The European Union's
ICT Program in FP7

Version 1.13

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Version 1.13

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The method of distribution for this book has changed from previous EFPC books. It will only be held on the EFPC web site and only registered users can download. It will of course continue to be free. But as noted under the copyright notice at the bottom of Page 9, redistribution is no longer permitted without written permission from EFPC.

The reason for this is the dynamic nature of the content, especially during the first year of FP7 where the rules and their interpretation are still being formed and practice has not yet been established. 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.

Specific changes –
1.13   Miscellaneous editing and corrections
    Remote evaluation updates to 3.8 and 4.7
    Updated/expanded the FET Open description in 5.7
    FP6/FP7 book-keeping changes 6.13
    Contract negotiation attendance updated in 8.1
    URF/PIC web site (8.1.1)
    GPF online (8.1.3)
    Clarified and restructured 11.7.2
    Section 17.6 (Marie-Curie Financials) updated
    Corrected Appendix 8 spread sheets and version
1.12   Updated FP7 reporting requirements 9.4
    New section on Project reviews – see 9.5
    Updates on JTI funding and process 11.7 and 11.8
    Added high level material into Section 17 on People Program
1.11   Clarified aspects of FP7 Form C in 6.5.1
    SME Measures updated in 5.6
    Added proposal B5 note in Chapter 15
    Section 16.5 updated to point to Appendix 8
    Chapter 17 being added on Marie Curie – will be incrementally added in future updates
    Added info on FP7 Research Agencies and EIT to Appendix 1
    Appendix 8 revised with updated spread sheet

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Preface to Version 1

This book follows on from two previous books I produced dealing with IST in the Framework Program Five and in Framework Program Six. Although it is based on them, there are many significant differences. As before, this will be produced incrementally, in parallel with the definition of Framework Program Seven. 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. However, I am keeping it up to date in the light of evolving practice.

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 practitioners 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 squarely focused on the ICT Program within the Cooperation part of FP7. However, the majority of the general 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. I shall release further updates as things develop and 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 them. Ensure that all specific information is double checked with the current official documentation before being acted on.

This Version is written for a general audience.

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

28 August 2008
Yavne Israel

Direct links to above web address for copies is encouraged.

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 EFP Consulting Ltd, a 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. EFPC itself is participating in several different EU funded projects. Myer is also CEO of EFP Consulting (UK) Ltd which was founded in mid-2004. This company is also participating in EU funded projects.
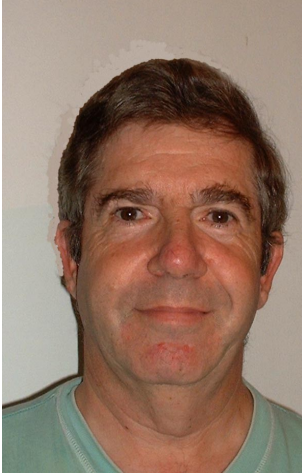
Until October 2004 Myer was IST Director at ISERD, the Israeli body responsible for managing the Association Agreement with the EU on behalf of the Israeli government. He represented the State of Israel on the IST Management Committee for the duration of FP5 and continued this role in FP6. He also represented 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 twenty 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

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 this revised ICT Program.

FP7 will run 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 program 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 intention is to leverage this dual investment via the so called European Technology Platforms and Joint Technology Initiatives.

1.1.2   Reasons for Framework Program

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

At that time several key European industries such as computing, microelectronics and telecommunications were seen to be in serious jeopardy. It was also believed in Europe that US competitors benefited both from a large homogeneous home market as well as indirect subsidies from the US government to its high tech industry, mainly as a spin off of defence funding. Together, this was thought to give US players a major competitive advantage as compared to the fragmented European industry. It was not seen to be any lack in innovation in Europe, but the inability to exploit it world-wide. Many of the key innovations being directed at Europe from North America were seen to be based on originally European innovations. There were other incidents that also raised worries in Europe such as Intel and Motorola deciding to be more restrictive in the licensing of their microprocessor designs.

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

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

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

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

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

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

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

Of course, more recently additional reasons have been emphasised for the Framework Programs, such as:
    1) Promotion of European Unity
    2) Encouragement of Industry consolidation in Europe
    3) Support for industrial and social policy i.e. political reasons

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

1.1.3   The Nature of the Framework Program

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

Because projects are expected and required to extend the state of art, there has to be identifiable risk and

the Commission sees the funding as being an offset for this risk. This is an important point – a project that cannot complete because of valid technical reasons should not be treated as a failure – it only demonstrated that a particular approach is not practical at this point.

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

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

1.2   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. 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 is already clear that in practice they replacing of 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 proposed FP7 changes	FP6
Large industrial companies	Better: Demo from 35 to 50% and Consortium Management not limited to 7%	Was FC
SMEs	Much better: at least 75% of 120% or of 160% 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 will consist of Twenty Seven countries from the start of FP7. 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. Of course, 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 12 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 will also be available via the so called ICPC funding (previously referred to as INCO).

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

1.4   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 INFSO based on input from various ad hoc committees such as the relevant European Technology Platforms as well as the ISTAG (IST Advisory Group). ISTAG consists of senior level experts notionally chosen by the Commission but in fact nominated and approved informally by the countries. They mostly consist of senior executives from the major national players as well as some senior academics.

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

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

1.4.2   Calls for proposal

The various Workprograms for FP7 are broadly at a similar level as in FP6. However the content of the ICT 2007/2008 Workprogram is now subdivided into seven 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 in the first year, each addressing a specific subset of the Workprogram. In ICT in FP7 this will be again the situation. A fixed deadline call is one that closes on a stated date and time. With the evaluation occurring shortly afterwards. However there is also the Continuous Call, that remains open for several years with proposals being batched and evaluated every four months or so. The 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 Coordinator 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 would not be permitted. Further details of the proposal can be found later on in Section 3.5 "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.

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 15% of the total grant is withheld until acceptance of the final deliverables after completion of the project.

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 above countries. These opportunities for so called third countries are broad. They have been highlighted in 1.3 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 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 competitors and again. However, in recent years, this is in general no longer the case and most staff are permanent officials.

2   Brief Overview of Framework Program Seven 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.**

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 now 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 will be subject of a Specific Program
Plus support for JRC (Joint Research Centre) ~2 BEuro

2.1.1   Cooperation

There are ten high level themes implemented via four types of projects:
- Collaborative projects and networks (~RTD);
- Joint Technology Initiatives (~ Article 169 and 171);
- Co-ordination of national research programs (~ ERA-NET);
- International Co-operation ICPC via Specific International Cooperation Actions (SICAs) (~ INCO)

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

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 will 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 will be 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 will be the European Research Council (ERC). The ERC will be an independent body, established by Community legislation, whose role will be to oversee the implementation of the frontier research program.

- ***Management***

For the management of the EU activities in frontier research, the European Research Council will rely on a dedicated Executive Agency. The Agency will be 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 will be accountable for their actions to the Commission and through it, to Council and Parliament, via an annual reporting process .

2.1.3 People

Strengthening, 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 will be 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
- Life-long training and career development
- Industry-academia pathways and partnerships
- The international dimension
- Specific actions

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*

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

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

- *Research for the benefit of SMEs*

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

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

- *Research for SMEs:* To support small groups of innovative SMEs to solve common or complementary technological problems

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

- *Regions of knowledge*

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

The new *Regions of Knowledge* initiative will involve and put 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 will comprise measures aiming at encouraging a better exploitation of research results and improving access to sources of research funding as well as inducing RDT spill-overs to the regional economies. These activities will be implemented in close relationship with the EU regional policy.

In the context of the specific activity of "Regions of Knowledge" synergies will be sought with the EU's

regional policy, in particular with regard to convergence and outermost regions

- *Research potential*

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

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

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

- *Science in Society*

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

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

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

- *Activities of International Cooperation*

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

1. To support European competitiveness through strategic partnerships with third countries in

selected fields of science and by engaging the best third country scientists to work in and with Europe;

2. To address specific problems that third countries face or that have a global character, on the basis of mutual interest and mutual benefit.

Cooperation with third countries in the Framework Programme will be 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 will be 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 will be ensured.

Stimulating 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 Programme (EIP)

2. ICT Policy Support Programme (ICT PSP)
3. Intelligent Energy-Europe Programme (IEP)

Eco-innovation will be a transversal theme of the whole program.

The CIP is one of a series of flagship programmes that will define the Barroso Commission's actions from 2007. They will work in parallel and complement each other. CIP will complement 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 will be supported not just by the 7th Framework Programme for Research, Technological Development and Demonstration (FP7-RTD), as well as by the CIP. These programmes will be complementary and mutually reinforcing in their support of the Lisbon goals.

The CIP address's both technological as well as non-technological aspects of innovation. With respect to technological innovation, it will focus on the downstream parts of the research and innovation process. More specifically, it will promote 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 will also improve the availability and access of innovative SMEs to external sources of financing, including for R&D and innovation activities and promote the participation of SMEs in the FP7-RTD. For its part, the FP7-RTD will continue and strengthen 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 will focus more on the technological innovation needs of industry and introduce new actions, in the form of joint technological initiatives in key areas of industrial interest. It will also further promote 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 will complement similar activities of the CIP focussing 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 INFSO) is extremely bureaucratic. The rules are extremely unclear and they appear to be creating them as they go along. It appears worse than the original Esprit program. 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. Also the financial aspects are different from FP7 rules and seem peculiar. It is operated by DG Enterprise and Industry. They see their role as:

"to pay particular attention to the needs of manufacturing industry and small and medium-sized enterprises: we manage programmes 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 what SMEs expect and need from their R&D programs.

2.2.1 *Entrepreneurship and Innovation Programme*
This programme will bring together activities that were previously carried out under the Multi annual Programme for Enterprise and Entrepreneurship (MAP), and the environmental technologies part of the LIFE-Environment programme. CIP will also build on innovation activities that were previously

implemented through framework programs for research, technological development and demonstration.

- The programme 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 programme, SMEs will also have simple, clear and efficient access to the EU via the business support networks consisting of many information and advice about of today's EICs (Euro Info Centres) and IRCs (Innovation Relay Centres being renamed as 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 programmes, CIP also includes new elements such as:

- a risk capital instrument for high growth and innovative companies;
- "securitisation" of bank's SME 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 will build 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 will stimulate 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 will also support the modernisation of public sector services that will raise productivity and improve services.

Actions under the ICT-policy support programme will underpin 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 will encourage the wider uptake of new and renewable energies and improve energy efficiency, and shall foster 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 will also help 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 will 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 brief overview of the various aspects of the types of projects. Details are to be found in later chapters.

Please note that there is a different interpretation in FP7 between DG INFSO (i.e. ICT) Program and the remainder of the Thematic priorities 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.
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 (STREP)

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

Their content will consist of either of the following two, or a combination of the 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)
   c) project management activities.
   d) 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 Section 5.2 for more details on ICT STREPs.

ICT Large-scale integrating projects (IP)

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

specific deliverables; there will be a large degree of autonomy to adapt content and partnership and update the work plan, whereas appropriate. These are what were termed "IPs" in FP6.

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

a) objective-driven research and development, i.e. clearly defined scientific and technological objectives, aiming at a significant advance in the established state-of-the-art; in addition, typically of multidisciplinary character

b) a demonstration project designed to prove the viability of new technologies offering potential economic advantage but which cannot be commercialised directly (e.g. testing of product-like prototypes)

c) innovation activities relating to the protection and dissemination of knowledge, socio-economic studies of the impact of that knowledge, activities to promote the exploitation of the results, and, when relevant, "take-up" actions; these activities are inter-related and should be conceived and implemented in a coherent way

d) training of researchers and other key staff, research managers, industrial executives (in particular for SMEs), and potential users of the knowledge produced within the project. Such training activities should contribute to the professional development of the persons concerned

e) any other specific type of activity directly related to the project's objectives (as identified in the relevant work programme or call for proposals)

f) project management activities.

