to entities of all forms and sizes, including research and innovation driven SMEs
- ★ An equity facility will focus on early stage investments while having the possibility to make expansion and growth-stage investments in conjunction with the equity facility under the Programme for the Competitiveness of Enterprises and SMEs.

Both financial instruments will support the achievement of the R&I objectives of all sectors and policy areas crucial for societal challenges, enhancing innovation and fostering sustainable growth. They will be implemented via a mandate to or a partnership with, the European Investment Bank group and/or other international financial institutions and national intermediaries. A specific facility for SMEs will start up in early 2012.

- SME participation across Horizon 2020 based on an integrated strategy that aims to fill gaps in funding for early-stage, high-risk research and innovation by SMEs as well as stimulating breakthrough innovations. Around 15% (€6.8 billion) of the total combined budgets of the 'Societal challenges' Specific Programme and the 'Leadership in enabling and industrial technologies' objective will be devoted to SMEs.
- A new dedicated SME instrument (similar to the SBIR model in the United States) will provide an easily accessible SME window, with simple rules and procedures. The new instrument will encourage SMEs to put forward their most innovative ideas with an EU dimension. Only SMEs will be able to apply for funding, even single company support will be possible to ensure market relevance and to increase commercialisation of project results.
- In addition, a specific action will promote market-oriented innovation of R&D performing SMEs, building on the Eurostars Joint Programme. Furthermore, SMEs will be encouraged to participate in other parts of Horizon 2020.

## 21.8 Information and Communications Technologies in Horizon 2020

As a whole, the information and communication technologies (CT) sector represents 4.8% of the EU economy. It generates 25% of total business expenditure in Research and Development (R&D), and investments in ICT account for 50% of all European productivity growth.

The overall aim of EU research and innovation in information and communication (ICTs) under Horizon 2020 is to bring the benefits of progress in these technologies to European citizens and businesses. ICT is essential to address Europe's societal challenges. It brings unique responses e.g. to the growing needs for sustainable healthcare and ageing well, for better security and privacy, for a lower carbon economy and for intelligent transport. This EU investment will support the ICT research and innovation that can best deliver new business breakthroughs, often on the basis of emerging technologies. In particular, ICT in Horizon 2020 will support the development of:

## 21.9 ICT in Science

- FET Open fostering novel ideas: Collaborative research for embryonic, high risk visionary science and technology. Replaced by FET-Open Xtrack which is trialling a new lighter, faster single stage process.
- FET Proactive: Nurturing emerging themes and communities
- FET Flagships: projects on a global scale tackling grand interdisciplinary science and technology challenges
- E-Infrastructures: Integration and access to national research infrastructures; development, deployment and operation of e-Infrastructures

## 21.10 ICT in industrial leadership

- Developing new generation of components and systems including smart embedded components and systems, micro nano bio systems, organic electronics and complex systems engineering.
- Next generation computing, Advanced computing systems and technologies.

The European Union's Framework Program 7 (with an emphasis on ICT)

- Network infrastructures, technologies and services for the future Internet,
- Content technologies and information management, including ICT for digital content and creativity. Advanced interfaces and robots. Service robotics, cognitive systems, advanced interfaces and smart spaces.
- Key Enabling Technologies: Micro- nano-electronics and photonics. Development of these technologies requires a multi-disciplinary, knowledge and capital-intensive approach.

### **21.11 ICT in societal challenges**

- Health, demographic change & well being; e-health, self management of health, improved diagnostics, improved surveillance, health data collection, active ageing, assisted living;
- Secure, clean and efficient energy; Smart cities; Energy efficient buildings; smart electricity grids; smart metering;
- Smart, green and integrated transport; Smart transport equipment, infrastructures and services; innovative transport management systems; safety aspects
- Climate action, resource efficiency and raw materials; ICT for increased resource efficiency; earth observation and monitoring
- Inclusive, innovative and secure societies; Digital inclusion; social innovation platforms; e-government services; e-skills and e-learning; e-culture; cyber security; ensuring privacy and protection of human rights on-line

### **21.12 Socio-economic sciences and humanities in Horizon 2020**

The social sciences and humanities will be fully integrated within each of the main pillars of Horizon 2020. In particular, the "Inclusive, Innovative and Secure Society" challenge will allow the social sciences and humanities scientific community to study issues such as smart and sustainable growth; social transformations in European societies; social innovation and creativity; the position of Europe as a global actor, as well as the social dimension of a secure society. Social sciences and humanities researchers can also receive funding via the European Research Council, Marie Curie Action and initiatives under the Research Infrastructures Programme.

### **21.13 The European Institute of Innovation and Technology (EIT)**

The European Institute of Innovation and Technology (EIT) is an autonomous EU body stimulating world-leading innovation. The EIT has an administrative headquarters (in Budapest) and its KICs operate from 16 sites throughout Europe, bringing together excellent higher education institutions, research centres and businesses. To date, three KICs have been created, focusing on sustainable energy (InnoEnergy KIC), climate change (Climate KIC) and information and communication society (EIT ICT Labs).

Under Horizon 2020, the EIT will consolidate and enhance the impact of the three existing KICs and gradually set up six additional KICs until 2020 in areas of major societal and economic relevance, with a high innovation potential –added value manufacturing, food4future, innovation for healthy living and active ageing, raw materials, smart secure societies, and urban mobility. It also plans to install mechanisms ensuring that best practices from the KICs are fully shared and accessible across Europe. Through the proposed measures, the EIT is expected to provide impulse for creating up to 600 start-up companies and for training around 25,000 students and 10,000 PhDs in new curricula combining excellent science with a strong entrepreneurship component.

### **21.14 The European Research Council**

Set up in 2007 by the EU, the European Research Council is the first pan-European funding organisation for frontier research. It aims to stimulate scientific excellence in Europe by encouraging competition for funding between the very best, creative researchers of any nationality, age and theme. The ERC's two core funding schemes are the 'ERC Starting Grants' (worth up to €2 million over up to 5 years) for younger, early-career top researchers, and the 'ERC Advanced Grants' (worth up to €3.5 million over up to 5 years) for senior research leaders.

To date, the ERC has funded over 2,200 frontier research projects throughout Europe and has become a "benchmark" of the competitiveness of national innovation systems as it complements existing funding schemes at national and European levels. In addition to retaining and attracting the best talent, each ERC grants on average allows the lead researcher to employ four other researchers, contributing to the training of a new generation of excellent scientists. Under Horizon 2020 the ERC will receive €13.2 billion over seven years.

### **21.15 The Joint Research Centre**

The Joint Research Centre (JRC) is the in-house science service of the European Commission. Its mission is to provide scientific and technical support to EU policy making, thus operating at the interface between research and EU policy. It provides input throughout the whole policy cycle from conception to implementation and evaluation, on key priority areas: energy and transport, environment and climate change, agriculture and food security, health and consumer protection, information and communication technologies, reference materials, and all aspects of safety and security including nuclear.

It will contribute to provide independent and sound scientific input to evidence-based policy making and thus underpins Europe's development towards smart, sustainable and inclusive growth. JRC research will complement other Horizon 2020 funded research activities in finding answers to the economic and societal challenges faced by Europe today.

### **21.16 More public-private and public-public partnerships**

European Innovation Partnerships are a new way to join up resources to accelerate breakthrough innovations for societal challenges where there is also a new market potential for EU business. EIPs are not funding instruments, nor do they substitute the existing institutional decision mechanisms. However, the objectives developed in the EIP Strategic Implementation Plans are key contributions to the definition of priorities in the annual work programmes of Horizon 2020, with obligations on both sides (the Commission and the EIP itself) to ensure dialogue and follow-up on proposed priorities. The Commission will also support Joint Programming Initiatives (JPIs) during the development of their Strategic Research Agendas through co-ordination and support measures. Where the areas addressed by a JPI fit with Horizon 2020 priorities, its instruments may be used to support JPIs where appropriate. In general, JPI joint actions will be evaluated on a case-by-case basis to assess whether the EU value added justifies funding via the ERA-NET scheme or co-funding via thematic research calls.

"Article 185 Initiatives" (Article 185 of the Treaty on the Functioning of the European Union – TFEU) enable the Union to participate financially in research programmes undertaken jointly by several Member States, including participation in the structures created for the execution of national programmes. An example of this is the "Eurostars" program for SMEs implemented by the Eureka secretariat. The Commission will only consider making a proposal for an Article 185 Initiative where a JPI has demonstrated in its Strategic Research Agenda that it has the capacity for significant collaboration and the necessary scale and scope to support full integration of national programmes.

### **21.17 Promoting gender equality and the gender dimension in research and innovation**

Horizon 2020, takes on the EU's overall mission to eliminate inequalities and to promote equality between men and women. This implies the following dual approach:

- To correct the imbalances in the participation of female scientists at all stages of research careers and in the various fields of research;
- To consider gender as a dimension of research by taking into account the biological, social and economic differences between women and men all through the research process.

Each work programme will contain a dedicated section describing the action planned to address imbalances between the sexes, and to integrate a gender dimension. This will also be reflected at project

The European Union's Framework Program 7 (with an emphasis on ICT)  
level within the provisions of grant agreements.

### **21.18 Promoting responsible research and innovation in Horizon 2020**

There is often a major gap in time between ground breaking research being conducted and the point at which innovative products or systems based on this research are regularly used by EU citizens and businesses. This engenders the risk that future public concerns (for example privacy concerns related to the internet, or ethical concerns over GMOs) which were not imagined by policy makers or researchers at the time, could hamper development or the take up of fruits of innovative research innovation.

To overcome this, and to deepen the relationship between science and society and reinforcing public confidence in science, Horizon 2020 will favour an informed engagement of citizens and civil society on research and innovation matters by promoting science education, by making scientific knowledge more accessible, by developing responsible research and innovation agendas that meet citizens' and civil society's concerns and expectations and by facilitating their participation in Horizon 2020 activities.

### **21.19 The existing research funding architecture**

Horizon 2020 will bring together all existing EU research and innovation funding currently provided through the Framework Programme for Research and Technological Development (FP), the Competitiveness and Innovation Framework Programme (CIP) and the European Institute of Innovation and Technology (EIT).

- The Framework Programmes are seven year programmes where grants are given to researchers all over Europe and beyond, in order to co-finance research, technological development and demonstration projects. Grants are determined on the basis of calls for proposals and a peer review process, which are highly competitive. The current seventh framework programme, FP7, runs from 2007–2013 with a total budget of €55 billion.
- The current CIP runs from 2007 to 2013 with an overall budget of € 3.6 billion. It targets mainly small and medium-sized enterprises (SMEs) and supports innovation activities (including eco innovation), provides better access to finance and delivers business support services in the regions. It encourages a better take-up and use of information and communication technologies (ICT) and helps to develop the information society. It also promotes the increased use of renewable energies and energy efficiency.
- The EIT is an institute of the European Union established in March 2008. Its mission is to integrate the knowledge triangle of research, innovation and education and thus to reinforce the Union's innovation capacity. It aims to achieve this objective through the pioneering concept of highly integrated cross-border
- Public-partnerships known as Knowledge and Innovation Communities (KICs), in areas of societal challenges that are of utmost relevance to Europe's common future.

### **21.20 Funding rules in Horizon 2020**

A variety of major changes are being discussed - however it seems relatively clear that Overheads will be fixed and calculation of Overheads will be removed. All participants in collaborative research will receive 100% of direct costs with 25% for Overheads.

### **21.21 Marie Curie and Horizon 2020**

In the next proposal for the Research and Innovation programme "Horizon 2020", the Marie Curie Actions will be renamed "Marie Skłodowska-Curie Actions" (MSCA). The objective of the actions will however remain the same: supporting career development and training of researchers through worldwide mobility and skills development.

The Marie Curie Actions will continue to play a key role, with a proposed budget amounting to €5.57 billion. In the future, MSCA will intensify collaboration between universities, research institutions, enterprises, including SMEs and all socio-economic actors. It will be implemented by, for example, doctoral training, temporary postings of researchers from the public to the private sector or vice-versa,

The European Union's Framework Program 7 (with an emphasis on ICT) and short term staff exchanges between public and private sectors. This should increase the employability of researchers, broaden the career prospects of researchers and in both public and private sectors, attract talents from abroad and thereby combat brain drain. In addition, the MSCA will become the only EU program offering support for excellent doctoral training.

In Horizon 2020 Marie Curie actions go from 9 actions to 4 broader lines of activity:

- Fostering new skills by means of excellent initial training of researchers
- Doctoral level training: innovative, intersectoral, interdisciplinary, international
- Follows on from ITN scheme (including new European Industrial Doctorate and Innovative Doctoral Programme strands)
  
- Nurturing excellence by means of cross-border and cross-sector mobility
  - Opportunities for researchers at all career levels
  - Supports cross-border and cross-sector mobility
  - Follows on from FP7 individual fellowships
  
- Stimulating innovation by means of cross-fertilisation of knowledge
  - Staff exchange – international cross-border and/or inter-sectoral
  - Follows on from IAPP/IRSES schemes
  
- Co-funding of activities across other three strands
  - Aims to “leverage additional funds to increase the numerical and structural impact of MCA”

The MSCA will also continue to promote the participation and empowerment of women in research notably through the EU Charter and Code for researchers.

## 21.22 ERC and Horizon 2020

It is proposed that 'Horizon 2020' will be composed of three specific pillars: the European Research Council (ERC) will be part of the first pillar, "Excellent science", together with Marie Curie, Future and Emerging Technologies (FET) and research infrastructures. The proposed budget for the ERC under Horizon 2020 is €13.2 billion. This represents a 77% increase of the total ERC budget, compared to the Seventh Research Framework Programme.

Moreover, considering the estimated inflation from 2014 to 2020 and administrative costs (maximum 6% of the operational budget), the total ERC budget would amount to €15 billion. This would mean a doubling of the current ERC budget under the Seventh Research Framework Programme (ERC budget €7.5 billion).

The Commission proposal will be negotiated in the coming months with the European Parliament and the Council of the EU. The final decision is expected to be adopted before the end of 2013.

## 21.23 Some detailed differences with FP7

We have examined the Commission proposal of December 2011 and so far have noted the following significant changes:

Aspect	FP7	Horizon 2020	Notes
Budget	€50B	€70B*	Includes EIT and CIP
Guarantee fund	Set-up	Continues	Is successful
Maximum funding	75%	100%	Significant change

The European Union's Framework Program 7 (with an emphasis on ICT)

Management funding	100%	100%	Significant change
Demonstration	50%	70%	Significant change
Overheads**	20%, 60% or calculated	25%	Significant change Under some circumstances may be possible to calculate
Ex-ante financial viability check	On all coordinators & Beneficiaries >€500,000	Only on all coordinators	Significant change
Audit certificates	every €375,000	every €325,000	Similar to current CIP-PSP
VAT charges	No central government tax allowed to be charged	If unrecoverable, allowed to be charged	Whether this applies to non-VAT central Government charges needs to be verified

\* Budgets still to be agreed

\*\*excluding sub-contracts



## Appendix 1 European Union

### A1.1 States Participating in the Framework Program

#### A1.1.1 Member States

The European Union from 1 July 2013 comprised of the following twenty eight member states -

- Austria
- Belgium
- Bulgaria
- Croatia
- Cyprus
- Czech Republic
- Denmark
- Estonia
- Finland
- France
- Germany
- Greece
- Holland
- Hungary
- Ireland
- Italy
- Latvia
- Lithuania
- Luxembourg
- Luxembourg
- Malta
- Poland
- Portugal
- Romania
- Slovakia
- Slovenia
- Spain
- Sweden
- United Kingdom

#### A1.1.2 Associated Countries

The following 13 countries have concluded Associated Agreement as of 1 Jul 2013 -

- Albania
- Bosnia
- Faroe Islands
- FYR of Macedonia
- Iceland
- Israel
- Lichtenstein
- Moldova
- Montenegro
- Norway
- Serbia
- Switzerland
- Turkey

Moldova became an Associated State on 1 Jan 2012.