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

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

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

See Section 5.3 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 Section 5.4 for a more detailed review of NoEs.

They are seen as providing support to a Joint Program of Activities implemented by a number of research organisations integrating their activities in a given field, carried out by research teams in the framework of longer term co-operation. The implementation of this Joint Programme of Activities will require a formal commitment from the organisations integrating part of their resources and their activities.

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

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

Since Networks of Excellence are aimed at tackling fragmentation of existing research capacities, they should be implemented provided that:
- research capacity is fragmented in the (thematic) area being considered;
- this fragmentation prevents Europe from being competitive at international level in that area;
- the proposed integration of research capacity will lead to higher scientific excellence and more efficient use of resources.

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

The Joint Programme of Activities (JPA) is the collective vehicle for achieving the durable integration of the research resources and capacities of the Network of Excellence. In order to do so, the JPA should consist of a coherent set of integrating activities that the participants undertake jointly. The JPA will have several components:
- activities aimed at bringing about the integration of the participants research activities on the topic considered, such as:
  - establishing mechanisms for coordinating and eventually merging the research portfolios of the partners
  - staff exchange schemes
  - complete or partial relocation of staff
  - establishment of shared and mutually accessible research equipment, managerial and research infrastructures, facilities and services
  - exploration of the legal requirements (facilitators/barriers) for durable integration,
  - setting up of joint supervisory bodies
  - measures for joint public relations …

- jointly executed research to support the durable integration, e.g. systemic development, or development of common tools, or at filling gaps in the collective knowledge portfolio of

the network, in order to make the research facilities usable by the network. (NB: in addition to this research, participants in a network will pursue their "own institutional portfolio", including research, development or demonstration in the area covered by the network itself.

The latter research, development or demonstration activities are not part of the "joint programme of activities" and thus will not be part of the eligible costs of the network)

- activities designed to spread excellence, such as:
  - ➜ The main component of these activities will be a joint training programme for researchers and other key staff;
  - ➜ Other spreading of excellence activities may include: dissemination and communication activities (including public awareness and understanding of science), and, more generally, networking activities to help transfer knowledge to teams external to the network.
  - ➜ Spreading of excellence may also include the promotion of the results generated by the network; in such a context, networks should, when appropriate, include innovation-related activities (protection of knowledge generated within the network, assessment of the socio-economic impact of the knowledge and technologies used and development of a plan for dissemination and use of knowledge), as well as any appropriate gender and/or ethical related activities
- all the network's activities should be carried out within a coherent framework for the management of the consortium linking together all the project components and maintaining communications with the Commission.

2.3.3 Coordination and support actions (CSA)

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

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

"co-ordination or networking actions",
"support actions".

Coordination or networking actions (CA)

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

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

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

Support actions (SA)

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

Although normally awarded following calls for proposals, there are also the possibilities to award specific support actions through public procurement carried out on behalf of the Community or to grant support to

legal entities identified in the Specific Programmes or in the work programs where the Specific Program permits the work programmes to identify beneficiaries.

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

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

See section 5.5 for further details.

3 Framework Program Seven changes

I include here a high level overview of the changes basically as the Commission intended them. We shall have to wait and see as to how they turn out in practice. 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 in ICT and other programs
"Coordination Actions" and "Specific Support Actions"	"Coordination and Support Actions" (CSA)	Adding a layer like this is odd
Specific Support Action (SSA)	Support Action (SA)	!
Coordination Action	Coordination or networking actions	CA type of project
Guide for Proposer	Guide for Applicants	!
Contractor	Beneficiary	This is because Contract has been renamed Agreement. No contract, no contractor.
CPF	GPF	Grant Agreement Preparation Forms
Audit Certificate	Certificate on Financial Statement	I think former term will continue to be used informally

In looking through the initial work programs we can see little consistency in the use of the new terminology across the ten themes. It remains to be seen if these changes become broadly used or whether old terms will continue in practice.

3.2 Project Management changes

The most significant changes here include:
   1. Removal of Collective Financial Responsibility

2. 7% Consortium Management ceiling has been removed for 100% funding
3. But see introduction to Chapter 9 for differentiation between "Consortium Management" and "Project Management" in FP7.
4. Dissemination activities are now funded at 100% (some ambiguity - ICT different interpretation)
5. In FP7 there are only be online preparation and submittal of proposals.
6. In proposals only previous submissions in FP7 need be noted.

3.3   Funding Schemes (Instruments)

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

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

3.4   Rules of Participation

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

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

3.5   Contractual changes

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

Basic structure of the Grant Agreement in FP7 is similar to FP6 Model Contract, but note Form E:
- Core part - GA parameters
- Annex I - DoW
- Annex II - General Conditions
- Annex III - Specific provisions for funding schemes (for SMEs)
- Annex VII - Form D terms of reference for certification of costs and Form E for certification of the methodology (NEW)

However there are also several differences introduced for FP7:
Financial provisions
- Payment modalities
- Eligible costs
- Indirect costs
- Certificates

- Third party contributions and sub-contracts
- Upper funding limits
- No financial collective responsibility

Other provisions
- Reporting
- Amendments

For details on the above see section 6.

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

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

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

Type of organisation	SME	Large industrial*	Academic	Other
Under FP6	50%	50%	100% AC	100% AC
Under FP7	75%	50%	75%	75%

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.

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 will also be available when permitted in that Funding Model. However Demonstration activities are raised to 50% across the board.

A transitionary derogation rule will permit those organisations who previously could have used the FCF or AC models to optionally claim 60% (rather than the default 20%) fixed overheads for projects under calls that close during the first three years of FP7 and a minimum of 40% for funding of projects arising from calls closing in the following four years. However this latter 40% will be confirmed later.

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%.

3.5.4 Intellectual property rights

The rules regarding the protection, dissemination and use of knowledge have been **simplified** and a larger **flexibility** is granted to the participants:

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

Summary of access rights

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

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

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

3.6 Financial Changes

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

Item	FP6	FP7 situation	Academic	Industrial	SME
Cost model	FC	essentially is the default	Optional	Optional	Optional
Cost model	FCF	default 20% overhead	Optional	Optional	Optional
Cost model	AC	no longer exits	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
** In 2007 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.
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. It is planned to set up a central guarantee fund to cover defaulting contractors costs and this will be created 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 below.

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

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

3.8   Evaluation changes

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

In the most Themes there are fixed deadline calls closing at 17h00 (Central European Time) on. ICT continues to use of one stage submissions without anonymity with mainly on-site evaluations, except for FET Proactive initiatives where off-site evaluation will be used. In 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.

C alls 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:

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.

3.9   Recourse
The Commission will establish a committee to review all justified complaints about the evaluation procedures.

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
Positive changes	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
Negative changes	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

	Large industry	SMEs	University Academics	Consultancies
Summary	Slightly better off	Better off, but less than appears	Most significantly better off	CSAs much worse, RTD as for SMEs

* 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%.

4   Formal process

4.1   Workprogram

The overall process is driven by the Workprogram and more specifically, the Objectives. The initial ICT Workprogram covers two large calls in 2007 followed by a small call. It will be modified after the first year and replaced for year two and three. 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 annual ICT conference which is normally held in the country holding the EU presidency.

The Workprogram is always a top down document. Not all possible technologies in the ICT field are included. The intention is to focus this funding onto selected key enabling and application technologies. And of course ICT R&D is targeted at current generation technology plus two – i.e. fairly far from the market. This is illustrated below.
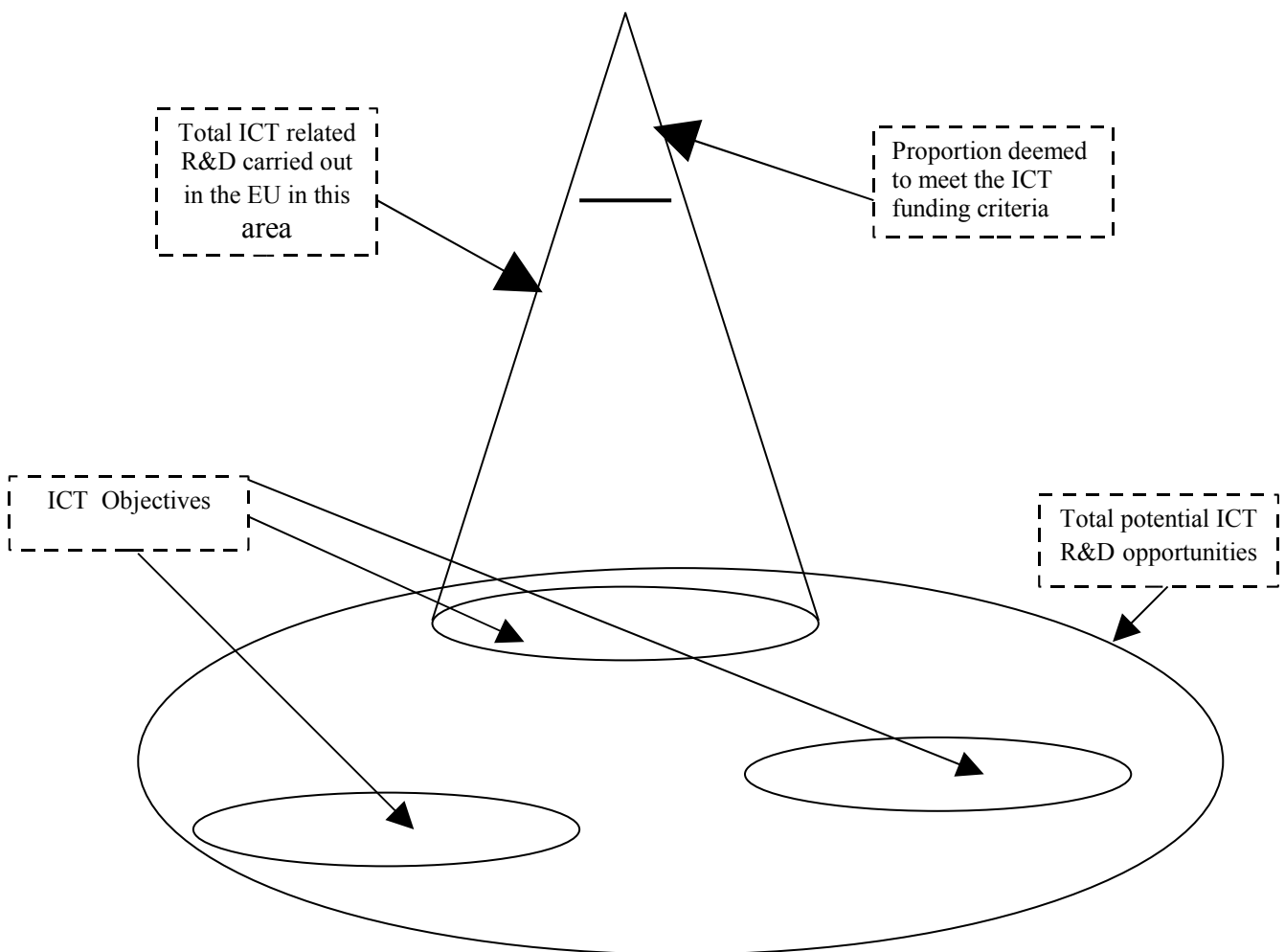
After identifying your reason for planning to participate, the first step for potential participants is to examine the Workprogram and identify which specific Objectives are of potential interest and which topic within. You should also know as soon as possible which type of project would be most appropriate. It is usually necessary to attend an Information event either held in your home country or some central event in Brussels or elsewhere to understand the thinking behind the items and to discuss your ideas. Because of the type of language, it is not always obvious what they are actually looking for, especially to newcomers. Some Units publish on their web site an expanded version of their section of the Workprogram or other background documents. Again it is important to verify if such a document exists in your area of interest.

4.2   Deciding to Propose

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

4.2.1   R&D Proposals Suitable for FP7

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

4.2.2   R&D Proposals Unsuitable for FP7

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

4.3   Calls for Proposals

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

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

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[1].

4.4   Partner Search

Finding suitable partners is key not only to achieving your business goals in the project but also it is key

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[1][Paul Drath Published in Proceedings of eChallenges-2003 conference 22-24 Oct. 2003, Bologna, Italy. "Building the Knowledge Economy. Issues, applications, case studies". Ed. by Paul Cunningham, Miriam Cunningham and Peter Fatelirig. IOS Press, Ohmsha, 2003] How research project co-ordinators choose partners for IST proposals

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 co-ordinate 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 potential Coordinator 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 the ICT program (except for NoEs and 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; 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 IST 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 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.

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. Several strategic areas have been identified; in ICT so far nine and part of their remit is to mobilise all of the relevant actors in the sector and part of the role is to create future roadmaps for calls. 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 to 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 IST 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 that would outline the ground rules for the Consortium Agreement. If this is not done well before proposal submission then it leaves too many issues unresolved and also leaves the various parties open to major misunderstandings and manipulation.

For IPs and NoEs I would suggest that a core team be identified and they conclude this MoU 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:

1. Non-disclosure agreement
2. Non-competitive clause i.e. competing consortium
3. Status in consortium i.e. "Core" partner or not
4. Role in consortium
5. Access to the consortium management at 100%
6. Notional level of participation
7. Identification of background IPR
8. Any relevant issues regarding generated IPR
9. Any relevant exploitation issues

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

In FP7 there is only one way to prepare and submit a proposal, and that is by on-line preparation and on-line submission using EPSS – see 4.5.4 below. EPSS is the Electronic Proposal Submission System.

Note that use of EPSS requires Internet Explorer 5 or higher, Netscape 7 or Opera 7 or (hopefully Mozilla).

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

Sections 4.5.1 and 4.5.2 below describe the content of proposals; See Appendix 4 for links to the various guides and support material available on-line.

The proposals themselves are in two parts –
- Part A The Forms
- Part B The technical proposal and consortium details

4.5.1   Part A - The Forms

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

A1 - General information on the proposal containing the following:
- Funding scheme
- Proposal number/Acronym

- Duration in months
- Call ID
- Research objective(s)
- Free keywords
- 2000 character proposal abstract

A2.1 and A2.2 - Information on the Coordinator and partners, one A2.1 and A2.2 form for each with following information:
- Participant number, Name address etc.
- Legal status, SME
- Dependencies with other participants
- Person in charge - Name, Address etc
- Previous/current submissions in FP7
- Legal address/administrator address/R&D address
- Proposer identification code PIC

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

4.5.2 Part B - The Proposal

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

Collaborative project funding scheme - (See table below for variations)
1. Title Page
2. Summary
3. S&T quality
    - Concept and objectives
    - Progress beyond the state-of-the-art
    - S & T methodology and associated work-plan
4. Implementation
    - Management structures and procedures
    - Relevant experience of the individual participants
    - Consortium description
    - Allocation and justification of the resources to be committed
5. 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
6. Ethics

4.5.3 Evaluation Criteria

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

1. Scientific and Technical Quality:
(S&T excellence)
- Soundness of concept, and quality of objectives
- Progress beyond the state-of-the-art
- Quality and effectiveness of the S & T methodology and associated work-plan

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

3. Impact:
(Potential impact and Relevance)
- Contribution at the European or international level to the expected impacts listed in the work program under the relevant activity
- Appropriateness of measures for the dissemination and/or exploitation of project results, and management of intellectual property

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

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 Implementation	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 will use weightings.

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

4.5.5 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.

4.6   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.
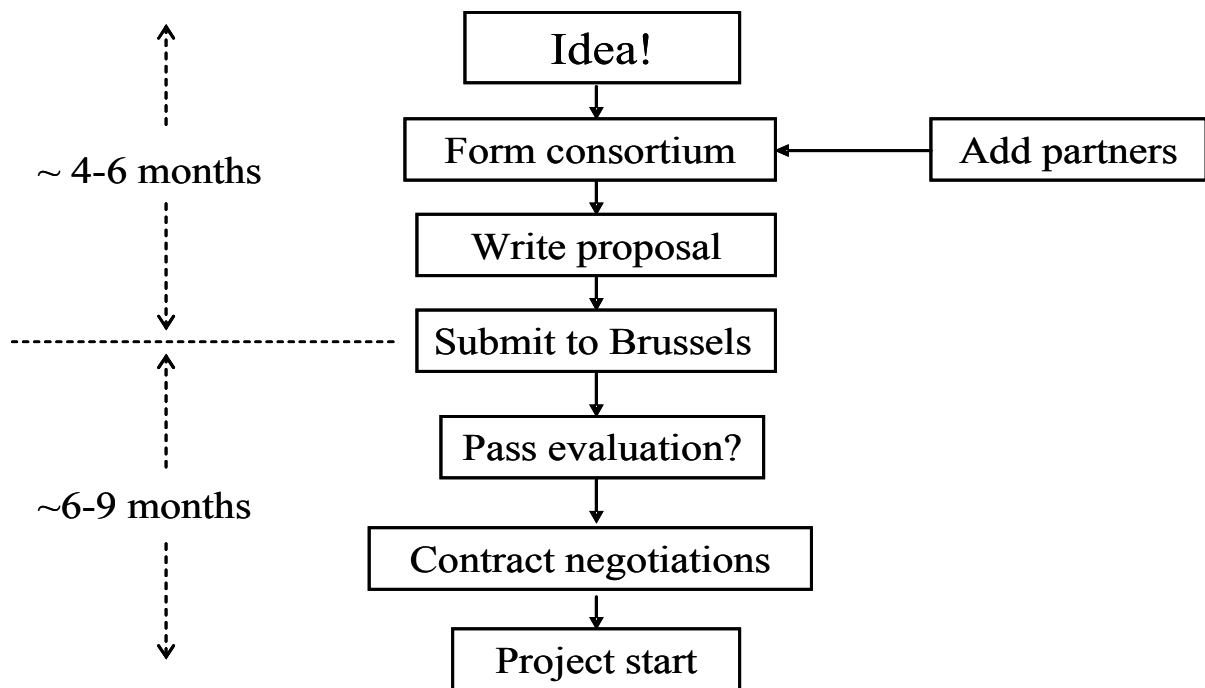
The Ideal-ist project study of submitted IPs indicated that two thirds of the so called "core teams" of IPs were formed by the time the call was issued. IST calls are issued a minimum of three months and frequently four months prior to the closure date. Calls over the winter or summer holidays are generally four months and other times three months.

4.7 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 continues to use mainly on-site evaluations, except for FET Proactive initiatives where off-site evaluation will be used. In 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.

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 -

Deadline	0----	Received proposals logged, acknowledgements issued, numbers assigned as necessary
Validation	2----	
	4----	
Evaluation complete	6-----	Evaluation carried out in Brussels by external experts selected by the Commission
		Each Objective evaluation usually lasts for one week – several proceed in parallel
Reports prepared	8----	Short listed IPs and NoEs invited to hearings
		Ethical review carried out if required
Coordinators informed	12----	Call Evaluation Report & ESRs to ICT Committee (ICTC)
		ESRs (Evaluation Summary Reports) to Coordinators
		Draft Implementation plan to ICTC and Bilateral activities
		Final Implementation plan presented to ICTC
	16----	Contract negotiations with Project Officers underway via Coordinators and meetings in Brussels
		Negotiations complete, approved by ICTC, Commission decision and contract signature
First projects start	--24	
Initial payments	--30	Initial payment to Coordinator within 45 days of contract signature
Time in weeks		

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 thresh holds 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 thresh holds 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 thresh holds. 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 "4.7.1 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.

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.

4.7.1   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. 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. This is your only opportunity to provide additional written information.

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 feed back. 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.

4.8   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.

4.8.1   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 4.8.5 regarding the new redress procedure introduced in FP7.

4.8.2   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.

4.8.3   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 4.8.5 below for details.

4.8.4   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.

4.8.5   Request for Redress

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

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

Requests must be:
1.   Related to the evaluation process, or eligibility checks, as described in 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 co-ordinator

This committee will review each case and will recommend an appropriate course of action to the Commission services responsible for the call for proposals concerned. If there is clear evidence that a shortcoming that could affect the eventual funding decision, it is possible that all or part of the proposal will be re-evaluated.

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

The evaluation score following any re-evaluation will be regarded as definitive. It may be lower than the original score. Only one re quest 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 first call 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.

5 Types of Project, Roles & Structure

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

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

* Legal minimum, is three need to be from member, accession or associated state. For SA legal minimum is one from Member/accession or associated state.
** Very dependent on the type of activity - many have considerably larger consortia.
*** From two Member or Associated States and two from ICPC countries (or regions of a single large country).

> The above funding guidelines are only relevant to ICT. CPs in other programs funding is differentiated by being above or below a specific grant level as specified in the specific call. The official text used outside ICT is as follows:
> "The size, scope and internal organisation of collaborative projects can vary from research theme to research theme and from topic to topic. A call may distinguish between different forms of collaborative projects (projects can range from small or medium-scale focused research actions to large-scale integrating projects for achieving a defined objective) based on limits to the requested EU financial contribution. Any such limits will be indicated in the call fiche, and be applied as eligibility criteria."

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

5.1 Refined Instrument Definitions

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

5.1.2 NoE

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

5.1.3 CA versus SA

Instrument	Purpose	Target audience	Flexibility	Enlargement of partnership (within the initial budget)	Specific characteristics
CSA (CA)	Coordination,	Research	Fixed overall	Possible via contract	No funding of research activities

	networking	institutes Universities Industry including SME	work plan	amendment	Consistent set of activities focussing on coordination ("program" approach)
CSA (SA)	Preparation of future actions, support to policy, dissemination of results	Research institutes Universities Industry including SMEs	Fixed overall work plan	Possible via contract amendment	No funding of research activities Project approach Possibility of one single participant

5.2   ICT STREPs

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

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

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

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

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

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

5.2.1 Typical Structure of Small or medium-scale focused research actions
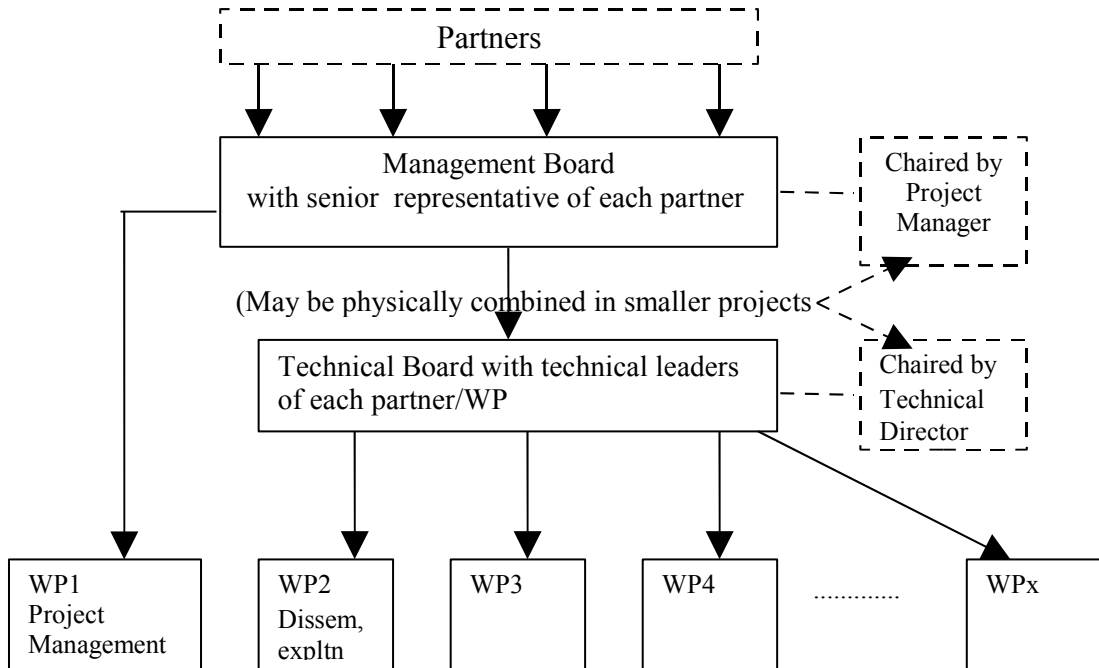
For smaller projects and depending on the technical abilities of the company representatives, it is possible and more effective to combine the Management and Technical Boards although they must continue to deal with both aspects.