Switzerland (EC and Euratom) - the Science and Technology Agreement was signed on 25 June, 2007 and was concluded and entered into force on 28 February, 2008.

Israel (EC) - the Science and Technology Agreement was signed on 16 July, 2007 and was concluded and entered into force on 17 December, 2008.

Norway, Iceland and Liechtenstein - Article 1 of Protocol 31 of the EEA agreement was amended on 15 June 2007 by a decision of the EEA Joint Committee extending the association of these countries to FP7 which entered into effect on 1 January, 2007.

As a result, legal entities established in Switzerland, Israel, Norway, Iceland and Liechtenstein are able to receive Community contributions for contracts/grant agreements signed after 1 January 2007.

Eight countries are waiting in the wings to join the European Union.

#### ALBANIA

Albania is not expected to join the EU until 2015 at the earliest. It formally applied for membership on 28 April 2009. Since 15 December 2010 Albanians with biometric passports have been able to travel visa-

free to the Schengen zone, which includes most EU countries.

#### BOSNIA-HERCEGOVINA

Bosnia-Herzegovina is not expected to join the EU until 2015 at the earliest. It signed a Stabilisation and Association Agreement (SAA) with the EU in June 2008. The EU was satisfied with progress in four key areas - police reform, co-operation with the international war crimes tribunal, public broadcasting and public administration reform. Visa-free travel to the Schengen zone began in mid-December 2010 for Bosnians with biometric passports.

#### ICELAND

Applied for full membership: July 2009. Negotiations started: July 2010. The EU has opened accession talks with Iceland. But Iceland's progress is threatened by a dispute over mackerel fishing. Recently Iceland withdrew its request to join.

Iceland is in the Schengen zone, meaning its people enjoy passport-free travel to many European countries. Iceland also applies many of the EU's single market rules.

#### MACEDONIA

Applied for full membership: March 2004. Confirmed as candidate: December 2005. The European Commission has recommended that the EU open membership talks with Macedonia.

Since 19 December 2009 Macedonians have not needed visas to visit most EU member states - those in the Schengen zone. Hopes that accession talks would open in 2008 suffered a blow from election violence in June and a subsequent boycott of parliament by ethnic Albanian opposition parties. A bitter dispute with Greece over Macedonia's name continues to hamper the country's bids to join the EU and NATO. Macedonia was admitted to the United Nations in 1993 using the temporary name of the Former Yugoslav Republic of Macedonia (Fyrom).

#### MONTENEGRO

Applied for full membership: December 2008. Confirmed as candidate: December 2010. Candidate status has boosted Montenegro's bid and the EU opened the country's accession talks in June 2012.

Talks with the EU on a Stability and Association Agreement (SAA) began shortly after the country voted, in May 2006, to end its union with Serbia. The SAA was signed in October 2007.

Since 19 December 2009, citizens of Montenegro have not needed visas to visit most EU countries - those in the Schengen zone.

#### SERBIA

Applied for full membership: December 2009. Serbia's progress towards the EU has been sluggish - it is trailing far behind its neighbour Croatia.

Serbia is unlikely to join the EU until at least 2015.

Citizens of Serbia and two other former Yugoslav republics - Macedonia and Montenegro - enjoy visa-free travel to the Schengen area, which includes most of the EU. The visa waiver applies to those who hold biometric passports.

Serbia signed a Stabilisation and Association Agreement (SAA) with the EU in April 2008, but only in June 2010 did EU foreign ministers agree to put it into effect.

#### TURKEY

Applied for full membership: 1987. Confirmed as candidate: December 1999. Negotiations started:

October 2005.

Turkey met the last condition for accession talks in July 2005, when it extended a customs union with the EU to all new member states, including Cyprus. However, it failed to ratify the customs union and its ports and airports remain closed to Cypriot traffic. The EU responded, in December 2006, by freezing accession talks in eight policy areas.

Faroe Islands - Negotiations of the EU with the Faroe Islands on a Science and Technology Agreement to associate them to FP7 (EC) have been completed. The Council's decision on the signature of the agreement was in 2010. This will accord the same participation and funding rights and obligations to legal entities of the Faroe Islands as to those legal entities established in the EU Member States. There is an ongoing dispute similar as that with Iceland over mackerel fishing.

### ***AI.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>

### ***AI.1.4 Schengen countries***










<a href="#">Austria</a>	<a href="#">Belgium</a>	<a href="#">Czech Republic</a>	<a href="#">Denmark</a>
<a href="#">Estonia</a>	<a href="#">Finland</a>	<a href="#">France</a>	<a href="#">Germany</a>
<a href="#">Greece</a>	<a href="#">Hungary</a>	<a href="#">Iceland</a>	<a href="#">Italy</a>
<a href="#">Latvia</a>	<a href="#">Lithuania</a>	<a href="#">Luxembourg</a>	<a href="#">Malta</a>
<a href="#">Netherlands</a>	<a href="#">Norway</a>	<a href="#">Poland</a>	<a href="#">Portugal</a>
<a href="#">Slovakia</a>	<a href="#">Slovenia</a>	<a href="#">Spain</a>	<a href="#">Sweden</a>
<a href="#">Liechtenstein</a>			<a href="#">Switzerland</a>


The Schengen Area currently consists of 26 states, including 4 which are not members of the [European Union](#) (EU). Two of the non-EU members, Iceland and Norway, are part of the [Nordic Passport Union](#) and are officially classified as states associated with the Schengen activities of the EU.[5] Switzerland was subsequently allowed to participate in the same manner in 2008. Liechtenstein joined the Schengen Area on 19 December 2011.[6] *De facto*, the Schengen Area also includes three European micro-states, Monaco, San Marino and the Vatican City, that maintain open or semi-open borders with other Schengen member countries.[7] Two EU members – Ireland and the United Kingdom – have negotiated opt-outs from Schengen and continue to operate the [Common Travel Area](#) systematic border controls with other EU member states.

The remaining four EU member states, [Bulgaria](#), [Croatia](#), [Cyprus](#) and [Romania](#), are obliged to eventually join the Schengen Area. However before fully implementing the Schengen rules, each state must have its preparedness assessed in four areas: [air borders](#), [visas](#), police cooperation, and [personal data protection](#). This evaluation process involves a questionnaire and visits by EU experts to selected institutions and workplaces in the country under assessment.

### ***AI.1.5 Euro zone***

<b><i>State</i></b>	<b><i>Adopted</i></b>	<b><i>Population</i></b> (2011-01-01)	<b><i>Nominal</i></b> <b><i>GDP</i></b> <b><i>World Bank,</i></b> <b><i>2009</i></b> (million USD)	<b><i>Relative</i></b> <b><i>GDP</i></b> <b><i>of total</i></b> <b><i>(nominal)</i></b>	<b><i>GDP per</i></b> <b><i>capita</i></b> <b><i>World Bank,</i></b> <b><i>2009</i></b> <b><i>nominal</i></b> (USD)	<b><i>Exceptions</i></b>
<a href="#">Austria</a>	1999-01-	8,404,252	384,908	3.09%	45,799	

<i>State</i>	<i>Adopted</i>	<i>Population</i> <i>(2011-01-01)</i>	<i>Nominal</i> <i>GDP</i> <i>World Bank,</i> <i>2009</i> <i>(million USD)</i>	<i>Relative</i> <i>GDP</i> <i>of total</i> <i>(nominal)</i>	<i>GDP per</i> <i>capita</i> <i>World Bank,</i> <i>2009</i> <i>nominal</i> <i>(USD)</i>	<i>Exceptions</i>
	01					
<a href="#">Belgium</a>	1999-01-01	10,918,405	468,522	3.76%	42,911	
<a href="#">Cyprus</a> (incl. UK military base)	2008-01-01	838,896 14,500	24,910	0.20%	30,966	 <a href="#">Northern Cyprus[a]</a>
<a href="#">Estonia</a>	2011-01-01	1,340,194	19,120	0.15%	14,267	
<a href="#">Finland</a>	1999-01-01	5,375,276	237,512	1.91%	44,186	
<a href="#">France</a>	1999-01-01	65,075,373	2,649,390	21.26%	40,713	 <a href="#">New Caledonia[b]</a>  <a href="#">French Polynesia[b]</a>  <a href="#">Wallis and Futuna[b]</a>
<a href="#">Germany</a>	1999-01-01	81,751,602	3,330,032	26.73%	40,734	
<a href="#">Greece</a>	2001-01-01	11,325,897	329,924	2.65%	29,130	
<a href="#">Ireland</a>	1999-01-01	4,480,858	227,193	1.82%	50,703	
<a href="#">Italy</a>	1999-01-01	60,626,442	2,112,780	16.96%	34,849	 <a href="#">Campione d'Italia[c]</a>
<a href="#">Luxembourg</a>	1999-01-01	511,840	52,449	0.42%	102,471	
<a href="#">Malta</a>	2008-01-01	417,617	7,449	0.06%	17,837	
<a href="#">Netherlands</a>	1999-01-01	16,655,799	792,128	6.36%	47,559	 <a href="#">Aruba[d]</a>  <a href="#">Curacao[e]</a>  <a href="#">Sint Maarten[e]</a>  <a href="#">Caribbean Netherl.[f]</a>
<a href="#">Portugal</a>	1999-01-01	10,636,979	227,676	1.83%	21,404	
<a href="#">Slovakia</a>	2009-01-01	5,435,273	87,642	0.70%	16,125	
<a href="#">Slovenia</a>	2007-01-01	2,050,189	48,477	0.39%	23,645	
<a href="#">Spain</a>	1999-01-01	47,190,493	1,460,250	11.72%	30,944	

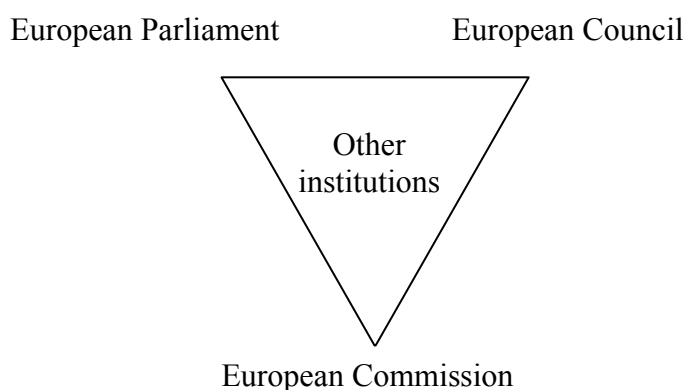
<u>State</u>	<u>Adopted</u>	<u>Population</u> (2011-01-01)	<u>Nominal GDP</u> <u>World Bank,</u> <u>2009</u> (million USD)	<u>Relative GDP</u> <u>of total</u> <u>(nominal)</u>	<u>GDP per capita</u> <u>World Bank,</u> <u>2009</u> <u>nominal</u> <u>(USD)</u>	<u>Exceptions</u>
01  Eurozone		331,963,357	12,460,362	100%	37,535	

The euro is also used in countries outside the EU. Three states – Monaco, San Marino, and Vatican City — have signed formal agreements with the EU to use the euro and issue their own coins. Nevertheless, they are not considered part of the eurozone by the ECB and do not have a seat in the ECB or Euro Group. [Andorra's monetary agreement with the EU](#) to use the Euro came into force in April 2012 and will permit it to issue its own Euro coins as early as 1 July 2013, provided that Andorra implements relevant EU legislation. They are expected to issue their first coins on 1 January 2014. [23]

[Kosovo\[g\]](#) and [Montenegro](#) officially adopted the euro as their sole currency without an agreement and, therefore, have no issuing rights. [These states are not considered part of the eurozone by the ECB. However, sometimes the term *eurozone* is applied to all territories that have adopted the euro as their sole currency. Further unilateral adoption of the euro ([euroisation](#)), by both non-euro EU and non-EU members, is opposed by the ECB and EU.

## 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:

- It shares with the Council the power to legislate, i.e. to adopt European laws (directives, regulations, decisions). Its involvement in the legislative process helps to guarantee the democratic legitimacy of the texts adopted;
- It shares budgetary authority with the Council, and can therefore influence EU spending. At the end of the procedure, it adopts the budget in its entirety;
- It exercises democratic supervision over the Commission. It approves the nomination of Commissioners and has the right to censure the Commission. It also exercises political supervision

The European Union's Framework Program 7 (with an emphasis on ICT)  
over all the institutions.

### ***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:

- It is the Union's legislative body; for a wide range of EU issues, it exercises that legislative power in co-decision with the European Parliament;
- It co-ordinates the broad economic policies of the Member States;
- It concludes, on behalf of the EU, international agreements with one or more States or international organisations;
- It shares budgetary authority with Parliament;
- It takes the decisions necessary for framing and implementing the common foreign and security policy, on the basis of general guidelines established by the European Council;
- It co-ordinates the activities of Member States and adopts measures in the field of police and judicial cooperation in criminal matters.

### ***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:

- It has the right to initiate draft legislation and therefore presents legislative proposals to Parliament and the Council;
- As the Union's executive body, it is responsible for implementing the European legislation (directives, regulations, decisions), budget and programs adopted by Parliament and the Council;
- It acts as guardian of the Treaties and, together with the Court of Justice, ensures that Community law is properly applied;
- It represents the Union on the international stage and negotiates international agreements, chiefly in the field of trade.

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 and Innovation
- Communication Networks, Content and Technology
- Mobility and Transport
- Education and Culture
- Enterprise and Industry
- Energy

Agencies:

- ERCEA (European Research Council Executive Agency),
- REA (Research Executive Agency)

The ICT Program sits within the Directorate General for Communication Networks, Content and Technology (DG CNECT). This previously was DG INFSO and before that the equivalent of the Ministry

The European Union's Framework Program 7 (with an emphasis on ICT) of Telecommunications and still retains responsibility for Telecommunication policy and regulation for the EU - which is very convenient for the ICT program.

The Security Program is managed by DG Enterprise and Innovation; and Transportation Program by DG Mobility & Transport. However, it is important to note that the overall Framework Program is the responsibility of the Research Directorate General and this leads to internal Commission problems. See also A1.2.4 and A1.2.5 below.

Under FP7 the Commission has created a series of Executive Agencies. Executive agencies are organisations established in accordance with Council Regulation (EC) No 58/2003 (OJ L 11, 16.1.2003) with a view to being entrusted with certain tasks relating to the management of one or more Community programmes. These agencies are set up for a fixed period. Their location has to be at the seat of the European Commission (Brussels or Luxembourg).