5.2.2 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.
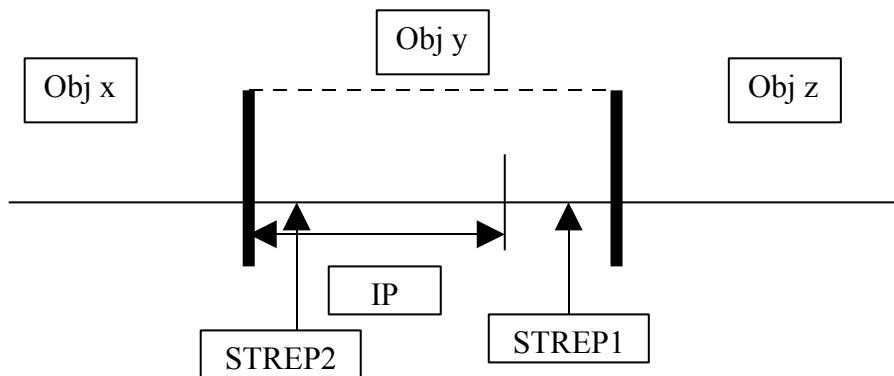
In above diagram, IP, STREP1 and STREP2 are all targeted at Objective y. STREP2 has strayed into the IP domain while STREP1 has not. How can this be avoided? I suggest the following process -

Identify if area of
interest covered by Obj

Can it complement a
project in a Obj?

N

Yes

Does specific topic
ask only STREPs?

N

Look elsewhere
for funding

Yes

Find
consortium

N

STREPs and/or IPs

Yes

Identify potential
IP proposers
Is topic covered?

N

YeS

Yes

Wish to
participate?

Allow you to
participate?

Yes

N

Join

Initiate
own IP

Either

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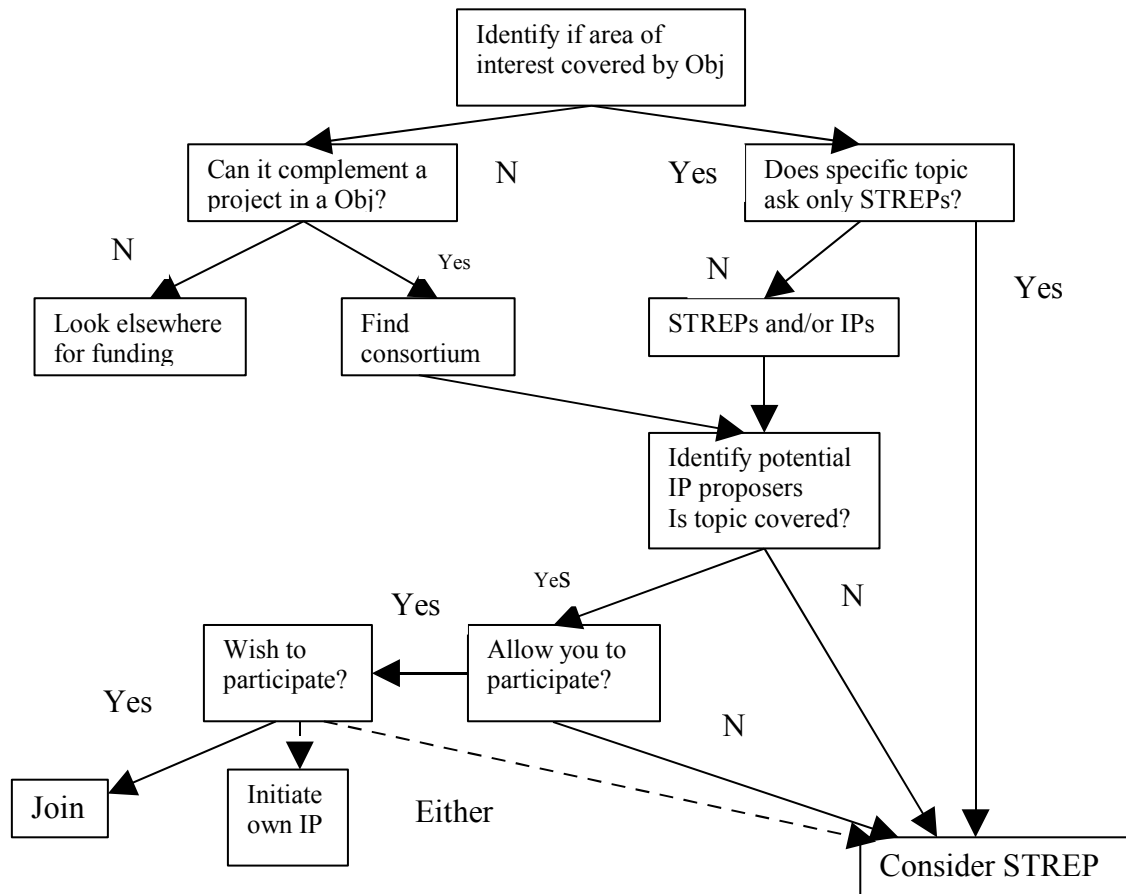
Chapter 15 of this book deals in detail with how to construct an ICT STREP proposal.

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 activities should contribute to the professional development of the persons concerned
5. any other specific type of activity directly related to the project's objectives (as identified in the relevant work programme or call for proposals)
6. project management activities.

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

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

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

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

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

CPs (ICT IP) and NoEs - two possible configurations

Monolithic
All partners known
All Tasks Identified

Incremental participation
Not all partners known
All Tasks Identified
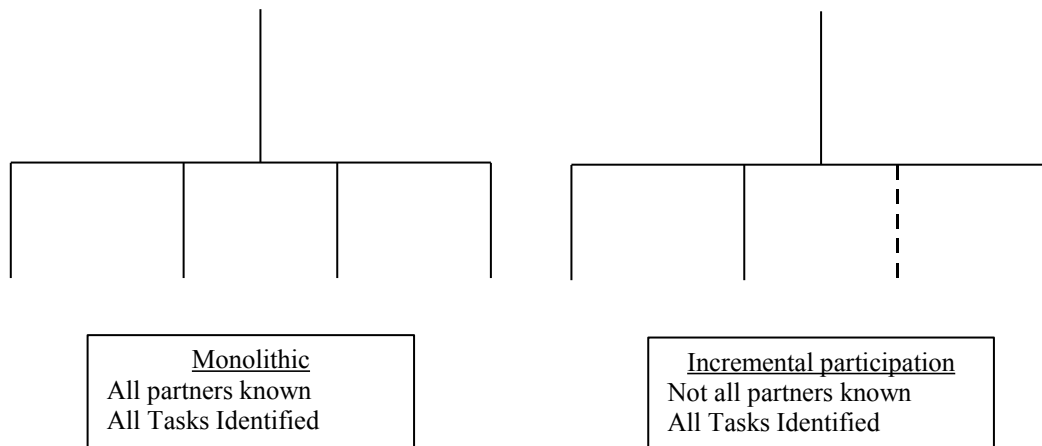
All the activities carried out in the context of an Integrating Project should be defined in the general framework of an " **implementation** plan" comprising activities relating to:
1. research, **and as appropriate** technological development and/or demonstration;
2. management, dissemination and transfer 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 -
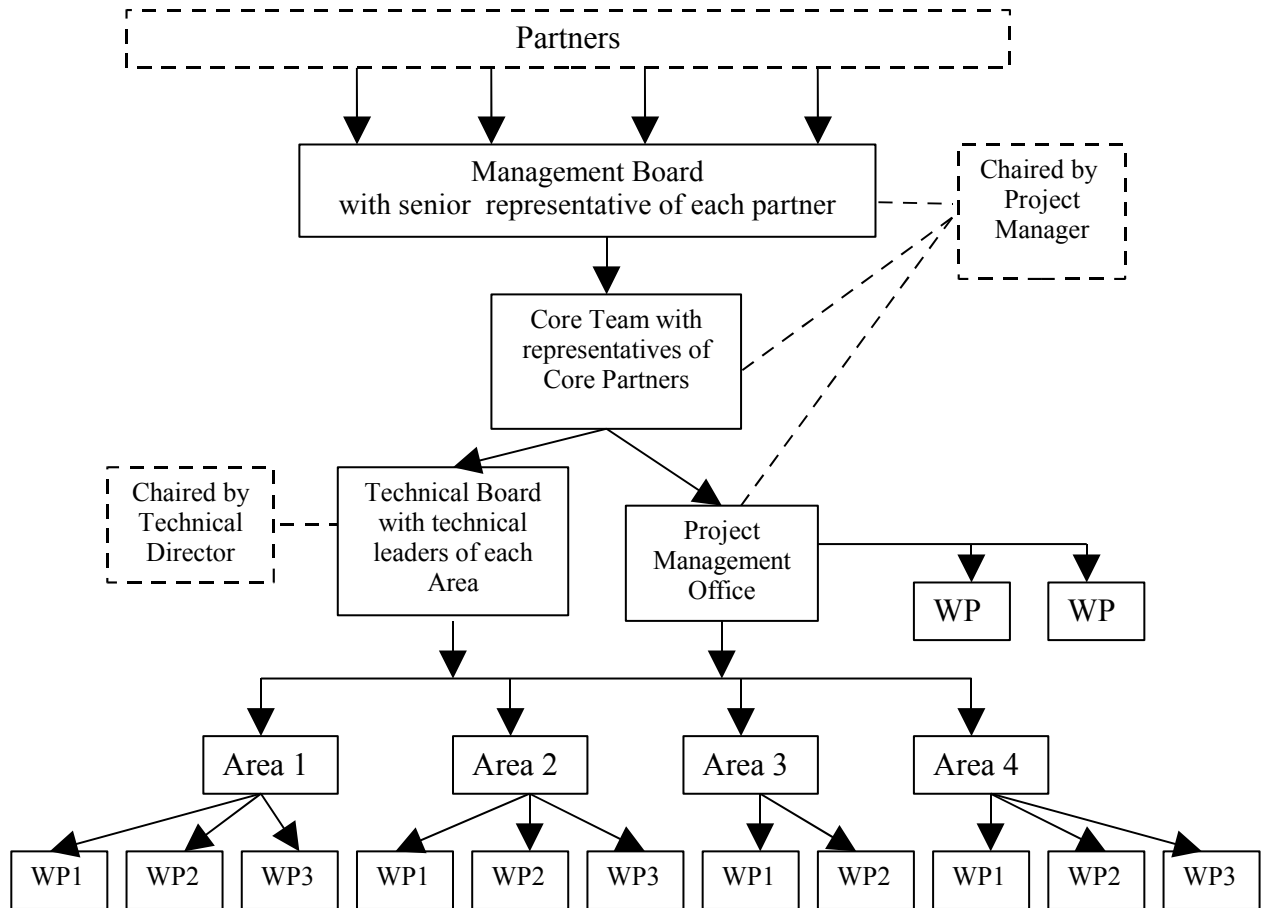
In the above structure, I have indicated a possible configuration. Here all partners are not equal as would be defined in the consortium agreement. There are "Core partners" and "others". Overall, each partner is represented on the Management Board but the ongoing detailed management authority is vested 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 -

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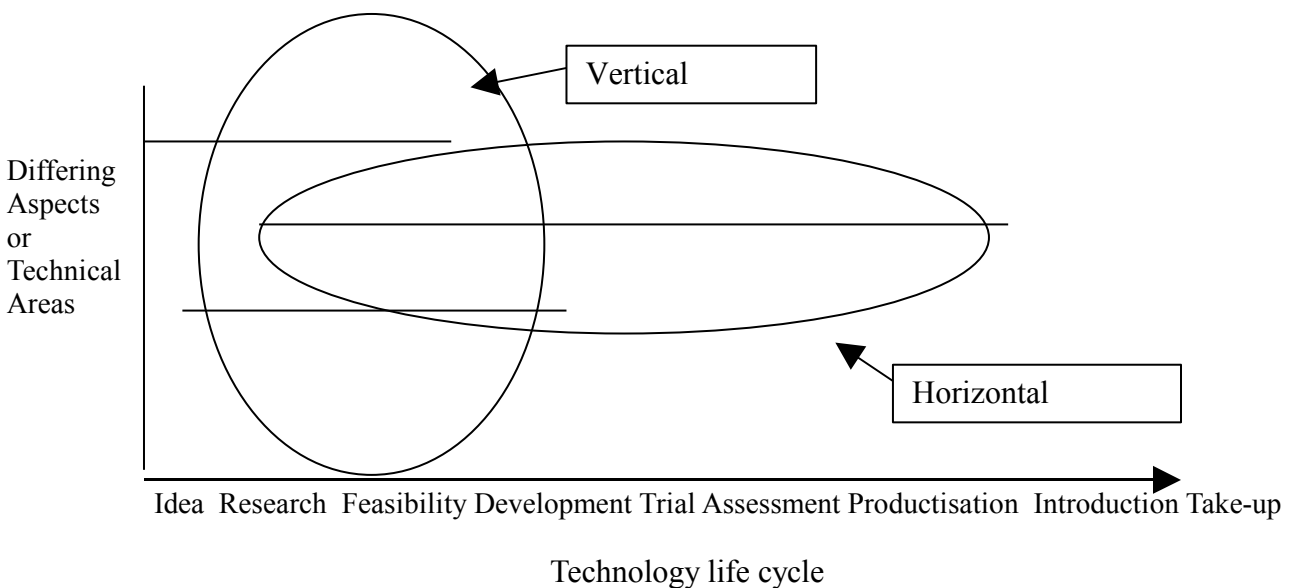
Even within a single Focus of a specific Workprogram Objective they may wish two separate IPs . One of each as illustrated above. It depends on the needs and goals of the Objective.

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

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

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

They are seen as providing support to a Joint Program of Activities implemented by a number of research organisations integrating their activities in a given field, carried out by research teams in the framework of longer term co-operation. The implementation of this Joint Programme of Activities will require a formal commitment from the organisations integrating part of their resources and their activities.

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

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

Since Networks of Excellence are aimed at tackling fragmentation of existing research capacities, they should be implemented provided that:
- research capacity is fragmented in the (thematic) area being considered;
- this fragmentation prevents Europe from being competitive at international level in that area;
- the proposed integration of research capacity will lead to higher scientific excellence and more efficient use of resources.

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

The Joint Program of Activities (JPA) is the collective vehicle for achieving the durable integration of the research resources and capacities of the Network of Excellence. In order to do so, the JPA should consist of a coherent set of integrating activities that the participants undertake jointly. The JPA will have several components:
- activities aimed at bringing about the integration of the participants research activities on the topic considered, such as:
  - establishing mechanisms for coordinating and eventually merging the research portfolios of the partners
  - staff exchange schemes
  - complete or partial relocation of staff
  - establishment of shared and mutually accessible research equipment, managerial and research infrastructures, facilities and services
  - exploration of the legal requirements (facilitators/barriers) for durable integration,
  - setting up of joint supervisory bodies
  - measures for joint public relations …

- jointly executed research to support the durable integration, e.g. systemic development, or development of common tools, or at filling gaps in the collective knowledge portfolio of the network, in order to make the research facilities usable by the network. (NB: in addition to this research, participants in a network will pursue their "own institutional portfolio", including research, development or demonstration in the area covered by the network itself.
  The latter research, development or demonstration activities are not part of the "joint

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

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

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

NoE – JPA for integrating/shaping research

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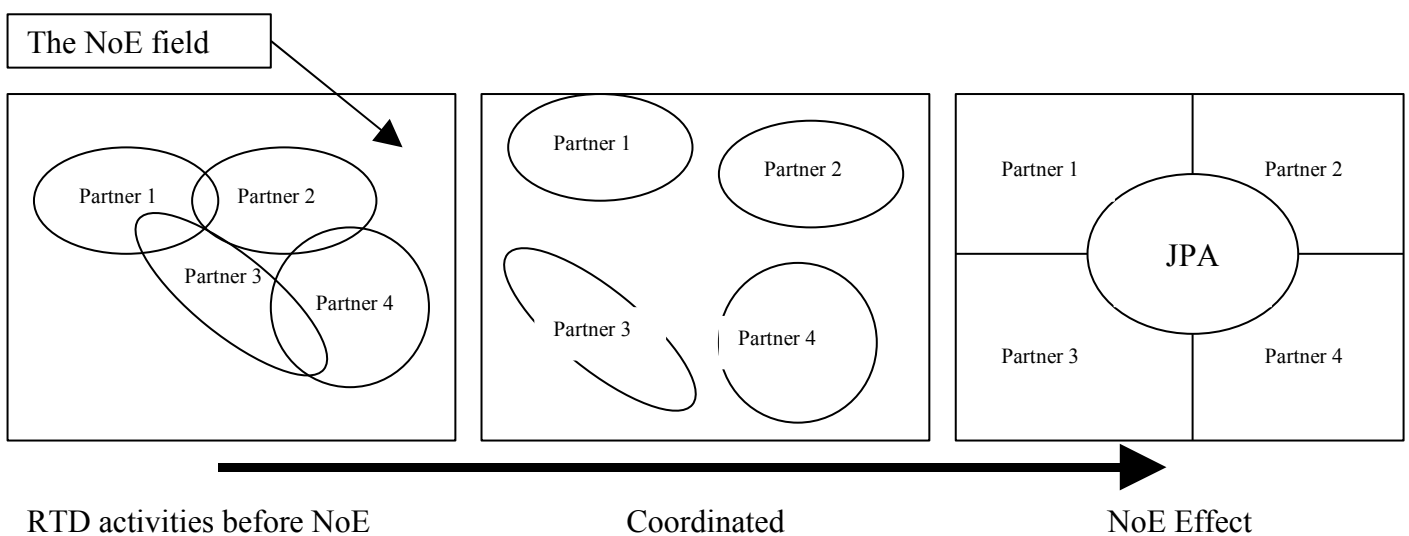
Diagram above represents the scope of the Joint Program of Activities for a Network of Excellence on the right. Note how it goes beyond coordination by ensuring better coverage of the technical area, not just avoiding duplication.

The size of the network may vary according to the areas and subjects involved. As an indication, the number of participants should not be less than six or so. On average, in financial terms, the Community contribution to a Network of Excellence may represent several million Euros per year.

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

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

5.4.1 NoE Practical Points

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

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

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

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

5.4.2 Structure of NoEs

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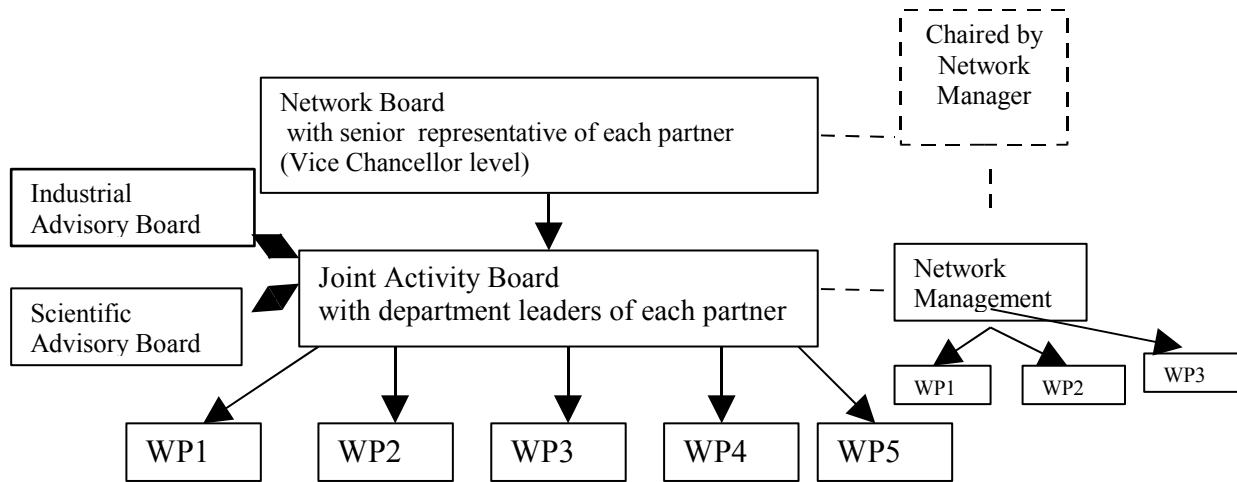
It is necessary in an NoE to match the organisation to the instruments goals. Thus we talk about "Network Board" and the management of the "Joint Program of Activities". In addition a strong emphasis will be required on some management body; I have termed it Network Management. It would have a role related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

5.5   Coordination and support actions (CSA)

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

The Funding Scheme allows for two types of actions to be financed:
      "co-ordination or networking actions",
      "specific support actions".

5.5.1   Coordination or networking actions (CA)

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

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

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

5.5.2 Support actions (SA)

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

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

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

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

5.6   SME specific 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 2.12. There are two types 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.**
Details are in the following sections.

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. As long as each SME can share the requirement without losing commercial advantage, then the program can fully fund RTD Performers (must be a minimum of 2) that have the capability to carry out the research on their behalf.

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

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 SME associations. The consortium may reach a different agreement as long as SME 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 cost between €0.5 and €2 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 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 SME 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 SME 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.

SME 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 the Benefit of SMEs" project, for RTD and Demonstration activities, the RTD Performer(s) are sub-contractors to the SME 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

Work programme 2008-Capacities-Research for the benefit of SMEs
"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 SME associations buy knowledge from RTD performers, who sell their expertise and work. Specific research and development activities undertaken by SMEs or SME 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 SME 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 SME Associations (and, if applicable, by Other Enterprises and end-users) to RTD performers.

Project Results and IPR:
By default, the participating SMEs and SME 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 SME 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/SME-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/SME-AGs to SMEs/SME AG or to organisations in the group "Other".**

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

Research for SME 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 on behalf of Industrial Associations/Groupings (SME-AGs) in order to expand the knowledge base of large communities of SMEs and to improve their general standard of competitiveness.

An 'SME 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 average Research for SME Associations project will run for two to three years and will cost between €1.5 and €4 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 and two of these must be Member States or candidate countries. Consortia must also contain an 'SME 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 SME-AGs, which are organisations with the facilities necessary to carry out research on behalf of the SME-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 SME-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 SME 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

Work programme 2008-Capacities-Research for the benefit of SMEs
"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 SME associations buy knowledge from RTD performers, who sell their expertise and work. Specific research and development activities undertaken by SMEs or SME 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 SME 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 SME Associations (and, if applicable, by Other Enterprises and end-users) to RTD performers.