At present, these agencies are:

Research Executive Agency (REA) **See A1.2.5 below**

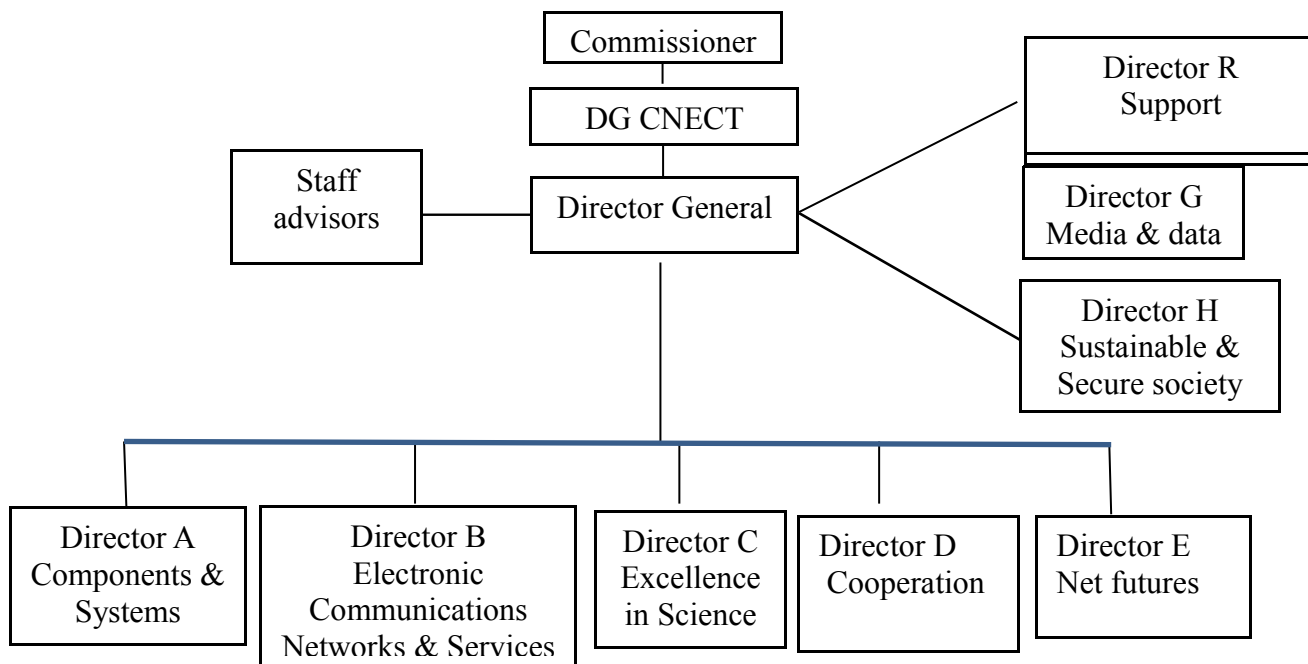
European Research Council Executive Agency (ERC) **See A1.2.4 below**

Executive Agency for Competitiveness and Innovation (EACI) **See A1.2.6 below**

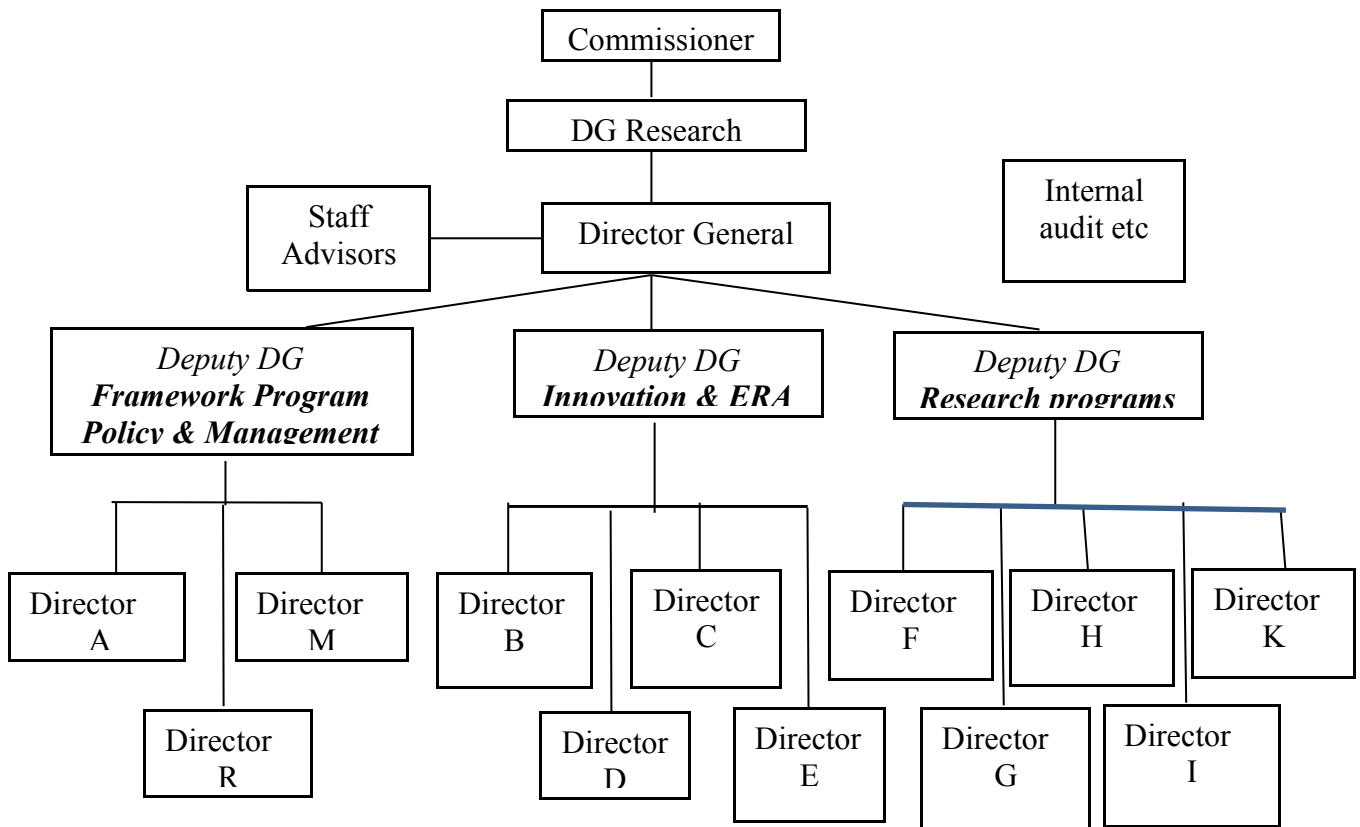
Education, Audiovisual and Culture Executive Agency (EACEA)

Executive Agency for Health and Consumers (EAHC)

Trans-European Transport Network Executive Agency (TEN-T EA)



The rest of the Framework Program is managed by Directorate General for Research (But see A1.2.4 and A1.2.5, below. It also has overall responsibility for the Framework Program and it is this that is at the root of some of the disconnection in the interpretation of the rules.



#### A1.2.4 ERC Executive Agency

When FP7 was established it was stated that there was an intention to establish executive agencies to outsource the management of FP7, leaving the Commission to deal with political and policy issues. The first step for this was the establishment of the European Research Council to handle the new Ideas program in FP7.

The European Research Council (ERC) is the first European funding body set up to support investigator-driven frontier research. Its main aim is to stimulate scientific excellence by supporting and encouraging the very best, truly creative scientists, scholars and engineers to be adventurous and take risks in their research. The scientists should go beyond established frontiers of knowledge and the boundaries of disciplines.

The ERC complements other funding activities in Europe such as those of the national research funding agencies, and is a flagship component of the 'Ideas Programme' of the European Union's Seventh Research Framework Programme (FP7).

Being 'investigator-driven', or 'bottom-up', in nature, the ERC approach allows researchers to identify new opportunities and directions in any field of research, rather than being led by priorities set by politicians. This approach ensures that funds are channelled into new and promising areas of research with a greater degree of flexibility.

ERC grants will be awarded through open competition to projects headed by starting and established researchers, irrespective of their origins, who are working or moving to work in Europe - the sole criterion for selection is scientific excellence. The aim here is to recognise the best ideas, and retain and confer status and visibility to the best brains in Europe, while also attracting talent from abroad. But the ERC aims to do more than simply fund research.



In the long term, it looks to substantially strengthen and shape the European research system. This is done through high quality peer review, the establishment of international benchmarks of success, and the provision of up-to-date information on who is succeeding and why.

The hope is that these processes will help universities and other research institutions gauge their performance and encourage them to develop better strategies to establish themselves as more effective global players. By challenging Europe's brightest minds, the ERC expects to bring about new and unpredictable scientific and technological discoveries - the kind that can form the basis of new industries, markets, and broader social innovations of the future.

Ultimately, the ERC aims to make the European research base more prepared to respond to the needs of a knowledge-based society and provide Europe with the capabilities in frontier research necessary to meet global challenges.

The ERC aims to:

- support the best of the best scientific efforts in Europe across all fields of science, scholarship and engineering.
- promote wholly investigator-driven, or 'bottom-up' frontier research.
- encourage the work of the established and next generation of independent top research leaders in Europe.
- reward innovative proposals by placing emphasis on the quality of the idea rather than the research area.
- harness the diversity of European research talent and channel funds into the most promising or distinguished researchers.
- raise the status and visibility of European frontier research and the very best researchers of today and tomorrow.
- put excellence at the heart of European Research

What is 'frontier research' and what are its benefits?

Today the distinction between 'basic' and 'applied' research has become blurred, due to the fact that emerging areas of science and technology often cover substantial elements of both. As a result, the term 'frontier research' was coined for ERC activities since they will be directed towards fundamental advances at and beyond the 'frontier' of knowledge.

The ERC aims to bring about a wide range of benefits:

- By creating open and direct competition for funding between the very best researchers in Europe, the ERC will enhance aspirations and achievements. It will enable the best ideas and talents to be recognised from a larger pool than exists at national level.
- The ERC's competitive funding will be able to channel funds into the most promising new fields, with a degree of agility not always possible in national funding schemes.
- The ERC aims to stimulate research organisations to invest more in the support of promising new talents - the next generation of research leaders in Europe.
- On the economic side, the ERC will help nurture science-based industry and create a greater impetus for the establishment of research-based spin-offs.
- From a societal perspective, the ERC could provide a mechanism for investing rapidly in research targeted at new and emerging issues confronting society.

#### ***A1.2.5 Research Executive Agency***

The Research Executive Agency (REA) of the European Communities has been set up in Brussels in order to manage a large part of the Seventh Framework Programme for Research, Technological Development and Demonstration Activities (FP7).

The European Union's Framework Program 7 (with an emphasis on ICT)

Executive agencies are set up, for a limited period (in this case the period of FP7, though this might be extended) and are located in either Brussels or Luxembourg (note that "Executive Agencies" should be differentiated from "Regulatory Agencies" that are set up by specific decisions of the European Council and/or the European Parliament and are situated in many of the member states of the European Union).

The task of executive agencies is to manage (literally to "execute") specific activities that would normally have been carried out by specific departments within the European Commission. As they concentrate on this management role, and have no policy remit, executive agencies can be more effective and more efficient in addressing the needs of their client base (in this case the research communities).

The REA has its own legal personality, but is supervised and controlled by the European Commission, in particular by the directorates general that have research portfolios: DG Research, DG Enterprise, DG Information Society, and the transport section of DG Transport and Energy. The REA has no responsibility for research policy – all research-related policy remains within the relevant directorates general of the European Commission.

The parts of FP7 that the REA have begun to manage are:

- The Marie-Curie Actions of the People Programme.
- The -specific activities of the Capacities Programme.
- A large part of the Space and the Security themes from the Cooperation Programme from 15 June 2009.

In addition, a major role of the REA is to provide and manage the evaluation facilities across the entire framework programme (except evaluation facilities for the Ideas Programme, which is entirely managed by the European Research Council).

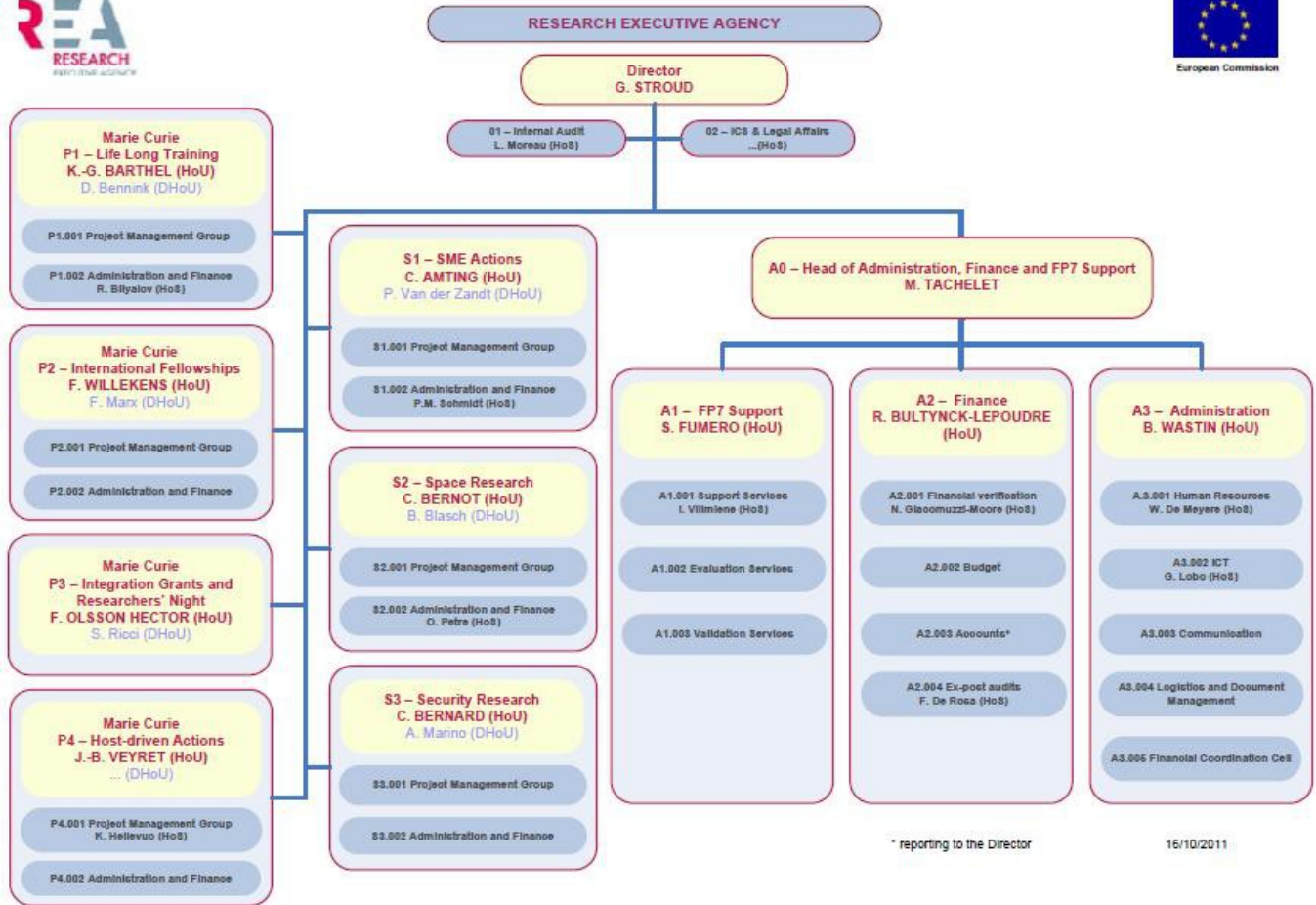
Overall, the REA will manage a budget of around €1 billion each year. A brand-new, purpose-equipped evaluation facility is situated in the "Covent Garden" building at Place Rogier in Brussels, close to the Gare du Nord, and within easy reach of the city centre and the Commission buildings. The programme management section of the agency will be located in Brussels in premises specially selected for the purpose.

The agency is staffed partially by officials seconded from the European Commission, but mainly by new staff. Significant employment opportunities are expected to arise during the implementation of the REA, and further information can be found here.

The initial stages for the preparation of the REA are now complete. The legal decisions setting up the agency were taken on the 14th December 2007, with a director and steering committee was in place by mid 2008." The agency started employing its staff and has now taken up its different tasks.

Although FP7 runs until 2013, the REA is expected to remain in place until 2017 in order to manage projects funded during FP7. The life of the REA may, or may not, then be extended depending on the Communities' decisions on research funding subsequent to FP7.

The organisational structure is:



### ***AI.2.6 Executive Agency for Competitiveness and Innovation***

Energy, transport, environment, competitiveness, innovation - Europe today is up against extraordinary challenges but also great opportunities.

Whether it is about promoting smart energy use and renewables, creating markets for eco-innovative technology, switching to more sustainable freight transport, or getting better information to SMEs, environmental improvement and commercial success can actually work together.

We are an international team of specialists on energy, the environment, business support, multi-modal transport, communication and finance. The team includes both European Commission officials and professionals coming from the private sector. They all share a commitment to the European way of linking competitiveness and innovation with environmental protection and a cleaner energy future.

The remit of Executive Agencies is to help the Commission manage EU programs more efficiently and with improved results. To deliver efficiently high-quality European programmes and initiatives in these areas, the European Commission has set up the Executive Agency for Competitiveness & Innovation (EACI) to manage on its behalf:

#### **Intelligent Energy – Europe**

The Power to Innovate

#### **Marco Polo**

New Ways to a Green Horizon

#### **Enterprise Europe Network**

Business Support at Your Doorstep

#### **Eco-innovation**

When Business Meets the Environment

#### **IPeuropAware Project**

Putting Ideas to Work

### ***AI.2.7 European Institute of Innovation and Technology***

The European Parliament, and the Council, also approved the European Institute of Innovation and Technology (EIT). José Manuel Barroso, the president of the EC, said of the EP vote, “I am delighted with this decisive step forward towards establishing the EIT. The EIT is set to become an important feature of Europe's innovation landscape. It will facilitate and enhance partnerships and cooperation between the worlds of business, research and higher education across the European Union, thereby helping to continue to boost jobs and growth in Europe in the future.”

Following the approval of the Governing Board, the first two or three of the Knowledge and Innovation Communities (KICs) were set up in the first half of 2009.

Further information

The EIT website is available at: [www.ec.europa.eu/eit](http://www.ec.europa.eu/eit)

The EIT is a body of the European Union. Our mission is to increase European sustainable growth and competitiveness by reinforcing the innovation capacity of the EU. We facilitate transitions: from idea to product, from lab to market, from student to entrepreneur.

To do so, we integrate higher education, research and business in areas of high societal need through our Knowledge and Innovation Communities (KICs), focused on the following topics: climate change

The European Union's Framework Program 7 (with an emphasis on ICT) mitigation ([Climate-KIC](#)), information and communication technologies ([EIT ICT Labs](#)) and sustainable energy ([KIC InnoEnergy](#)).

EIT headquarters are based in Budapest, Hungary. [Knowledge and Innovation Communities](#) gather hundreds of partners in 17 co-location centres across Europe.

## Appendix 2 Glossary

3D	Three Dimensional
AAL	Joint Undertaking Ambient Assisted Living
AC	Additional Cost model with 20% fixed overhead rate Assistant 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 <b>Action Line</b>
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
ARRA	American Recovery and Reinvestment Act
ARTEMIS	Embedded Computer Systems ETP
Artemesia	ARTEMIS Joint undertaking

The European Union's Framework Program 7 (with an emphasis on ICT)

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 <b>Take-up measure</b> 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.
ATVMIP	US Advanced Technology Vehicles Manufacturing Incentive Program
Audit certificates	<p>FP6 term now formally called "Certificate on Financial Statement"</p> <p>Audit certificates 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 must provide one per year). The audit certificate shall certify that the costs:</p> <ul style="list-style-type: none"> <li>• are incurred during the duration of the project,</li> <li>• are recorded in the accounts of the contractor,</li> <li>• are determined in accordance with the usual accounting principles of the contractors,</li> <li>• meet the other main contractual requirements regarding eligibility of costs (except for necessity).</li> </ul>
AUP	<p>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)</p> <p>ToR is annexed to the Grant Agreement (Annex VII)</p> <p>AUP is derived from common practice in audits and corresponds to international audit standards</p> <p>2 types of AUP: Report of factual findings on expenditure verification system verification</p>
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
Best Practice actions	Type of <b>Take-up measure</b> . 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 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 <b>Coordination Action</b>
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 theCORDIS website.
Candidate Countries	Those NAS countries that are in process of becoming members of the EU
CAP	See <b>Common Agricultural Policy</b>
CEC	Commission of the European Communities
CERN	European Organisation for Nuclear Research
Certificate on Financial Statement	See <b>CFS</b>
Certification (of a proposal)	The process in FP5 by which the may apply a digital signature to the proposal, before it was submitted to the Commission.
CFP	See <b>Common Fisheries Policy</b>
CFS	Certification on Financial Statements - what was called "Audit Certificate"
Change of control	Means any change in the control exercised over a contractor or beneficiary
CIP	Competitiveness and Innovation Program
CIP-PSP	See <b>Information and Communication Technologies Policy Support Program</b>
Cluster	A group of <b>RTD</b> 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 <b>Communication Network Development</b>
CNI	See <b>Construction of New Infrastructure</b>
COFUND	EU Co-funding of National programs – part of People program.
Collaborative Project	Known as CP. New term in FP7 that includes both <b>Small or medium scale focused research actions</b> and <b>Large scale</b> integrating projects <b>interpreted differently under the ICT program.</b>
Collective Research	A special 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



<p>Collective Responsibility</p>	<p>This is a mechanism applied in FP6 and modified in FP7 contracts by which a 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.</p> <p>International organisations, public bodies or entities guaranteed by MS/AS are solely responsible for their own debts.</p>
<p>Comitology</p>	<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>
<p>Commissioner</p>	<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>
<p>Common Agriculture Policy</p>	<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>
<p>Common Fisheries Policy</p>	<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>

<p>Communication Network Development</p>	<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>
<p>Community financial contribution</p>	<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> <ul style="list-style-type: none"> <li>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;</li> <li>a grant for integration, as a fixed amount to support the joint programme of activities of a Network of Excellence;</li> <li>a lump sum for certain specific Support Actions, scholarships and prizes.</li> </ul>
<p>Competitive call</p>	<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>
<p>Concertation</p>	<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>
<p>Consensus discussion</p>	<p>The stage in the proposal evaluation process when experts come together to establish a common view on a particular proposal.</p>
<p>Consortium</p>	<p>Most funding schemes require proposals from a number of participants (usually at least three) who agree to work together in a consortium.</p>
<p>Consortium Agreement</p>	<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	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.
Contract	A <b>grant agreement</b> 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
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 <b>Coordination Action</b>
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.
CSA	New term in FP7 that includes both <b>Coordination or Networking Actions</b> and <b>Specific Support Actions</b> .
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 ( <a href="http://cost.CORDIS.lu/src/home.cfm">http://cost.CORDIS.lu/src/home.cfm</a> ), 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"> <li>• Full Cost (FC)</li> <li>• Full Cost with indirect flat rate cost (FCF)</li> <li>• Additional Cost with indirect flat rate cost (AC)</li> </ul> <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 <b>Collaborative Project</b>
CPA or CPC or CPT	Cross-program Action or Cluster or Theme (in previous IST Programs)
CPF	See <b>Contract Preparation Forms</b>
CRAFT	See <b>Co-operative research project (for SMEs)</b>
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 <b>Coordination and Support Action</b>
CSF	Common Strategic Framework - initial name for <b>FP8</b> . Now branded as <b>Horizon2020</b> .
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 <b>Geant</b> 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 <b>Director(ate) General</b>
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 <b>ESR</b>
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 <b>European Economic Area</b>
EEIG	See <b>European Economic Interest Group</b>
EEN	See <b>Enterprise Europe Network</b>
eInclusion	<b>ICT</b> assistance for disabled and elderly communities
EIB	European Investment Bank
EIC	See <b>Euro Info Centres</b>

EIP	See <b>Entrepreneurship and Innovation Program</b>
EIR	Ethical Identification Report - a report submitted by proposal evaluators to be considered by an ethical review panel. See <b>Ethical Review</b>
EIROForum	Partnership of Europe's seven largest intergovernmental research organisations ( <a href="http://www.eiroforum.org/">http://www.eiroforum.org/</a> )
EIT	See <b>European Institute of Innovation and Technology</b>
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. <a href="http://ec.europa.eu/research/enquiries">http://ec.europa.eu/research/enquiries</a>
Enterprise Europe Network	This is the new name for what was called <b>IRCs</b> in FP6.
Entrepreneurship and Innovation Program	Part of CIP program
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 <b>European Research Area</b>
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 <b>Ethical Review</b>
ERRAC	European Rail Research Advisory Council (ETP)
ERTRAC	European Road Transport Research Advisory Council (ETP)
ESA	See <b>European Space Agency</b>
ESF	European Science Foundation
ESO	European Southern Laboratory

The European Union's Framework Program 7 (with an emphasis on ICT)

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	<p>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.</p> <p>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</p>
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 <b>European Research Advisory Board</b>
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	<a href="http://ec.europa.eu/euraxess">http://ec.europa.eu/euraxess</a> - part of People Program
EUREKA	A Europe-wide Network for Industrial R&D ( <a href="http://www.eureka.eu">www.eureka.eu</a> )
Euro Info Centres	Act as an interface between European institutions and the local level ( <a href="http://europa.eu.int/comm/enterprise/networks/eic/eic.html">http://europa.eu.int/comm/enterprise/networks/eic/eic.html</a> ). 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 <b>EEA</b> .
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 <b>EEIG</b>
European Institute of Innovation and Technology	Being set up in 2008. See section A1.2.6
European Reintegration Grants	See <b>ERG</b>

The European Union's Framework Program 7 (with an emphasis on ICT)

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 valuation 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. Replaced by Xtrack in last calls of FP7.



The European Union's Framework Program 7 (with an emphasis on ICT)

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	<p>In FP7 term replaced by Financial Rules.</p> <p>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:</p> <ul style="list-style-type: none"> <li>- information on the financial aspects of the main indirect actions of the Sixth Framework Programmes;</li> <li>- relevant references to the applicable legal framework;</li> <li>- concrete examples, as well as suggestions for good financial practices to be applied when carrying out EC-funded RTD projects.</li> </ul> <p>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.</p>
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.)
FP8	Successor to FP7. Initially named as <b>CSF</b> Common Strategic Framework - now branded as <b>Horizon2020</b> .
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 <b>Cost Model</b>
Funding Scheme	Prior to FP7 known as <b>instrument</b> . 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 FRS
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	Project within IST used as a means to support the European High Speed Backbone Research Network
Gender Action Plan	<p>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.</p> <p>The action plan can include measures such as (examples only, other measures welcome):</p> <p>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,</p>
GEOSS	Global Earth Observation System of Systems ( <a href="http://www.epa.gov/geoss/">www.epa.gov/geoss/</a> )
GIS	Geographic Information System
GMES	Global Monitoring for Environment and Security - <a href="http://gmes.JRC.it/">http://gmes.JRC.it/</a>
GNSS	Global Navigation Satellite Systems
	<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 (s). For preparing these forms, coordinators have to use a software called editor (to be downloaded at <a href="http://www.CORDIS.lu/fp6/find-doc.htm#">http://www.CORDIS.lu/fp6/find-doc.htm#</a>)</p> <p>.</p> <p>From 2008 in most cases a new tool called <b>(Negotiation Facility)</b> is used to prepare the s online. See section 6.24.2 for update.</p> <p>The electronic templates for the s, pre-filled with data from the proposal, will be sent to the together with the letter opening the contract negotiation.</p> <p>The s cover only the administrative data of the contract. In addition to the administrative s, coordinators have to provide a description of the work, the final version of which will be an annex to the contract.</p>
Grand Challenges	The concept of "Grand Challenges" was suggested by the ERA Expert Group "Rationales for the European Research Area". While there is a pressing need to improve the effectiveness of the public research system, the ultimate justification of the resources and commitment needed to achieve this lies in increasing the value of the contribution that public and private sector research makes, and is seen to make, to Europe's economic, social and environmental goals.
Grant Agreement	See <b>Model</b> Grant Agreement
Grant agreement Preparation Forms	See GPF

The European Union's Framework Program 7 (with an emphasis on ICT)

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 ( <a href="http://www.hfsp.org">www.hfsp.org</a> )
HLG	High Level Group. Name tag given to group of senior experts on a specific subject formed by the Commission to report on some subject.
Horizon2020	Branding name for successor to FP7 - initially called <b>CSF</b> . Informally referred to as H2O
I3	See <b>Integrated Infrastructure Initiative</b>
IAPP	Industry Academia Partnerships and Pathways – part of the People program
ICPP	<b>International Cooperation Partner Country</b> (formally known as INCO)
ICT	Information and Communications Technologies
ICTC	Information and Communication Technologies management Committee
ICM	Indirect Cost Model
IEE	See <b>Intelligent Energy Europe Program</b>
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"> <li>- <b>a detailed implementation plan:</b> providing a detailed description of the work to be carried out over the eighteen-month period<sup>1</sup> 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 and by activity.</li> <li>- <b>an outline implementation plan:</b> 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></li> </ul>
IMS	Intelligent Manufacturing Systems Initiative ( <a href="http://www.ims.org/">http://www.ims.org/</a> )
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 in FP7
Incoming International Fellowships	See <b>IIF</b>
Independence	<p>Independence is defined as -</p> <ol style="list-style-type: none"> <li>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"> <li>(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;</li> <li>(b) direct or indirect holding in fact or in law of decision-making powers in a legal entity.</li> </ul> </li> <li>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.</li> <li>3. Ownership or supervision of legal entities by the same public body shall not in itself give rise to a controlling relationship between them.</li> </ol>
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.
Industrial Safety	Industrial Safety ETP
Industry Academia Partnerships and Pathways	See <b>IAPP</b>
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 and Communication Technologies Policy Support Program	<a href="http://ec.europa.eu/cip/ict-psp/index_en.htm">http://ec.europa.eu/cip/ict-psp/index_en.htm</a>
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"> <li>1. A form of STREP not used in IST</li> <li>2. An activity type in a STREP or IP</li> <li>3. Generic meaning of “something new”</li> </ol>
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 ( <a href="http://www.ec-gis.org/inspire/">www.ec-gis.org/inspire/</a> )
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 <b>IEF</b>
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.
Intelligent Energy Europe Program	<a href="http://ec.europa.eu/cip/iee/index_en.htm">http://ec.europa.eu/cip/iee/index_en.htm</a>
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 <b>IEIO</b>
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 <b>IRG</b>
International Research Staff Exchange Scheme	See <b>IRSES</b>
IOF	Outgoing International Fellowships – part of People Program
IP	See Integrated Project or Integrating Project
IP	Internet Protocol
IP	See <b>Intellectual Property (rights)</b>
IPO	See <b>Initial Public Offering</b>
IPR and IPRs	See Intellectual property rights
IPV4	Internet Protocol Version 4
IPV6	Internet Protocol Version 6