Project Results and IPR:
By default, the participating SMEs and SME 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 SME 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/SME-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/SME-AGs to SMEs/SME AG or to organisations in the group "Other".**

5.6.3   *Comparison between SME 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 SME Assoc.	2-3 years	€1.5-4M	At least 2	At least 2	3 national or 1 European	-

The activities

Instrument	Overall participation	Objectives	Activities	Proposal
Research for SMEs	See above	• SME innovation • SME cooperation • SME trans-national cooperation	• Research & Innovation • Demonstration • Other • Management	Single step
Research for SME Assoc.	See above	• Sectoral research • Pre-normative • Tools • Common problems	• Research & Innovation • Demonstration • Other • Management	Two step

The legalities

Instrument	Consortium agreement	RTD Performers	Coordinator	IPR
Research for SMEs	Yes	• >40% costs • Fully funded	• SME • RTD performer • Specialised Project Management Company*	SMEs
Research for SME Assoc.	Yes	• >40% costs • Fully funded	• SME-AG • RTD performer	Industrial groupings

			• Specialised Project Management Company*	

* If sufficiently justified

An important change is that the participants will be 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 breakthrough*s 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 natur*e, 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 foundatio*n. The novelty of this research comes from *new ideas* rather than from the refinement of current ICT approaches."

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.

5.8.1   Beneficiary

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

Coordinator and the Commission sign, the others accede to the agreement.

5.8.2 Coordinator

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

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

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

5.8.3 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.

Sub-contractors will not sign any contract with the Commission. A new aspect is the need for some form of open tender before awarding sub-contracts. This should normally only be required when the nature of the subcontract would normally require a tender if specified in the organisations normal management practice. However any large subcontract may require such a tender – how this is being appliedin 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 and some SME measures. However it also is used for Collaborative R&D Projects in other Thematic Programs where specified in the Call.

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

    Cover page
    Contents

1.1
1.2
1.3 summary only
2 - not required
3.1
3.2 - not required
4
5 Consideration of gender aspects - not required
6 Partnership and Budget (This section is required for stage 1 submissions only)

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

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

Please note that there were significant changes from FP6, including changes in nomenclature. This aspect of FP7 is still open to further changes and fine tuning. This section is our current best assessment of where the rules stand. Note that many aspects will only be clarified as they are implemented. Interpretation is also likely to vary within the Commission itself especially between Directorates as in the past. 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.

6.1 Cost Calculation

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

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

See section 6.5 for details of overhead calculations.

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

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

* when it can be reported under management costs and not required to be RTD expense (differences between ICT and other programs)

Of course indirect costs i.e. organisational overheads can also be added see 6.5.

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

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

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

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

The types of activities per funding scheme are as follows:

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

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

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

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

differently in specific call
** Other specific activities means:
- for NoE Joint Program activities, except consortium management
- for CA: activities except consortium management
- for SA: any specific activity covered by Annex 1
*** ICT takes the view that there are two instruments under CP, STREPs and IPs, which are qualitatively and not just quantitatively different. IPs are big industry sector initiatives which do just about anything, but STREPs are the classic focused research projects for which only three main cost categories are allowed, Research, Demonstration and Management. Dissemination and IPR protection or any other activities in STREPs can be put under Management (of course they could also go under R&D if the consortium wanted to bear part of the cost).

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

6.2   Allowable Consortium Management Costs at 100%

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

1. The following costs must be included here.
  ● Certificate on financial statement (Audit certificate) costs (but without overhead as it is technically viewed as a subcontract)
  ● Certification of the accounting system
  ● For large collaborative projects and NoEs, the costs of implementing competitive calls by the consortium (Publication and Evaluation) to find new members (if required)

2. The following may be included in the consortium management cost activity
  ● Updating and managing the consortium agreement (incurred after project start only)
  ● Managing at a consortium and participant level of the technical activities of the project
  ● Overall legal, contractual, ethical, financial and administrative management of the consortium
  ● Co-ordination at consortium level of knowledge management and other innovation related activities
  ● Overseeing promotion of gender equality in the project
  ● Overseeing science and society issues related to the research activities
  ● Patents (to be verified)

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

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

6.3   Explanation of activity costs

Questions have arisen about funding of STREP projects in ICT. The notes in the Guide for applicants give the following three definitions for activities in a STREP:
  ● RTD activities means activities directly aimed at creating new knowledge, new technology, and products, including scientific coordination.
  ● Demonstration activities means activities designed to prove the viability of new technologies that offer a potential economic advantage, but which cannot be commercialised directly (e.g. testing of

product like prototypes).

- Management activities include the maintenance of the consortium agreement, if it is obligatory, the overall legal, ethical, financial and administrative management including for each of the participants obtaining the certificates on the financial statements or on the methodology and, any other management activities foreseen in the proposal except coordination of research and technological development activities.

6.3.1 Research Costs

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

6.3.2 Demonstration Costs

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

6.3.3 Other Costs

Typical examples of Other costs include:

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

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

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

6.4   Personnel costs

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

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 consultants" 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 that 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

Prior to FP6 and FP7, overhead costs were applied generally only to personnel costs; in FP6 and FP7 they can be applied more broadly – except if using analytical method of overhead accounting.

Direct costs are those costs directly related to the project, which can be clearly identified and justified by the accounting rules and principles of the beneficiary.

Overhead costs (also referred to as Indirect costs) are those costs which are not directly related to the project, not identified as direct costs and which do not include any costs already directly charged to the project. They are determined in accordance with the accounting principles of the beneficiary but must be related to the project, subject to audit trail and be real. They shall represent a fair apportionment of the overall overheads of the organisation.

In FP7, they may be identified according to one of the following methods:

1. Actual indirect costs

2. Simplified method
3. Standard flat rate
4. Special transition flat rate

6.5.1 Actual indirect costs

This is where an Organisation has the ability to identify and allocate their overhead costs against different projects. This requires an analytical accounting method. As always, this method has to be as per the organisation's normal practice. There is no requirement to develop this especially for FP projects.

Actual indirect costs incurred in direct relationship with the direct eligible costs attributed to the action calculated using an analytical accounting system. The calculated overheads could include the following types of costs:

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

See 6.7 below regarding non-eligible costs.

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

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

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

It is normal for organisations using this method, to only apply overheads to their direct personnel costs.

6.5.2 Simplified method for calculation of indirect costs

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

on actual costs derived from the financial accounts of the period in question.

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

If an Organisation only has the ability to calculate their total overhead costs but cannot systematically allocate actual costs per project or department or person, then they may use the "Simplified Method" for working out their overheads. The "Simplified Method" is a universal way of calculating overheads by percentages as per the organisation's normal practice. These overheads can be applied to all costs excluding sub-contracting.

For example by:
- Salary Costs
- Area Occupied
- Etc.

6.5.3   Standard Flat rates for indirect costs where applicable

Any participant may opt for a flat-rate of 20% of its total direct eligible costs, excluding its direct eligible costs for subcontracting and the costs of reimbursement of resources made available by third parties which are not used on the premises of the participant.

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

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

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

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

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

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

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

6.5.4 Special Transition flat rate

Non-profit public bodies, secondary and higher education establishments, and research organisations and SMEs, which are unable to identify with certainty their real indirect costs for the project, when participating in funding schemes which include research and technological development and

demonstration activities may opt for a flat-rate of 60% of the total direct eligible costs1 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

<div align="center">AND</div>

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

<div align="center">AND</div>

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

This transitionary rule will permit those organisations who cannot identify project indirect costs (i.e. previously could have used the AC or FCF model) to optionally claim more than the default 20% fixed overheads for projects under calls that close during the first three years of FP7. For projects resulting from calls closing until 31 Dec 2009, they can use 60% overheads and for projects resulting from calls closing the calendar year ending 31 Dec 2013, this will be changed but will not be less than 40%.

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 form 50% to 75%.

6.5.5   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.

6.5.6   Applicability of Overheads

It is normal and acceptable in collaborative R&D projects to apply overheads on to all costs (except Subcontract, Audit and Third Parties).

> However for those using the Actual Indirect Costs derived from an analytical accounting method, they are normally only applied to personnel costs. In addition, depending on the nature of the accounting system some costs e.g. travel may have been included in the Actual Indirect Cost calculation and therefore would not be separately charged.

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

Third parties making available resources
- "Third parties" to be indicated in Annex I

- Costs may be claimed by the beneficiary
- Resources "free of charge" may be considered as receipts

Resources placed at the disposal of a participant by third parties could be eligible and therefore be refunded. This provision was introduced in FP6 and was specifically conceived with a view to encouraging the participation of common legal entities (e.g. EEIG and similar entities without legal personality) instead of its members.

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

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

6.5.8   Overheads on "Consortium Management or Other Costs"
Beneficiaries may charge overheads on all 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.

6.5.9   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%.

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

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

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

Depreciation = A/B x C x D
> Where:
> A = the period in months during which the durable equipment is used for the project after invoicing,
> B = the depreciation period for the durable equipment: as per regular accounting practice for the organisation within its published accounts
> C = the actual cost of the durable equipment,
> D = the percentage of usage of the durable equipment for the project.

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

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

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

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

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

6.7   Non-eligible costs

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

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

6.8   Costing of Network of Excellence

In a Network the funding determination is entirely different. The maximum annual payment to the Network is determined by the number of researchers. Please note that the grant is determined by the "number of researchers to be integrated" and this is determined as of numbers on date call closes. The lump sum, when used, would be € 23,500 per researcher per year (with update every two years). **Addition of further partners during project will not increase the funding**.

The financial regime for Networks of Excellence is based on the concept of an incentive for integration; i.e. a fixed amount to support the Joint Program of Activities. The estimation of the financial amount of

the grant takes into account the degree of integration (by defining a minimum threshold to be reached in the evaluation), the number of researchers to be integrated, the characteristics of the research field and the joint programme of activities. Grant agreements for Networks of Excellence will contain a table such as the following to determine the average annual amount of the grant:

For Networks of Excellence, a special "lump sum" is proposed in the Rules [if this form of financing is indicated in the work program]. The lump sum would be € 23,500 per researcher per year (with update every two years). Payments based on assessment of progress in implementing the joint programme of activity (measured by indicators of integration).
In the 1st Calls of FP7, the Lump-Sum method is not being implemented for Networks of Excellence. For the 1st calls, costs are claimed via eligible costs.

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

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

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

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

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

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

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

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

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

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

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

6.9.2   The fixed overhead participant

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

6.9.3   The calculated overhead participant

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

6.9.4   Note on NoE budgeting

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

6.10   Receipts of the Project

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

6.11   Claiming costs in a running project

Payment modalities per beneficiary:
- One pre-financing (upon entry into force of Grant Agreement) 160% x Total Budget for 1st year or period
- Followed by interim payments calculated on last period cost times funding rate (as was in FP5)
- Previous 70% rule on pre-financing dropped
- Retention (10% + 5% of entire indicated funding for Guarantee Fund)
- Final payment (105 days)

6.11.1 Dealing with Exchange Rates in Financial Statements

Contracts, funding, payments and cost statements in FP contracts are all in Euros. Several EU Member States and all Associated States use currencies other than the Euro. Thus for them there is some risk in

taking what is effectively a fixed price contract in a foreign currency.

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

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

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

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

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

The cost of this audit is an eligible cost under the activity relating to Management of the consortium. Each beneficiary is free to choose any qualified external auditor, including its usual external auditor, provided that it meets the cumulative following professional requirements:
> a) the external auditor must be independent from the beneficiary;
> b) the external auditor must be qualified to carry out statutory audits of accounting documents in accordance with the 8th Council directive 84/253/EEC of 10 April 1984 or similar national regulations.