IRC	See <b>Innovation Relay Centres</b>
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 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 <b>ETPs</b> .
Joint Undertaking	This is the legal entity set up to manage a JTI
JRC	See <b>Joint Research Centre</b>
JTC	Join Technical Committee, an association between ISO and the IEC (Information Engineering Committee)
JTI	See <b>Joint Technology Initiative</b>
JRU	See <b>Joint Research Unit</b>
JU	See <b>Joint Undertaking</b>
KA	See <b>Key Action</b>
KET	Key Enabling Technology. Increasing importance in relation to FP7 successor framework.
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 <b>Location Based Services</b>
LEAR	Legal Entity Appointed Representative – The person appointed by each organisation to manage that organisation's data stored in the central 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 '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 <b>Fellowship</b>
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 <b>Model Grant Agreement</b> 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 <b>Memorandum of Understanding</b>
MS	See <b>Member state</b>



The European Union's Framework Program 7 (with an emphasis on ICT)

NANO MATERIAL	"Nanomaterials" are materials whose main constituents have a dimension of between 1 and 100 billionth of a metre, according to a recommendation adopted by the European Commission on 18 Oct 2011. The announcement marks an important step towards greater protection for citizens, clearly defining which materials need special treatment in specific legislation
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 <b>National contact point</b>
NDA	Non-disclosure agreement - see <b>Memorandum of Understanding</b>
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 s See section 6.24.2 for update.
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 <b>NAS</b> . 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 <b>New member state</b>

NoE	See Network of Excellence
Novelty	Euro English for something new
NSF	National Science Foundation ( <a href="http://212.208.8.14/nsf.htm">http://212.208.8.14/nsf.htm</a> )
OCS	Office of the Chief Scientist in Israel
OECD	Organisation for Economic Co-operation and Development
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 <a href="http://www.ombudsman.europa.eu">www.ombudsman.europa.eu</a> 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 <b>IOF</b>
P2P	Peer to peer
Part A	The part of a proposal dealing with administrative data. This part is completed using the web-based EPSS or SEP.
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 or SEP as a pdf file
Participants	The members of a consortium in a proposal or project.
Pathfinder project	Pathfinder projects are a 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.
PCAST	US President's Council of Advisers on Science and Technology
PCP	Pre-Commercial Procurement
PDM -	Participant Data Management – Unique Registration Facility – see also , and
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
Plants	Plants for the Future ETP
PME	Petites Moyennes Entreprises – this is the French term for
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

The European Union's Framework Program 7 (with an emphasis on ICT)

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.
Protool	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"> <li>1.1. "Factories of the Future" initiative for the manufacturing sector (€1.2 billion for R&amp;D);</li> <li>2.2. "Energy-efficient Buildings" initiative for the construction sector (€1 billion for R&amp;D); and</li> <li>3.3. "Green Cars" initiative for the automotive sector worth a total of €5 billion, of which €1 billion is for research activities.</li> </ol> <p>The Commission foresees to provide a contribution of 50% to the total R&amp;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 <b>Research Agenda</b>
RACE	A part of the FP2 and FP3 which dealt with broadband networking.
RDI	Research, Development and Innovation.

REA	See <b>Research Executive Agency</b>
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"> <li>• Financial transfers or their equivalent to the from third parties ;</li> <li>• Contributions in kind from third parties;</li> <li>• Income generated by the project.</li> </ul>
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"> <li>• for research and technological development activities up to 50 % of eligible costs;</li> <li>• for demonstration activities up to 35 % of eligible costs;</li> <li>• for management of the consortium activities up to 100 % of eligible cost not exceeding 7% of the total Community financial contribution;</li> <li>• for training up to 100 % of eligible costs;</li> <li>• for other specific activities up to 100 % of eligible costs;</li> </ul> <p>For rates in FP7 see Chapter 6</p>
Research Agenda	Created within s from the <b>ETP SRA</b>
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 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 <b>Research Network</b>
Roadmap	Part of the Workprogram indicating which Technical topics are opened in each <b>Call for Proposals</b> , and at which time. The roadmap provides a means of focusing attention on areas or sub-areas of the Program in any specific <b>Call</b> , 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 <b>Specific Targeted Research Project</b> 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 <b>Independence</b> <b>(Note this is a new definition as of 1 Jan 2005)</b>
Exploratory Award	Given to an 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.
SEP	New online proposal Submission system that is taking over from EPSS, this new system is accessed via your Participant Portal.
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 .
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 " <b>Small or medium scale focused research action</b> ". Implementation is different in FP7
SRA	See <b>Strategic Research Agenda</b>
SSA	See <b>Specific Support Action</b>
Stimulation Action	This is a specific type of IP. Aimed at broadening the knowledge on a topic of a specific target audience.
STIP	See <b>Specific Targeted Innovation Project</b>
Strategic Research Agenda	The plan created and maintained by <b>ETPs</b> to define future r&D direction and needs as seen by its members.
STREP	See <b>Specific Targeted Research Project</b>
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 <b>Call</b> . The precise date and time by when proposals need to have been received by the Commission Services.

The European Union's Framework Program 7 (with an emphasis on ICT)

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 <b>Accompanying Measure</b> . In FP6 and FP7 can only exist within STREPs or IPs
TAP	<b>Telematics Application Program</b>
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 <b>ToR</b>
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 <b>Thematic Network</b>
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 <b>Take-up</b> measure.
TRL	Technical Readiness Level
TRP	See <b>Specific Targeted Research Project</b>
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 , so they do not have to re-enter all their organisational details for each proposal/project. See also <b>PDM</b> - .
USDA	US Department of Agriculture
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



The European Union's Framework Program 7 (with an emphasis on ICT)

WSSTP	Water Supply and Sanitation Technology Platform
WTO	World Trade Organisation
ZEP	Zero Emission Fossil Fuel Power Plants ETP

## **Appendix 3 Measuring Value of Participation**

There are at least two ways to look at this. The first is the impact of the Framework Program on the technological and commercial competitiveness of sectors, countries or the EU as a whole. This is an extremely complex subject which is impacted by external factors such as international agreements limiting government support for commercial organisations. This tends to point the Framework Program at the "pre-competitive" stage of the innovation cycle. This is further complicated by governments assuming an old style sequential model of science impacting innovation; whereas in practice in most fields and in ICT in particular, most innovation is as a result of market and customer feedback and not the direct impact of scientific advance. We shall not go further into this subject as it is beyond the scope of this book.

The second way is on a cash flow basis. It is overly simplistic to measure the value of participation in a project as being purely the cash amount of funding received from the Commission. The problem of course is that this amount appears to be relatively simple to calculate. Over the years I have found it necessary to come up with some metric that reflects the relative potential benefits of participation. Such a metric can be used to decide on where it could be more effective to apply limited resources or in particular compare overall participations between countries, sectors or programs. Let me first examine problems associated with using cash flow as the measure of funding before looking at my metric and its benefits.

### **A3.1 Cash Flow Measure**

Using the cash method is particularly difficult for organisations outside of the Euro zone as changes in exchange rates makes it difficult to compare like with like. A major problem is to choose the date for the exchange rate – are we talking about present value or future value? When contracts are signed a budget in Euros is agreed for each participant. This budget in the end can turn out to be substantially different from the eventual funding received because of the following types of reason –

- A participant during the project may be unable to justify sufficient expense to reach his budget limit.
- The project may be terminated early because the goals are technically unattainable.
- The project may be terminated early because of the withdrawal of a key participant.
- Due to exchange rate fluctuations, it is possible that a participants budget will not cover his full costs.

Each of the above may result in all of the budget assigned being inaccessible. Of course on the other hand it is possible to end up with more funding than originally budgeted for the following type of reasons –

- The exchange rate may change resulting in more budget being accessible to a participant.
- One or more participants may be unable to use all their assigned budget and the balance can be transferred within the consortium.
- As a result of a participant withdrawing, a different participant could undertake to carry out part of his funded work.

### **A3.2 Value Metric**

It has been shown over and over that the value of undertaking collaborative R&D within the ICT predecessor programs should significantly exceed the value of the financial contribution. This is particularly true for commercial industrial organisations. Three levels of pre-benefits can be identified -

#### ***A3.2.1 Pre-benefits***

The mere activity of becoming involved in a proposal even if unsuccessful, has been shown to be of value in many cases. In order to participate in a proposal, organisations have to research current activity in the program in this specific area. This activity can reveal information of significant commercial value. What competitors are currently doing or planning; what potential users are seeking; what emerging technologies could impact a specific market area. Looking through existing activity data bases or partnering requests and especially by participating in brokerage events or overseas Information Days can provide valuable

The European Union's Framework Program 7 (with an emphasis on ICT)  
insights into future market drivers.

Such value as may be gathered prior to becoming involved in a proposal can be enhanced by the promotion of your interests and capabilities as well as eventual discussions with potential partners. In this phase organisations have an opportunity to increase awareness of their capabilities with potential leading market players, distributors and customers.

When an organisation then participates in a proposal or co-ordinates the production of a proposal, their capabilities and technology becomes even more visible to their partners. There are several documented recent cases of participants deciding not to finally submit a proposal, having decided to collaborate directly with their own funding. Others have decided after making an unsuccessful proposal to continue to work together on a commercial basis.

The benefits derived from each of the above cases never show up in any metrics, even my proposed one below but have to be borne in mind as real benefits.

### ***A3.2.2 Participation benefits***

Several critical factors impact the benefits of participation in addition to each of those already identified under Pre-benefits as discussed above –

- The fact that each participant has access to results of all the other partners.
- Participants whose background is a basis for the R&D lock in other partners to pay royalties for use in order to exploit project results.
- Coordinators have the potential to steer a project in a way to maximise their own benefits.
- Although R&D funding is notionally less than 100%, if one looks at marginal costs it usually covers most if not all a participants cost.
- From a country perspective, the added value of an academic participation is minimal unless they are teamed with a local commercial organisation to exploit the results.
- In FP, many project consortia will have a two tier structure with a subset of the partners being in the so-called core team – this is particularly so in the new instruments

Taking each of the above into account, from a country point of view I postulate that a metric is as follows:

1. For a non-commercial participant, the value is the participant's funding.
2. For a commercial organisation participant, the value is half the total project funding if he is in the core team or there is no core team.
3. For a commercial organisation participant, the value is a quarter the total project funding if there is a core team and he is not in it
4. For a commercial organisation that is the , the value is the full project funding.

From a country perspective therefore the total benefit to the country is the total values of all that country's participation value in the project.

I do not claim that this figure is a cash value – but what I do maintain is that the real value, on average is directly proportional to it. Thus it can be used for comparison and/or strategic investment decisions. It accurately reflects the benefits of being a as well as that of ensuring that Universities are teamed with industrial participations to improve the value.

## Appendix 4 Useful Information Sources

The majority of the best information sources are available on-line. The problem is that there are so many. So I have tried here to indicate the best "portals" rather than give an exhaustive list via subject.

Unbiased as I am, I must recommend our own portal at EFPC. We try to keep this as up to date as I can. In particular look under "documents", "partner search" and "technical topics".

The principal others are as follows -

Name	Link	Notes
Article 169	<a href="http://CORDIS.europa.eu/fp7/art169_en.html">http://CORDIS.europa.eu/fp7/art169_en.html</a>	
Audit certification Guidance	<a href="ftp://ftp.CORDIS.europa.eu/pub/fp7/docs/guidelines-audit-certification_en.pdf">ftp://ftp.CORDIS.europa.eu/pub/fp7/docs/guidelines-audit-certification_en.pdf</a>	23 July 2007
Beneficiary Guide	<a href="ftp://ftp.CORDIS.europa.eu/pub/fp7/docs/beneficiaries_en.pdf">ftp://ftp.CORDIS.europa.eu/pub/fp7/docs/beneficiaries_en.pdf</a>	23 July 2007
Calls for proposal	<a href="http://CORDIS.europa.eu/fp7/calls_en.html">http://CORDIS.europa.eu/fp7/calls_en.html</a>	Current open calls
Capacities Program	<a href="http://CORDIS.europa.eu/fp7/capacities/home_en.html">http://CORDIS.europa.eu/fp7/capacities/home_en.html</a>	
CIP Program	<a href="http://ec.europa.eu/cip">http://ec.europa.eu/cip</a>	
Collective research project	tba	Part of program
Commission staff directory	<a href="http://europa.eu.int/comm/staffdir/plsql/gsys_page.display_index?pLang=EN">europa.eu.int/comm/staffdir/plsql/gsys_page.display_index?pLang=EN</a>	Includes all DGs – kept up to date
Common agricultural policy	<a href="http://europa.eu.int/comm/agriculture/index_en.htm">europa.eu.int/comm/agriculture/index_en.htm</a>	
Common fisheries policy	<a href="http://europa.eu.int/comm/fisheries/policy_en.htm">europa.eu.int/comm/fisheries/policy_en.htm</a>	
Competitiveness and Innovation Framework Program (CIP)	<a href="http://CORDIS.europa.eu/fp7/cip_en.html">http://CORDIS.europa.eu/fp7/cip_en.html</a> and <a href="http://CORDIS.europa.eu/innovation/en/policy/cip.htm">http://CORDIS.europa.eu/innovation/en/policy/cip.htm</a>	
Consortium Agreement Check List	<a href="ftp://ftp.CORDIS.europa.eu/pub/fp7/docs/checklist_en.pdf">ftp://ftp.CORDIS.europa.eu/pub/fp7/docs/checklist_en.pdf</a>	28 June 2007 is latest version
Consortium Agreement Model DESCA	<a href="http://www.desca-fp7.eu/DESCA/Version1/Intro.htm">http://www.desca-fp7.eu/DESCA/Version1/Intro.htm</a>	1 May 2007
Consortium Agreement Model EICTA	<a href="http://www.eicta.org/web/news/telecharger.php?iddoc=632">http://www.eicta.org/web/news/telecharger.php?iddoc=632</a>	10 July 2007
Cooperation program	<a href="http://CORDIS.europa.eu/fp7/cooperation/home_en.html">http://CORDIS.europa.eu/fp7/cooperation/home_en.html</a>	
Cooperative research project (CRAFT)	tba	Part of the program
CORDIS	<a href="http://CORDIS.europa.eu">CORDIS.europa.eu</a>	Prime Commission R&D site
Council of the EU	<a href="http://www.consilium.europa.eu">www.consilium.europa.eu</a>	
Currency converter	<a href="http://www.ecb.int/stats/eurofxref">www.ecb.int/stats/eurofxref</a>	
Description of Work Template (FP7)	<a href="ftp://ftp.CORDIS.europa.eu/pub/fp7/docs/negotiation_en.doc">ftp://ftp.CORDIS.europa.eu/pub/fp7/docs/negotiation_en.doc</a>	31 July 2007
DG CNECT	<a href="http://ec.europa.eu/dgs/connect/index_en.htm">http://ec.europa.eu/dgs/connect/index_en.htm</a>	Was DG INFSO
DG Enterprise	<a href="http://ec.europa.eu/comm/dgs/enterprise/move.htm">ec.europa.eu/comm/dgs/enterprise/move.htm</a>	
DG INFSO	<a href="http://ec.europa.eu/comm/dgs/information_society/">ec.europa.eu/comm/dgs/information_society/</a> Now renamed DG CNECT or DG CONNECT	Information Society DG

The European Union's Framework Program 7 (with an emphasis on ICT)

G Research	<a href="http://ec.europa.eu/comm/research/">ec.europa.eu/comm/research/</a>	Research DG
ECAS (European Commission Authentication Service)	<a href="https://webgate.ec.europa.eu/aida/selfreg">https://webgate.ec.europa.eu/aida/selfreg</a>	
ECAS Help	<a href="https://webgate.ec.europa.eu/cas/selfreg/help.cgi">https://webgate.ec.europa.eu/cas/selfreg/help.cgi</a>	
eContent	<a href="http://www.CORDIS.lu/econtent/">www.CORDIS.lu/econtent/</a>	
EEIG	<a href="http://ec.europa.eu/scadplus/leg/en/lvb/l26015.htm">ec.europa.eu/scadplus/leg/en/lvb/l26015.htm</a>	
EFPC Group	<a href="http://www.efpcgroup.com">www.efpcgroup.com</a>	
EIRForum	<a href="http://www.eiroforum.org/">http://www.eiroforum.org/</a>	Partnership of Europe's seven largest intergovernmental research organisations
Energy Program	<a href="http://CORDIS.europa.eu/fp7/cooperation/energy_en.html">http://CORDIS.europa.eu/fp7/cooperation/energy_en.html</a>	Program parallel to ICT
Entrepreneurship and Innovation Program	<a href="http://ec.europa.eu/cip/eip/index_en.htm">http://ec.europa.eu/cip/eip/index_en.htm</a>	
Environment (including Climate Change)	<a href="http://CORDIS.europa.eu/fp7/cooperation/environment_en.html">http://CORDIS.europa.eu/fp7/cooperation/environment_en.html</a>	Program parallel to ICT
EPSS web site	<a href="http://CORDIS.europa.eu/fp7/epss_en.html">http://CORDIS.europa.eu/fp7/epss_en.html</a>	Proposal submittal system
ERA	<a href="http://CORDIS.europa.eu/era/">http://CORDIS.europa.eu/era/</a>	
ERA-NET	<a href="http://CORDIS.europa.eu/coordination/home.html">http://CORDIS.europa.eu/coordination/home.html</a>	
ERA-Watch service	<a href="http://CORDIS.europa.eu/erawatch/">http://CORDIS.europa.eu/erawatch/</a>	
eTen	<a href="http://www.ten-telecom.org/default.asp">www.ten-telecom.org/default.asp</a>	New for FP7
Ethical review	<a href="http://cordis.europa.eu/fp7/ethics_en.html">http://cordis.europa.eu/fp7/ethics_en.html</a>	
Ethics Checklist	<a href="http://CORDIS.europa.eu/fp7/ethics_en.html#ethics_cl">http://CORDIS.europa.eu/fp7/ethics_en.html#ethics_cl</a>	
Ethics supporting documents	<a href="http://CORDIS.europa.eu/fp7/ethics_en.html#ethics_sd">http://CORDIS.europa.eu/fp7/ethics_en.html#ethics_sd</a>	
EURAB	<a href="http://europa.eu.int/comm/research/eurab/index_en.html">europa.eu.int/comm/research/eurab/index_en.html</a>	
EURATOM	<a href="http://CORDIS.europa.eu/fp7/euratom/indirect_en.html">http://CORDIS.europa.eu/fp7/euratom/indirect_en.html</a>	
Eureka	<a href="http://www.eureka.be">www.eureka.be</a>	
Euro exchange rates	<a href="http://europa.eu.int/comm/budget/inforeuro/">europa.eu.int/comm/budget/inforeuro/</a>	For use in cost statements
Europa	<a href="http://europa.eu.int">europa.eu.int</a>	European Union web site
European Research Council (ERC)	<a href="http://erc.europa.eu/index_en.cfm">http://erc.europa.eu/index_en.cfm</a>	
Euro Info Centres	<a href="http://europa.eu.int/comm/enterprise/networks/eic/eic.html">europa.eu.int/comm/enterprise/networks/eic/eic.html</a>	
European Space Agency	<a href="http://www.esa.int/export/esaCP/index.html">www.esa.int/export/esaCP/index.html</a>	
European Technology Platforms	<a href="http://CORDIS.europa.eu/technology-platforms/home_en.html">http://CORDIS.europa.eu/technology-platforms/home_en.html</a>	
Eurostars	<a href="http://www.eurostars-eureka.eu/">http://www.eurostars-eureka.eu/</a>	
Evaluator call	<a href="http://CORDIS.europa.eu/fetch?CALLER=EN_NEWS&amp;ACTION=D&amp;SESSION=&amp;RCN=26822">http://CORDIS.europa.eu/fetch?CALLER=EN_NEWS&amp;ACTION=D&amp;SESSION=&amp;RCN=26822</a>	To apply as an evaluator
Experts	As Evaluator above	To be an evaluator
Financial Issues	<a href="ftp://ftp.CORDIS.europa.eu/pub/fp7/docs/financi">ftp://ftp.CORDIS.europa.eu/pub/fp7/docs/financi</a>	24 July 2007

The European Union's Framework Program 7 (with an emphasis on ICT)

Guide	<a href="#">alguide_en.pdf</a>	
Finance Help-desk	<a href="http://www.finance-helpdesk.org">www.finance-helpdesk.org</a>	
Food, Agriculture and Fisheries, Biotechnology	<a href="http://CORDIS.europa.eu/fp7/cooperation/food_en.html">http://CORDIS.europa.eu/fp7/cooperation/food_en.html</a>	Program parallel to ICT
FORCE	<a href="http://webgate.ec.europa.eu/sesam">http://webgate.ec.europa.eu/sesam</a>	Via SESAME
FP7 home page	<a href="http://CORDIS.europa.eu/fp7">CORDIS.europa.eu/fp7</a>	General information about FP7
Framework program	<a href="http://europa.eu.int/comm/research/why.htm">europa.eu.int/comm/research/why.htm</a>	
Gender	<a href="http://www.CORDIS.lu/rtd2002/science-society/women.htm">www.CORDIS.lu/rtd2002/science-society/women.htm</a>	
Editor	<a href="http://CORDIS.europa.eu/fp7/ict/participating/grantagreement-prep_en.html">http://CORDIS.europa.eu/fp7/ict/participating/grantagreement-prep_en.html</a>	Cannot access directly - go in first to <a href="http://CORDIS.europa.eu/fp7/ict/">http://CORDIS.europa.eu/fp7/ict/</a>
Editor users guide	<a href="ftp://ftp.CORDIS.europa.eu/pub/fp7/ict/docs/participating/gpf-editor-user-manual_en.pdf">ftp://ftp.CORDIS.europa.eu/pub/fp7/ict/docs/participating/gpf-editor-user-manual_en.pdf</a>	
Grant Agreement	<a href="http://CORDIS.europa.eu/fp7/calls-grant-agreement_en.html">http://CORDIS.europa.eu/fp7/calls-grant-agreement_en.html</a>	
Health Program	<a href="http://CORDIS.europa.eu/fp7/cooperation/health_en.html">http://CORDIS.europa.eu/fp7/cooperation/health_en.html</a>	Program parallel to ICT
ICT Home page	<a href="http://CORDIS.europa.eu/fp7/ict/">http://CORDIS.europa.eu/fp7/ict/</a>	
Ideal-ist	<a href="http://www.ideal-ist.net">www.ideal-ist.net</a>	ICT active partner search
Ideas Program	<a href="http://CORDIS.europa.eu/fp7/ideas/home_en.html">http://CORDIS.europa.eu/fp7/ideas/home_en.html</a>	
I'm Europe	<a href="http://www2.echo.lu/">www2.echo.lu/</a>	Another useful portal
INCO	<a href="http://www.CORDIS.lu/fp6/inco.htm">www.CORDIS.lu/fp6/inco.htm</a>	
Information and Communication Technologies Policy Support Program	<a href="http://ec.europa.eu/cip/ict-ppsp/index_en.htm">http://ec.europa.eu/cip/ict-ppsp/index_en.htm</a>	
Insight projects	<a href="http://www.CORDIS.lu/nest/insight.htm">www.CORDIS.lu/nest/insight.htm</a>	Part of NEST
INTAS	<a href="http://www.intas.be/mainfs.htm">www.intas.be/mainfs.htm</a>	
Intelligent Energy Europe Program	<a href="http://ec.europa.eu/cip/iee/index_en.htm">http://ec.europa.eu/cip/iee/index_en.htm</a>	
IPR	<a href="http://www.ipr-helpdesk.org">www.ipr-helpdesk.org</a>	
IPR Guide	<a href="ftp://ftp.CORDIS.europa.eu/pub/fp7/docs/ipr_en.pdf">ftp://ftp.CORDIS.europa.eu/pub/fp7/docs/ipr_en.pdf</a>	28 June 2007
IRC	<a href="http://www.innovationrelay.net">www.innovationrelay.net</a>	
ISERD	<a href="http://www.iserd.org.il/ist">www.iserd.org.il/ist</a>	
ISTAG	<a href="ftp://CORDIS.lu/pub/fp6/docs/eag_ist.pdf">ftp.CORDIS.lu/pub/fp6/docs/eag_ist.pdf</a> <a href="http://www.CORDIS.lu/ist/istag.htm">www.CORDIS.lu/ist/istag.htm</a>	IST Advisory Group
Joint Research Centre (JRC)	<a href="http://www.JRC.ec.europa.eu/">http://www.JRC.ec.europa.eu/</a>	
JTIs	<a href="http://CORDIS.europa.eu/fp7/jtis/">CORDIS.europa.eu/fp7/jtis/</a>	
JTIs Sherpa Group report	<a href="ftp://ftp.cordis.europa.eu/pub/fp7/docs/jti/jti-sherpas-report-2010_en.pdf">ftp://ftp.cordis.europa.eu/pub/fp7/docs/jti/jti-sherpas-report-2010_en.pdf</a>	Replacing by PPPs
Nanosciences, nanotechnologies, materials & new production technologies	<a href="http://CORDIS.europa.eu/fp7/cooperation/nanotechnology_en.html">http://CORDIS.europa.eu/fp7/cooperation/nanotechnology_en.html</a>	Program parallel to ICT
National Contact Point (NCP)	<a href="http://CORDIS.europa.eu/fp7/ncp_en.html">http://CORDIS.europa.eu/fp7/ncp_en.html</a>	

Negotiation Guidelines	<a href="http://CORDIS.europa.eu/fp7/find-doc_en.html">http://CORDIS.europa.eu/fp7/find-doc_en.html</a>	
Negotiation Guidance Notes	<a href="ftp://ftp.CORDIS.europa.eu/pub/fp7/docs/negotiation_en.pdf">ftp://ftp.CORDIS.europa.eu/pub/fp7/docs/negotiation_en.pdf</a>	
OECD	<a href="http://www.oecd.org">www.oecd.org</a>	
Official journal (OJ)	<a href="http://europa.eu.int/eur-lex/en/oj/">europa.eu.int/eur-lex/en/oj/</a>	
Ombudsman	<a href="http://www.ombudsman.europa.eu">www.ombudsman.europa.eu</a>	
Participant Portal	<a href="http://ec.europa.eu/research/participants/portal">http://ec.europa.eu/research/participants/portal</a>	
Participant portal FAQ	<a href="http://ec.europa.eu/research/participants/portal/ppmanager/participants/portal?nfpb=true&amp;pageLabel=faq">http://ec.europa.eu/research/participants/portal/ppmanager/participants/portal?nfpb=true&amp;pageLabel=faq</a>	
Participant portal help desk	<a href="http://ec.europa.eu/research/participants/portal/ppmanager/participants/portal?nfpb=true&amp;pageLabel=contactus">http://ec.europa.eu/research/participants/portal/ppmanager/participants/portal?nfpb=true&amp;pageLabel=contactus</a>	
Partner Search (CORDIS)	<a href="http://CORDIS.europa.eu/fp7/partners_en.html">http://CORDIS.europa.eu/fp7/partners_en.html</a>	
Partner Search (Idealist)	<a href="http://www.ideal-ist.net">www.ideal-ist.net</a>	
Pathfinder projects	<a href="http://www.CORDIS.lu/nest/pathfinder.htm">www.CORDIS.lu/nest/pathfinder.htm</a>	Part of NEST
People Program	<a href="http://CORDIS.europa.eu/fp7/people/home_en.html">http://CORDIS.europa.eu/fp7/people/home_en.html</a>	
Policy Green Papers	<a href="http://europa.eu.int/comm/off/green/index_en.htm">europa.eu.int/comm/off/green/index_en.htm</a>	
Policy White Papers	<a href="http://europa.eu.int/comm/off/white/index_en.htm">europa.eu.int/comm/off/white/index_en.htm</a>	
PPP	<a href="http://ec.europa.eu/research/industrial_technologies/ppp-in-research_en.html">http://ec.europa.eu/research/industrial_technologies/ppp-in-research_en.html</a>	
Quali4EU	<a href="http://www.quali4eu.net">www.quali4eu.net</a>	Consultants committed to quality
Rapidus CORDIS news service	<a href="http://CORDIS.europa.eu/guidance/email_en.html">http://CORDIS.europa.eu/guidance/email_en.html</a>	
REA Research Executive Agency	<a href="http://ec.europa.eu/research/rea/index.cfm?pg=home">http://ec.europa.eu/research/rea/index.cfm?pg=home</a>	
Redress procedure	<a href="http://CORDIS.europa.eu/fp7/redress_en.html">http://CORDIS.europa.eu/fp7/redress_en.html</a>	
Research Infrastructures	<a href="http://CORDIS.europa.eu/fp7/capacities/research-infrastructures_en.html">http://CORDIS.europa.eu/fp7/capacities/research-infrastructures_en.html</a>	
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	<a href="http://www.finance-helpdesk.org/front/ShowArticle.aspx?ItemID=1073#Guide">http://www.finance-helpdesk.org/front/ShowArticle.aspx?ItemID=1073#Guide</a>	Ex ante check rules
Safer Internet Action Plan	<a href="http://europa.eu.int/information_society/programmes/iap/index_en.htm">europa.eu.int/information_society/programmes/iap/index_en.htm</a>	
Scientific and Technological Options Assessment	<a href="http://www.europarl.eu.int/stoa/publi/default_en.htm">www.europarl.eu.int/stoa/publi/default_en.htm</a>	
Security Research Preparatory Action	<a href="http://europa.eu.int/comm/research/security/index_en.html">europa.eu.int/comm/research/security/index_en.html</a>	
Security Research Program	<a href="http://CORDIS.europa.eu/fp7/cooperation/secutiry_en.html">http://CORDIS.europa.eu/fp7/cooperation/secutiry_en.html</a>	