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

Audit reports can be 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

Certification concept is new in FP7 and will be gradually introduced for those organisations that request it and the request is approved by the Commission. Only the most frequent participants will be so approved.
- Certification will be provided on the basis of "Agreed Upon Procedure" (AUP)
- AUP, the auditor provides information according to a specific format specified via agreed terms of reference (ToR)
- ToR is annexed to the Grant Agreement (Annex VII)
- AUP is derived from common practice in audits and corresponds to international audit standards
- 2 types of AUP: Report of factual findings on
     expenditure verification
     system verification

Certification on the methodology = AUP for system verification aims at certifying the methodology of calculating (average) personnel costs and overhead rates. Note that it is only as an option on this AUP for system verification that use of average salaries is possible.
- Valid throughout FP7, on a voluntary basis, must be accepted by EC
- Particularly aimed at legal entities with multiple participations. Waives the obligation of certificates for interim payments
- Simplifies certificate for final payment

Advantages for system verification
- The EC will receive consistent certifications and cost claims cleaned from errors
- Beneficiaries will gain legal security
- Beneficiaries in many projects will have to submit less certificates
- EC and beneficiaries will have less processes to handle: less certificates
- EC gains significantly in terms of assurance on legality and regularity

	Certificate on Financial Statements (CFS)	Certificate on the Methodology	Certificate on average personnel costs
Basis	Article II.4	Article II.4	Article II.14
Who	Mandatory for all beneficiaries	Optional and foreseen for a limited	Mandatory for beneficiaries which will

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

6.13   Accounting Principles

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

All organisations, including universities and other public institutions must keep proper books of account and supporting documentation to justify their eligible costs claimed that they charge and relevant documentation must be kept for a period up to five years after the end of the action.

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

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

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

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

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

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

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

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

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

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

6.14 Example of different bases of cost calculation

This example is the potential effect on a University (all 3 possibilities) or on an SME (only first two possibilities unless it cannot identify its overheads) depending on its choice of cost model for the identical work.

Overhead method	Calculated at 90%	20%	Derogation 60%
Project labour costs (permanent and temporary)	100	100	100
Other direct costs, excluding subcontracts/3rd parties	25	25	25
Total direct costs	125	125	125
Overheads: 20% of direct costs		25	
Derogation 60%			75
Calculated at 90% of direct costs	112.5		
Subtotal	237.5	150	200
EU contribution: (say)			
RTD 75% of 99% of cost	173.3	93	148.5
Management at 100% of 1% of cost	2.4	1.25	2
Funding	175.7	94.25	150.5

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

6.15 Participation without funding

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

6.16 Pre-financing

One pre-financing (upon entry into force of Grant Agreement) 160% x Total Budget for 1st year or period Followed by interim payments calculated on last period cost times funding rate (as was in FP5).

Interest on pre-financing - the guidelines for FP6 were clear that bank interest earned by the coordinator on pre-financing monies is a receipt of the project. However under FP7 if the capital amount is less than 50,000 Euro (amount to be confirmed) 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.

The pre-financing provided to the beneficiaries remains the property of the Commission until reimbursed. The pre-financing will be spent continuously from the moment it is transferred until the financial statement is accepted. On the other hand, the principle of co-financing also means that the beneficiaries should notionally draw from the pre-financing and from their own resources during each period.

6.17 Sub-contractors

As a general rule beneficiaries must have the capacity to carry out the work themselves. Subcontracting is

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

6.17.1 Conditions related to activities subcontracted:

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

6.18   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 will be established and operated by the Commission. Each participant will make a contribution to the guarantee fund of maximum of 5% of the EC contribution, to be returned at the end of the project.

If interest generated proves not to be sufficient to cover sums due to EC, a retention of a maximum of 1% of EC contribution will be made at the project end. There will be an exemption of retention for public bodies, higher and secondary education establishments, legal entities guaranteed by a MS/AC.

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

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

The plan is that all participants will be 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.

6.20 Reporting

Periodic reports to be submitted by coordinator 60 days after end of period
- progress of work
- use of resources
- Financial Statement (Form C)

Final reports to be submitted by coordinator 60 days after end of project
- publishable summary report, conclusions and socio-economic impact
- covering wider societal implications and a plan on use and dissemination of results

Commission has 105 days to evaluate and execute the corresponding payment
- No tacit approval
- After reception Commission may:
  - Approve
  - Suspend the time limit requesting revision/completion
  - Reject them giving justification, possible termination
  - Suspend the payment

6.21 FP7 Uncertainty

The Commission is currently responding to financial questions, especially internally. It seems that there are worries about the Commission's own interpretation of its financial rules and the impact that could

have upon evaluation of proposals. They seek to allay fears 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 must in order to finalise contracts for projects arising from the first calls for proposals in early 2007. In particular the applicability of the derogation 60% model to SMEs although now clearly being applied to SMEs appears to us to be questionable and the Court of Auditors may have a problem with it.

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.

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.

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 subcontractor 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
- 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 of 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 coordinator*

 This is the corollary to 7.4.4 when a coordinator 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 coordinator. 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 IPR 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 coordinator. 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   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:
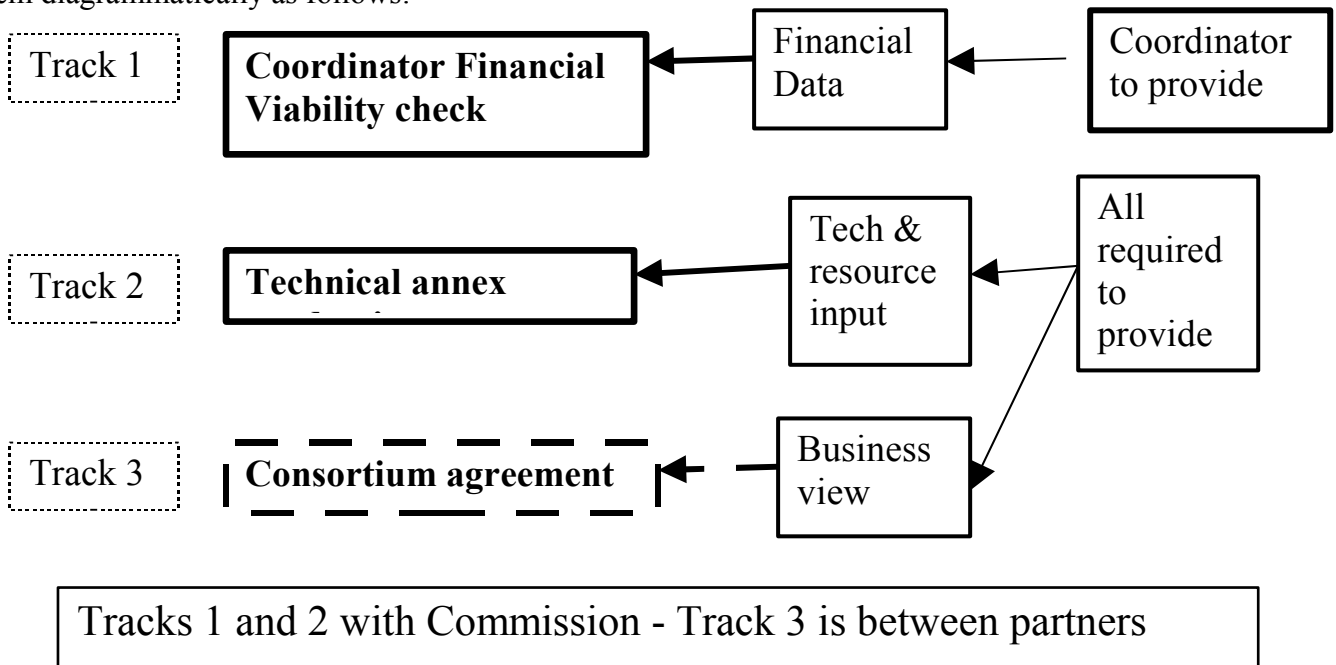
Note that for partners not guaranteed by government, there is a requirement under Track 1 above for them to also undergo a financial viability and capability check by the Commission if their indicated funding is greater than 500,000 Euros.

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

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

To implement this principle, a facility called PDM - URF (Participant Data Management – Unique Registration Facility) is under development. The facility is introduced in several stages, so that changes to the validation procedure are necessary during 2008.

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 NEF.

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

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

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

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

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

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

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

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 6.18 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 PIC
- If not ensure they complete the URF process
- Have to have the Grant agreement Preparation Forms (GPF) ready from each partner (now mainly an on-line process)
- And, in parallel should deal with the Consortium Agreement

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

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

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

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

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 .

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

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. However this is a mandatory document within most RTD projects (potentially some exception within ICT FET Open) and note that in the SME actions the Commission must see a signed copy prior to contract time. The Agreement must be prepared and signed by the partners prior to official start of the project and by each additional partner prior to him joining the project. I suggest that it should be based on a Memorandum of Understanding signed by each partner as they join the consortium prior to proposal submittal.

In view of the larger flexibility which is offered to FP contractors, and in order to make the most efficient use of it, they are obliged to enter into a specific consortium agreement, unless this has been exempted by the call for proposals. The Consortium Agreement sets out the internal management guidelines for the consortium and can provide for arrangements relating, for instance, to the granting of specific access rights in addition to those provided for in the standard IPR provisions. This is likely to be helpful in many

projects, although the new IPR provisions were developed in such a way as to be self-sufficient, i.e. to make it possible to execute a project without defining additional IPR provisions.

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

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 SME friendly and encourage use of payments as a managerial tool. This is a major flaw.

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

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
    - o Technical contribution of each party (as set out in Annex I to the grant agreement);
    - o Technical resources made available;
    - o Production schedule for inter-related tasks and for planning purposes
    - o Expected contribution, maximum effort expected
    - o Modification procedure;
    - o Provisions for dealing with non-performing contractor(s).
5. Commercial provisions
    - o Confidentiality;
    - o Ownership of results / joint ownership of results / difficult cases (i.e. background that is very closely linked to the result, making it difficult to distinguish the background from the result);
    - o Legal protection of results (patent rights);
    - o Commercial exploitation of results and any necessary access rights; Commercial obligations;
    - o Relevant patents, know-how, and information;
    - o Sub-licensing;
    - o Background excluded from use in the project.
6. Organisational provisions
    - o Committees – establishment, composition, procedures, role and nature:

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

In addition I suggest that the following also be considered -

1. Distribution of the 100% management provision between partners
2. Distribution of the effort and funding between the partners
3. Process and rights of new participants added into the running project
4. Participation in competitive projects
5. Possible identification of a core project team, its membership and authority

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

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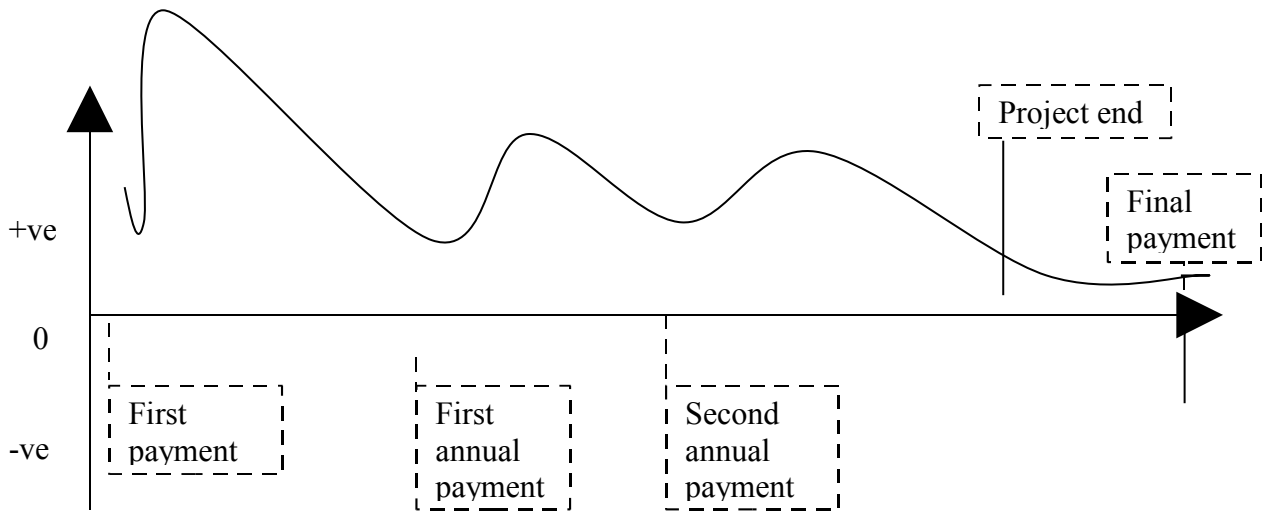
A frequent misconception is how long payments take after submitting cost statements. In Annex 2 to your grant agreement it will probably say that deliverables that the Commission will accept the reports and make the corresponding payments within 105 days of their receipt. Of course frequently they ask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