The European Union's Framework Program 7 (with an emphasis on ICT)

SESAM	<a href="http://webgate.ec.europa.eu/sesam">http://webgate.ec.europa.eu/sesam</a>	EU reporting portal
SME	<a href="http://CORDIS.europa.eu/fp7/capacities/research-SME_en.html">http://CORDIS.europa.eu/fp7/capacities/research-SME_en.html</a>	
Portal	<a href="http://ec.europa.eu/enterprise/SME/fund_tools/fund_tools_theme_en.htm">http://ec.europa.eu/enterprise/SME/fund_tools/fund_tools_theme_en.htm</a>	
Test	<a href="http://ec.europa.eu/research/SME-techweb/index_en.cfm">http://ec.europa.eu/research/SME-techweb/index_en.cfm</a>	A new web-based test to help European companies find out if they correspond to the EU definition of small and medium sized enterprise () is now available online.
SEP Users Guide	<a href="http://ec.europa.eu/research/participants/portal/ShowDoc/Participant+Portal/portal_content/docs/submission/10_minutes_guide_to_the_submission.pdf">http://ec.europa.eu/research/participants/portal/ShowDoc/Participant+Portal/portal_content/docs/submission/10_minutes_guide_to_the_submission.pdf</a>	Replacing EPSS
Socio-economic Sciences and the Humanities	<a href="http://CORDIS.europa.eu/fp7/cooperation/socio-economic_en.html">http://CORDIS.europa.eu/fp7/cooperation/socio-economic_en.html</a>	Program parallel to ICT
Space program	<a href="http://CORDIS.europa.eu/fp7/cooperation/space_en.html">http://CORDIS.europa.eu/fp7/cooperation/space_en.html</a>	Program parallel to ICT
Transport (including aeronautics)	<a href="http://CORDIS.europa.eu/fp7/cooperation/transport_en.html">http://CORDIS.europa.eu/fp7/cooperation/transport_en.html</a>	Program parallel to ICT
web-site	<a href="http://CORDIS.europa.eu/fp7/urf_en.html">http://CORDIS.europa.eu/fp7/urf_en.html</a>	Explanation of process



## Appendix 5 Project Budgeting Spread Sheet

In order to illustrate the budgeting process for FP7, in this section we give a detailed example of the use of our spread sheet for an ICT STREP. The blank spread sheet used in this example is available for download from our web site at [www.efpcgroup.com/tools](http://www.efpcgroup.com/tools). It is also available at [www.Finance-helpdesk.eu](http://www.Finance-helpdesk.eu) However it should be used in conjunction with the guidelines in this Section. The version available is for 7 Workpackages and 6 partners; although it can be modified fairly easily for other configurations. Please note that some changes and corrections have recently been made. The current version is R and is dated 5 Dec 2011. Main improvements are:

- Incorporation of number of trips per WP into Project summary
- Reformatting of Manpower sheet to match Proposal requirement
- Various corrections

Please note that this example does not take account of the latest revision of the Guide to Financial Issues dated January 2012 that suggests significant changes to charging project meetings to Project Management. (See introduction to section 9)

### A5.1 Modification for real use

In order to protect the formulae from accidental overwriting (which has happened many times in the past), we have locked these cells and protected the sheets. However we have not used a password, therefore if you wish to modify the spread sheet you need to unprotect using a blank password. (Tools/protection/unprotect sheet.) We strongly suggest you re-protect before use.

The particular spread sheet used as an example in this Appendix is based on the Budget-V1R template which is set up for a STREP with up to ten partners i.e. the Coordinator plus nine contractors and is subdivided into eight work packages. It should be relatively mechanical to modify the number of partners and/or the number of work packages for anyone reasonably familiar with Excel. It could also be modified for CSAs by changing the formulae. **This version of the spread sheet is set up to take account of Demonstration; Dissemination etc as required. Notes on how to use it for these aspects follow-on below and also in Chapter 16 above.**

### A5.2 Need for spread-sheet

We introduced such spread sheets as examples for FP6, principally because of the introduction of Consortium Management funding. In our opinion, the balancing required because of the differing funding rates and the 7% limit in FP6 for Consortium Management funding at 100%, was almost impossible without some such automation. In FP7 the need continues but the Consortium Management, is no longer automatically limited to 7%.

In the past when we acted as evaluators, we always gave more credence to financial plans in proposals that appeared to have been derived bottom-up over those that were obviously top-down. If each partner's share of the funding consists of round numbers or if each University receives say 10%, companies 15% and the coordinator say 25%, then there has obviously not been proper analytical budgeting carried out. Such proposals rarely succeed and those that do have to be really reworked at contract negotiations.

### A5.3 High level description of the spread sheet template

The template consists of an overall project summary sheet at the front and a manpower breakdown sheet at the end. In between there is a single sheet for each partner. Note: **WP1 must be Consortium Management and WP2 must be Dissemination**

**A5.3.1 Project summary sheet**

	A	B	C	D	E	F	G	H	I	J	K	L
1	<b>Proposal</b>	<b>VP1</b>	<b>VP2</b>	<b>VP3</b>	<b>VP4</b>	<b>VP5</b>	<b>VP6</b>	<b>VP7</b>	<b>VP8</b>	<b>Totals</b>		
2	WP Name	CM	Dissem									
3	Man months	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00		
4	<b>Personnel costs</b>	0	0	0	0	0	0	0	0	0		
5	No of trips	0	0	0	0	0	0	0	0	0		
6	Travel cost	0	0	0	0	0	0	0	0	0		
7	Equipment	0	0	0	0	0	0	0	0	0		
8	Materials	0	0	0	0	0	0	0	0	0		
9	Other	0	0	0	0	0	0	0	0	0		
10	<b>Other direct costs</b>	0	0	0	0	0	0	0	0	0		
11	<b>Indirect costs</b>	0	0	0	0	0	0	0	0	0		
12	Subtotal	0	0	0	0	0	0	0	0	0		
13	Audit cert	0								0		
14	Sub-contract	0	0	0	0	0	0	0	0	0		
15	<b>Subcontracting</b>	0	0	0	0	0	0	0	0	0		
16	<b>Total budget</b>	0	0	0	0	0	0	0	0	0		
17	<b>Requested EC contrib</b>	0	0	0	0	0	0	0	0	0		
18	WP % funding	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0			
19	100% 50% or RTD	100	100	RTD	RTD	RTD	RTD	RTD	RTD			
20												
21		Part 1	Part 2	Part 3	Part 4	Part 5	Part 6	Part 7	Part 8	Part 9	Part 10	
22	<b>Funding</b>	0	0	0	0	0	0	0	0	0	0	0
23	<b>Funding %</b>	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0	
24	<b>Resource %</b>	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	
25												
26	<b>Partner Short name</b>											
27	<b>Man month cost</b>											
28	<b>RTD rate</b>											
29	<b>Overhead rate</b>											
30	<b>Trip cost</b>											
31	<b>Overheads on all direc</b>	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	
32	<b>PIC</b>											
33	<b>NDA</b>	No	No	No	No	No	No	No	No	No	No	
34												
35	<b>This spread sheet is for use only with ICT STREPs - needs mods for other programs/instruments</b>											
36	<b>Please note that VP1 must be Project Management and VP2 must be Dissemination</b>											
37	<b>Use is at own risk - email comments/questions to <a href="mailto:Info@efpcgroup.com">Info@efpcgroup.com</a></b>											
38	<b>Fill in WP short titles in row 2 and partner details/status in rows 24-33</b>									RTD		
39	<b>Check if dissemination should be at RTD rate or 100% and choose at C19</b>									100		
40	<b>If WP3 etc is Demo, choose 50 at D19 etc</b>									50		
	Project	Part1	Part2	Part3	Part4	Part5	Part6	Part7	Part8	Part9	Part10	

**A5.3.2 Partner sheet**

1	Part 1	MM w/o OH	Funding rate	O/Head rate	WP1	WP2	WP3	WP4	WP5	WP6	WP7	WP8	Totals
2	0	in Euros	50/75	0	CM	Dissem	0	0	0	0	0	0	
3	<b>Labour rate</b>	0	0										
4	Man months												0.00
5	Personnel costs				0	0	0	0	0	0	0	0	0
6	No of trips												0
7	Travel cost				0	0	0	0	0	0	0	0	0
8	Equipment												0
9	Materials												0
10	Other												0
11	Other direct costs				0	0	0	0	0	0	0	0	0
12	Indirect costs				0	0	0	0	0	0	0	0	0
13	Subtotal				0	0	0	0	0	0	0	0	0
14	Audit cert												0
15	Sub-contract												0
16	Subcontracting				0	0	0	0	0	0	0	0	0
17	Total budget				0	0	0	0	0	0	0	0	0
18	Requested EC contribution				0	0	0	0	0	0	0	0	0
19													
20							RTD	Demo	MGT	Totals			
21					Personnel costs		0	0	0	0	0		
22					Subcontracting		0	0	0	0	0		
23					Other direct costs		0	0	0	0	0		
24					Indirect costs		0	0	0	0	0		
25													
26					Total Budget		0	0	0	0	0		
27					Requested EC contrib		0	0	0	0	0		

**A5.3.3 Manpower sheet**

	A	B	C	D	E	F	G	H	I	J	K
1											
2	<b>Partner</b>	<b>Partner</b>	<b>WP1</b>	<b>WP2</b>	<b>WP3</b>	<b>WP4</b>	<b>WP5</b>	<b>WP6</b>	<b>WP7</b>	<b>WP8</b>	<b>Total</b>
3	<b>number</b>	<b>short name</b>	<b>CM</b>	<b>Dissem</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	
4	Part 1	0	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
5	Part 2	0	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
6	Part 3	0	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
7	Part 4	0	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
8	Part 5	0	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
9	Part 6	0	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
10	Part 7	0	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
11	Part 8	0	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
12	Part 9	0	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
13	Part 10	0	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
14	Totals	Per WP	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	<b>0.00</b>
15											
16											

## A5.4 Spread Sheet set-up for a specific proposal

In order to set it up for a specific proposal, you should:

1. Insert the Project Acronym in cell A1;
2. Insert each WP short title into row 2
3. Insert the activity rate for each Workpackage in row 19; it could either be the RTD rate; 50% or 100%.

Item	Sheet	Cell	Note
WP1 activity rate	Project	B19	Consortium Management 100%
WP2 activity rate	Project	C19	Dissemination Rate - 100% or RTD - see call
WP3-WP6 activity rates	Project	D19-I19	Rate for each WP (RTD rate, 50% for demonstration)

This needs to be followed by entering each partner's information in the Project sheet; i.e their short name; average man month rate in Euros; funding rate and overhead rate and EPSS / SEP info:

1. Insert each partner's short name in row 26
2. Insert each partner's man month rate in Euros. in row 27
3. Insert each partner's RTD rate in row 28.
4. Insert each partner's overhead rate in row 29.
5. Insert each partner's average trip cost including hotel etc in row 30.
6. For each partner that will calculate his Overheads check whether Overheads will apply to all costs (except subcontracting) and where necessary switch corresponding cell in row 31 to "NO".
7. Insert each partner's PIC number in row 32.
8. As each partner signs an NDA or MOU, switch corresponding cell in row 33 to "YES"

Item	Row	Note	Ref
Partner short name	26	As per proposal	-
Man rate per month in Euros	27	Average estimated cost of employment including projected inflation	Note 1
RTD rate	28	75% for all except 50% for non-SME companies	Note 2
Overhead rate	29	20%, 60% or calculated	Note 3
Average trip cost	30	Now incorporated into calculations	Note 4
Overheads on all costs?	31	Normally "Yes", however for those "No", Overheads only applied to personnel	Note 5
PIC	32	For EPSS / SEP, Participant code	Note 6
	33	Have signed an (optional but recommended by us)	Note 7

Note 1: See 6.4 Personnel costs

Note 2: See 6.1 Cost Calculation

Note 3: See 6.5 Overhead (or Indirect) Cost Calculation

Note 4: One should calculate a normal trip cost say to Brussels including fare, 2 nights accommodation, per diem etc.

Note 5: See 6.5 Overhead (or Indirect) Cost Calculation

Note 6: See 4.6.1 Part A - The Forms and 8.1.1

Note 7: See 4.4.5 Memorandum of Understanding

## A5.5 Example Set-up

To illustrate how this works we insert the following:

1. We assume the sheet was modified for correct number of WPs and Partners
2. Put project acronym in A1(**H-TWO-O**) and brief WP names into Row 2. We use examples as "CM, Dissem, Pricing, Desalination, Fish" - these are helpful as reminders.
3. In Project sheet, please put in Row 18, 100 for WP1 and WP2 and RTD for each other WP. (i.e. no Demonstration)
4. Put partner short names in Row 25 (See table below)
5. For each partner enter average monthly man rate in Euros in Row 26
6. For each partner enter RTD percentage (50 for Large Industrial and User association, 75 for all others in Row 28)
7. For each partner enter overhead rate 20, 60 or calculated in Row 29
8. Put in average cost of a trip in row 30. Is a function of geography and organisational policy.
9. Select Overheads only on personnel costs for GW in Row 31 i.e. "No" and leave rest as "Yes".
10. Enter PICs in row 32 and status in row 33.

Enter the following for initial breakdown in Project sheet:

	Short Name	Man month rate	Funding %	Overhead %	Trip cost
Part 1	UoB	6,000	75	60	700
Part 2	GW	5,500	50	120	750
Part 3	CM	3,500	50	110	1,000
Part 4	SS	5,000	75	60	750
Part 5	ADL	6,500	75	60	1,000
Part 6	NWC	5,500	50	115	1,000
Part 7	WCS	6,500	75	60	700
Part 8	FF	3,200	75	60	1,000

Enter the following man power breakdown in each partner sheet:

	WP1 CM	WP2	WP3	WP4	WP5	WP6	Total
UoB	<b>18</b>	<b>10</b>	3	3	4	2	40
GW	2	3	3	5	<b>18</b>	0	31
CM	2	1	<b>15</b>	3	8	10	39
SS	1	1	3	3	0	0	8
ADL	2	1	5	<b>15</b>	0	0	23
NWC	1	1	8	5	8	10	33
WCS	1	3	3	5	8	8	28
FF	2	1	10	3	0	<b>20</b>	<b>36</b>
Totals	29	21	50	42	46	50	238

The estimate of Consortium Management required resource for the Project Manager of 18 man months above was derived from the rule of thumb that Management in a small RTD project is generally around 10% of the R&D labour. As this was around 240 man months it follows that an initial reasonable guesstimate for PM is 18 man months and allowing some extra for each partner.

Enter the following travel for initial breakdown: 18 month project, six monthly meetings = 4 each including reviews. Add dissemination and technical meetings. Note that for partners the budgeted cost per trip varies between 700 Euros and 1,000 Euros.

	WP1 CM	WP2	WP3	WP4	WP5	WP6
UoB	4	2	0	0	2	0
GW	4	2	0	1	0	0
CM	4	0	1	0	0	0
SS	4	0	1	0	0	0
ADL	4	0	0	0	0	0
NWC	4	2	0	0	1	0
WCS	4	1	2	0	0	3
FF	4	0	1	0	0	3

Enter the following for equipment depreciation (2/3)

	WP1 CM	WP2	WP3	WP4	WP5	WP6
UoB	1,667					
GW				12,000		
CM						
SS						
ADL						
NWC						
WCS						
FF						

Enter the following sub-contract/material - (note we also put in 2,000 for UoB audits):

	WP1 CM	WP2	WP3	WP4	WP5	WP6
UoB	0 5,000				10,000 0	
GW	0/0	5,000 2,500				
CM	0/0		0 10,000			
SS	0/0					0 5,000
ADL	0/0				1,500 0	
NWC	0/0					
WCS	0/0					
FF	0/0					

**A5.5.1 Project sheet with Data inserted**

	A	B	C	D	E	F	G	H	I	J	K	L
1	<b>H-TWO-0</b>	<b>WP1</b>	<b>WP2</b>	<b>WP3</b>	<b>WP4</b>	<b>WP5</b>	<b>WP6</b>	<b>WP7</b>	<b>WP8</b>	<b>Totals</b>		
2	WP Name	CM	Dissem	WP & FS	Desalination	Water Balanc	Fish Farm					
3	Man months	29.00	21.00	50.00	42.00	46.00	50.00	0.00	0.00	238.00		
4	<b>Personnel costs</b>	162,400	119,700	230,000	238,100	247,000	218,000	0	0	1,215,200		
5	No of trips	32	7	5	1	3	6	0	0	54		
6	Travel cost	27,600	5,600	4,150	750	2,400	5,100	0	0	45,600		
7	Equipment	1,667	0	0	12,000	0	0	0	0	13,667		
8	Materials	0	5,000	0	0	10,000	0	0	0	15,000		
9	Other	5,000	2,500	10,000	0	1,500	5,000	0	0	24,000		
10	<b>Other direct costs</b>	34,267	13,100	14,150	12,750	13,900	10,100	0	0	98,267		
11	<b>Indirect costs</b>	133,525	90,055	212,340	179,735	254,690	184,610	0	0	1,054,955		
12	Subtotal	330,192	222,855	456,490	430,585	515,590	412,710	0	0	2,368,422		
13	Audit cert	2,000								2,000		
14	Sub-contract	0	0	0	0	0	0	0	0	0		
15	<b>Subcontracting</b>	2,000	0	0	0	0	0	0	0	2,000		
16	<b>Total budget</b>	332,192	222,855	456,490	430,585	515,590	412,710	0	0	2,370,422		
17	<b>Requested EC contribut</b>	332,192	222,855	276,305	284,333	293,355	261,595	0	0	1,670,635		
18	WP % funding	19.9	13.3	16.5	17.0	17.6	15.7	0.0	0.0			
19	100% 50% or RTD	100	100	RTD	RTD	RTD	RTD	RTD	RTD			
20												
21		<b>Part 1</b>	<b>Part 2</b>	<b>Part 3</b>	<b>Part 4</b>	<b>Part 5</b>	<b>Part 6</b>	<b>Part 7</b>	<b>Part 8</b>	<b>Part 9</b>	<b>Part 10</b>	
22	<b>Funding</b>	388,267	236,175	174,300	63,700	195,400	220,913	238,600	153,280	0	0	1,670,635
23	<b>Funding %</b>	23.2	14.1	10.4	3.8	11.7	13.2	14.3	9.2	0.0	0	
24	<b>Resource %</b>	16.8	13.0	16.4	3.4	9.7	13.9	11.8	15.1	0.0	0.0	
25												
26	<b>Partner Short name</b>	<b>UoB</b>	<b>GW</b>	<b>CM</b>	<b>SS</b>	<b>ADL</b>	<b>MWC</b>	<b>WCS</b>	<b>FF</b>			
27	<b>Man month cost</b>	€ 6,000	€ 5,500	€ 3,500	€ 5,000	€ 6,500	€ 5,500	€ 6,500	€ 3,200			
28	<b>RTD rate</b>	75	50	50	75	75	50	75	75			
29	<b>Overhead rate</b>	60	120	110	60	60	115	60	60			
30	<b>Trip cost</b>	€ 700	€ 750	€ 1,000	€ 750	€ 1,000	€ 1,000	€ 700	€ 1,000			
31	<b>Overheads on all direct</b>	Yes	No	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	
32	<b>PIC</b>	9988591540	998764381	997923488	997862669	999993856	997831241	983452341	987345123			
33	<b>NDA</b>	No	No	No	No	No	No	No	No	No	No	
34												
	Project	Part1	Part2	Part3	Part4	Part5	Part6	Part7	Part8	Part9	Part10	

**A5.5.2 Partner 1 sheet with Data inserted**

	A	B	C	D	E	F	G	H	I	J	K	L	M
1	<b>Part 1</b>	<b>MM w/o OH</b>	<b>Funding rate</b>	<b>O/Head rate</b>	<b>WP1</b>	<b>WP2</b>	<b>WP3</b>	<b>WP4</b>	<b>WP5</b>	<b>WP6</b>	<b>WP7</b>	<b>WP8</b>	<b>Totals</b>
2	<b>UoB</b>	in Euros	50/75	60	CM	Dissem	WP & FS	Resalination	Water Balan	Fish Farm	0	0	
3	<b>Labour rate</b>	6,000	75										
4	Man months			18	10	3	3	4	2				40.00
5	Personnel costs			108,000	60,000	18,000	18,000	24,000	12,000	0	0		240,000
6	No of trips			4	2	0	0	2	0				8
7	Travel cost			2,800	1,400	0	0	1,400	0	0	0		5,600
8	Equipment			1,667									1,667
9	Materials							10,000					10,000
10	Other			5,000									5,000
11	Other direct costs			9,467	1,400	0	0	11,400	0	0	0		22,267
12	Indirect costs			70,480	36,840	10,800	10,800	21,240	7,200	0	0		157,360
13	Subtotal			187,947	98,240	28,800	28,800	56,640	19,200	0	0		419,627
14	Audit cert			2,000									2,000
15	Sub-contract												0
16	Subcontracting			2,000	0	0	0	0	0	0	0	0	2,000
17	Total budget			189,947	98,240	28,800	28,800	56,640	19,200	0	0		421,627
18	Requested EC contribution			189,947	98,240	21,600	21,600	42,480	14,400	0	0		388,267
19													
20							RTD	Demo	MGT	Totals			
21							Personnel costs	72,000	0	168,000	240,000		
22							Subcontracting	0	0	2,000	2,000		
23							Other direct costs	11,400	0	10,867	22,267		
24							Indirect costs	50,040	0	107,320	157,360		
25													
26							Total Budget	133,440	0	288,187	421,627		
27							Requested EC contrib	100,080	0	288,187	388,267		
28													
29													
30													

**A5.5.3 Manpower sheet with Data inserted**

	A	B	C	D	E	F	G	H	I	J	K
1											
2	<b>Partner</b>	<b>Partner</b>	<b>WP1</b>	<b>WP2</b>	<b>WP3</b>	<b>WP4</b>	<b>WP5</b>	<b>WP6</b>	<b>WP7</b>	<b>WP8</b>	<b>Total</b>
3	<b>number</b>	<b>short name</b>	<b>CM</b>	<b>Dissem</b>	<b>WP &amp; FS</b>	<b>Resalination</b>	<b>Water Balan</b>	<b>Fish Farm</b>	<b>0</b>	<b>0</b>	
4	Part 1	UoB	18.00	10.00	3.00	3.00	4.00	2.00	0.00	0.00	40.00
5	Part 2	GW	2.00	3.00	3.00	5.00	18.00	0.00	0.00	0.00	31.00
6	Part 3	CM	2.00	1.00	15.00	3.00	8.00	10.00	0.00	0.00	39.00
7	Part 4	SS	1.00	1.00	3.00	3.00	0.00	0.00	0.00	0.00	8.00
8	Part 5	ADL	2.00	1.00	5.00	15.00	0.00	0.00	0.00	0.00	23.00
9	Part 6	NWC	1.00	1.00	8.00	5.00	8.00	10.00	0.00	0.00	33.00
10	Part 7	WCS	1.00	3.00	3.00	5.00	8.00	8.00	0.00	0.00	28.00
11	Part 8	FF	2.00	1.00	10.00	3.00	0.00	20.00	0.00	0.00	36.00
12	Part 9	0	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
13	Part 10	0	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
14	Totals	Per WP	29.00	21.00	50.00	42.00	46.00	50.00	0.00	0.00	238.00
15											
16											
17											
18											
19											
20											
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25											
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29											
30											



## Appendix 6 Examples of Blah Blah

In Chapter 15, we made reference in proposal writing to tight, succinct, precise, language. Too many proposals suffer by being full of blah blah. In workshops I have given on proposal writing, I have discovered it rather difficult to get across what is meant by “blah blah” and I have eventually realised that the only way to get the message across is to show examples. I therefore put together classic real recent examples and followed each by some italicised comments. I have used “BLAH-BLAH” as the proposal acronym.

1. "BLAH-BLAH will potentially have considerably impact on the industrial, commercial and research sectors."  
*Problem here is lack of specifics and metrics and weasel words such as “potentially”.*
2. "The numerous commercial and government entities utilizing the data produced by BLAH-BLAH, will primarily enjoy the benefits of affordability and standardisation."  
*Pure unspecific, unquantified generalisations.*
3. "This industrial sector will potentially enjoy a stronger market position"  
*Pure unspecific, unquantified generalisation.*
4. "All of the sectors will enjoy the advancements in the standardisation effort by making available standardised data. BLAH-BLAH can serve as a technological test-bed"  
*Would be fine as a summary of a set of specifics but not stand alone.*
5. "Effectively defining a new state of the art in automation of processing and analysis, BLAH-BLAH will utilise and serve to demonstrate the benefits of multidisciplinary advancements in extraction, matching, fusion, and modelling to implement these computationally-intense tasks in an efficient way, allowing for future commercialisation of the technology."  
*Without each claim being substantiated in supplementary text, this is valueless.*
6. "As the extensive flurry of activities in this discipline demonstrates, there is an acute need for standardisation  
*The language is emotive and does not justify standardisation action.*
7. "Therefore, as a technological platform producing Reference Data on a mass scale, BLAH-BLAH will serve the interests of data consumers across the continent. Bringing together, in the Consortium, participants representative of all stakeholder groups and from several Member States, will ensure wide acceptance to the concepts introduced by this program."  
*As stated, these points assure nothing without specific actions complementing them to ensure the desired result is achieved.*
8. "The Contractors will try to avoid the result of joint ownership of Knowledge and for this end will try to distinguish the contribution of each of the Parties as much as possible."  
*This is not management, it is the typical situation that an /Knowledge Management activity should try to avoid.*
9. "The BLAH-BLAH Consortium shares a clear vision for the objectives of the program. The vision will be distilled into a formal Vision Statement that will provide guidance to the entire team throughout the program”  
*Yes – sure. All this lacks is a project song for everyone to sing each morning.*
10. "The financial plan for the project was carefully constructed using best practice methods. We've used both a top-down and a bottom-up approach, with an outcome consistent with both approaches. The plan is consistent with the guidelines of "several tens of man-years and several millions of Euros".  
*It is difficult to know what to make of this – whether to laugh or cry – one thing is sure it does not lead us to have faith that the financial management will be professional.*
11. "The Coordinator intends to establish a clear and effective management structure, headed by an authoritative Project Manager. The program will follow a strict process for controlling the budget and schedule and for actively managing the risks. A clear vision, transformed into methodical action plans will provide the top-notch team with the necessary resources and support required to

deliver a top quality BLAH-BLAH system that will be completed on schedule and within the budget."

*What is lacking is even a hint of what this structure and plan will look like. This is too journalistic in tone and thus inconsistent with professional management.*

12. "The Coordinator intends to maintain a lean management structure, in order to keep the overhead to a required minimum."

*Good intention – but what does this mean in practice? Should be followed by a list of specifics to achieve.*

13. "Our technological experience allows us to frame, with reasonable accuracy, a plausible high-level architecture demonstrating the main components of a possible implementation of the BLAH-BLAH system."

*Too many constraining words such as "reasonable", "plausible", "possible" etc.*

14. "Many research and technological development projects are plagued with an inability to produce a high quality product within the allocated budget and schedule. These risks are even more pronounced when a significant research component is included in the project activities, as is the case for BLAH-BLAH. The Staged Delivery Plan is one of the best-of-practice methods chosen by world leader companies to minimise these risks."

*Replace by "We shall use a Staged Delivery Plan as it will minimise risks."*

## Appendix 7 Brussels-English

As referred to earlier, the language used throughout the FP7 program is officially "English" (with most key documents being available in other EU languages), however it has been modified in several ways.

1. By addition of words from French (e.g. Concertation, valorisation etc)
2. By using normal English but with French meaning (e.g. insist, novelty, elaboration)
3. By addition of words from US English – frequently computer related like "Affordance" (quality of an object, or an environment, that allows an individual to perform an action)
4. By using normal English but with multiple meanings (e.g. innovation was used with 3 different meanings in FP6 official documentation)
5. By using normal English but with the wrong meanings or incorrect usage - I believe by mistake. (e.g. the use of the word "folder" to mean a A4 brochure that is folded in three, rather than the correct English usage which is to hold other papers) and (e.g. frequent use of the word "Academy" to mean "Universities" or "Academia".)

I find the above examples extremely frustrating and can sometimes lead to misunderstandings - especially type 5 above. Having during a meeting someone (usually French) "insist" on something can lead to friction - I have found this myself.

In addition, it has been noted that most FP documents produced by the Commission mainly uses US English. I have enquired about this on many occasions. The only reasonable reply I ever had was that the version of Microsoft Word English dictionaries licensed/installed by the Commission is the US English version one and that results in what we note. I was also told that CEN - the European Standards Body head-quartered in Brussels adopted US English as the form to be used in European Standards. I have never checked this out, as I do not think I could control my sarcasm.

Incorrect use/function of automatic spelling checkers also results in examples of obvious wrong English being widespread in Commission documents. The most frequent example is "SME's" being used as the plural of "SME". I personally find this extremely irritating.

Some words are "Good" some words are "Bad"

### **Good and Bad Synonyms:**

Marketing (bad) – Dissemination (good)

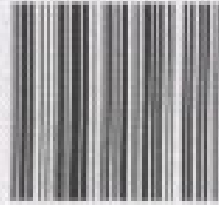
Demonstration (bad) – Trial (good)

### Brussels English is full of TLAs

TLA is Three Letter Acronym.

FP experience is therefore very important

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