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

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 -

Type	Options	Notes
Partner problems	• Force them to continue • Force them to complete current responsibilities • Sue them and divide the work • Bring in a replacement	• Involve PO ASAP • Involve senior management • Involve Committee representatives
Technical problems	• Conclude the project • Modify the project significantly	Assumes work was undertaken properly
Market problems	• Conclude the project • Modify the project significantly	Assumes work was undertaken properly
Problems with the Commission	• Convince Project Officer it is OK • Undertake some additional work • Redo some work	It may be necessary to escalate within the Commission i.e. to Head of Unit level but I suggest you involve Committee representatives

It should be also noted that as part of resolving any of the above problems it is usually necessary to replan the work. Such replanning could involve extending the project timeframe, 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.

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 timeframe – this frequently occurs and is fairly normal, however if you need to do this be extremely sure you can hold to the new timeframe. 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 contractor has carried out under a framework contract. Audits are carried out on site usually by a local accounting company contracted by the Commission for this purpose and having no conflict of interest. I believe about 10% of participants are audited. Some of those are random and some are when there is suspicion of some irregularity. Contractors who have undertaken many/large projects are more likely to be audited.

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

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 timeframe
2. Change of contractor or a contractor's legal details

In all cases, the Coordinator requests amendments on behalf of consortium. Subject to the Consortium Agreement, this step is usually first agreed to by the project partners.
- Coordinator can accept an amendment proposed by the Commission (NEW)
- For adoption/withdrawal tacit approval by the Commission is given after 45 days if no objection is raised

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 Technical Management consists of:
- Coordination of research and technological development activities
- Scientific coordination including WP Management

It is unclear where Quality Management will fit in - this will probably be 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 is fundable at 100% under 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 form 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 (Form C) 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 Form C 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   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

9.5.7   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.... by......

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.

9.5.8   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

There has been a notable tendency for Project Officers to decide to hold the project Final Review in the month following the project end. This should be only 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. The Final Review is only a review of the technical aspects; financial details should not be subject to review by the external reviewers.

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. There 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 breech 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.

1. Each partner should be given complete drafts as the proposal is being built – even if they are not major contributors
2. The valid requests of partners as to their needs to carry out the work should be honoured.
3. 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.
4. 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
5. 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 Coordinator 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

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

10.4.7 Project End
1. Don't lose project funding by last minute un-forecast 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 are beginning to look like what IPs were originally conceived 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 aim at 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 34 ETPs defined in FP7. Among them, there are nine ICT ETPs in total as follows:
- Mobile Communications (e-Mobility)
- Embedded Systems (ARTEMIS)
- Nano-electronics (ENIAC)
- European Initiative on Networked and Electronic Media (NEM)
- Networked European Software and Services Initiative (NESSI)
- The European Robotics Platform (EUROP)
- The Photonics Technology Platform (Photonics21)
- Integral Satcom Initiative (ISI)
- European Technology Platform on Smart Systems Integration (EPoSS)

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.
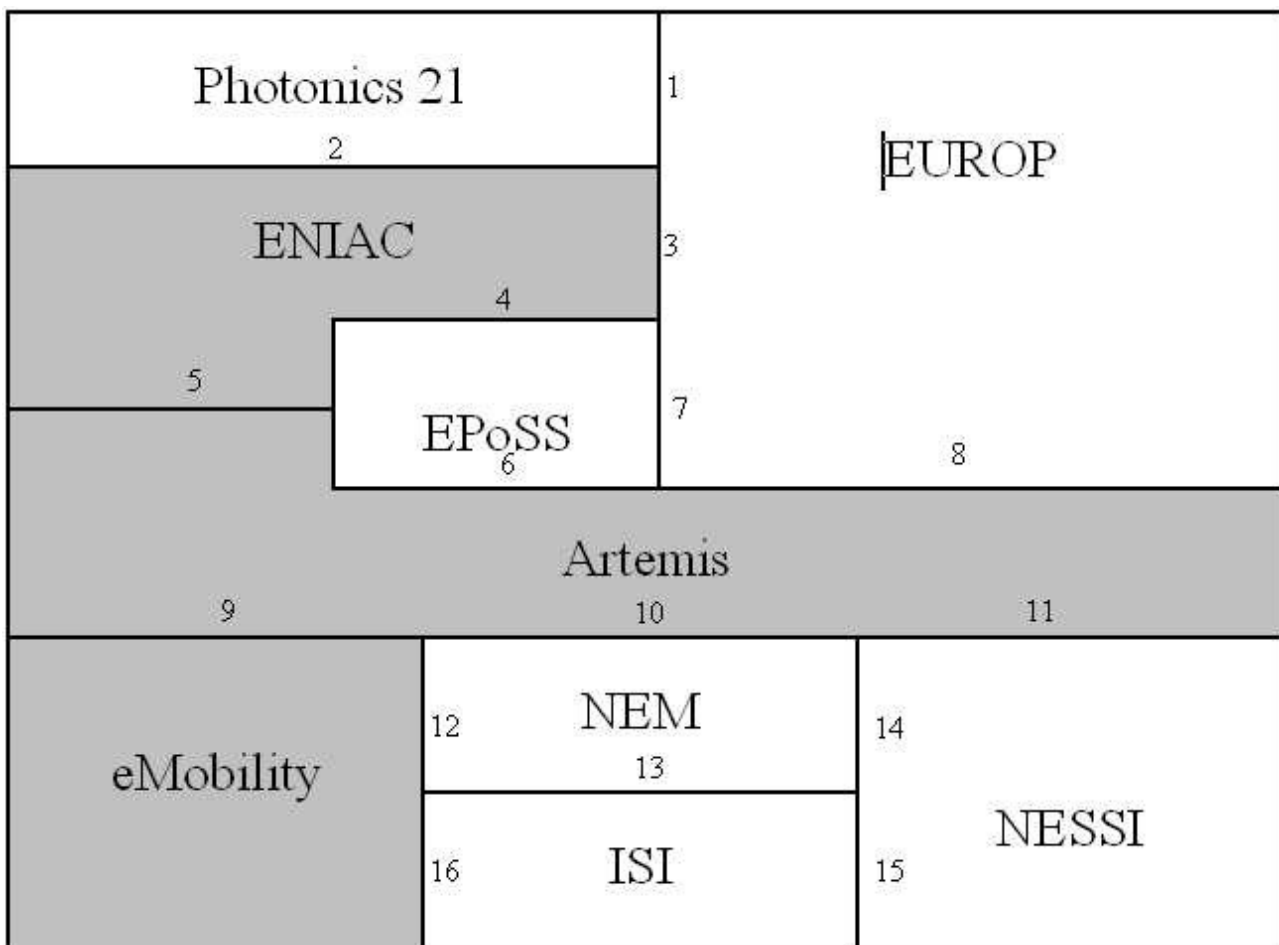
As can be seen above, we believe there are currently 16 such interfaces. We believe it important that each pair of ETPs involved in an interface, define the demarcation. This has begun in several instances. For example we are aware that ENIAC and Artemis have a written agreed position on Interface 5.

11.3   Joint Technology Initiatives

Of the current 34 ETPs, four are currently proceeding to establish JTIs. Of the four JTIs, two ICT ETPs; Artemis and ENIAC plus the ETP Innovative Medicines Initiative - IMI and the Clean Sky Initiative under the Advisory Council for Aeronautics Research in Europe - ACARE. All four of the JTIs have or are setting up legal entities to manage each JTI. These legal entities are called Joint Undertakings of JUs.

In addition another two ETPs Hydrogen and Fuel Cells Initiative (FCH) and Global Monitoring for Environment and Security (GMES) have been identified as also being appropriate to proceed to JTIs.

One vital role of the JU 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.

It is expected that these four JUs will issue calls for proposal based on their Research Agenda during 2008.

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 ETPs proceeding to 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 has recently become apparent that it is the intention to gradually replace MEDEA+ and ITEA2 Eureka by the new JTI funding mechanisms.

11.5   How ETP activities will be 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 ICT 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) the ICT program will put aside certain funds to be available to support the ICT ETP JTIs. For each of the two 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 JU – see below.

11.6   JTI/JU/ETP Structures

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

```
                    ┌─────────────────┐
                    │      ETP        │
                    │  produces SRA   │
                    └─────────────────┘
                             │
                             ▼
                    ┌─────────────────┐
                    │    Members      │
                    │ decide to form  │
                    │      JTI        │
                    └─────────────────┘
                             │
                             ▼
┌──────────────────────┐  ┌─────────────────┐   ┌──────────────────────┐
│ Membership consists  │  │  Legal entity   │   │ ICT ETPs formed      │
│ of:                  │  │   JU set up     │───│ associations as:     │
│ ● Commission         │──┤                 │   │ ENIAC – AENEAS       │
│ ●  JU Member States  │  └─────────────────┘   │ Artemis - Artemisia  │
│ ● ETP association    │           │            └──────────────────────┘
│ representing the     │           ▼
│ companies and R&D    │  ┌─────────────────────┐
│ actors in this field │  │ Creates Multi annual│
│ ● Others as agreed   │  │ strategic plan and  │
└──────────────────────┘  │ RA from SRA         │
                          │ Annual Implementation│
                          │ Plan defines calls  │
                          │ and contents        │
                          └─────────────────────┘
                                    │
                                    ▼
                          ┌─────────────────────┐
                          │ ● Issues calls      │
                          │ ● Evaluates proposals│
                          │ ● Seeks approval for │
                          │   selection         │
                          │ ● Issues contracts  │
                          │ ● Manages contracts/│
                          │   proposals         │
                          └─────────────────────┘
```

11.7   JTI Financial Details

11.7.1 JU Funding Aspects

This can be seen as falling under two distinct categories; the operating costs of the JU 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 JU 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 JU 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 JU are agreed to be up to 20 €M or 1% of R&D costs, not exceeding 30 €M with the Commission contribution not exceeding 10 €M.

In the case of Artemisia, the total available R&D budget will e made up of the following elements:
- Community (FP7 ICT) contribution of up to 410 €M
- The member states > 1.8 times the Community contribution (i.e. > 738 €M)
- 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 Associated country: their country is a Member state of the particular JU 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 $1/6^{th}$ from the JU and an additional $1/3^{rd}$ 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 $1/6^{th}$ 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 1/3rd 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 JU management or supervision activities.

Please also note that a maximum of 10% of the JU resources was forecasted for participants from non-JU 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 JU 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 JU 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

It is the intention to have 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 are skipping 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 JU 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 JU 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 JU 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 JU eligibility criteria

FPP Evaluation Criteria:
- <u>Relevance</u> to the JU Research Agenda, Multi-annual Strategic Plan and the Annual working plan application domains and technologies in the call
- <u>Innovation</u> beyond the state of the art
- <u>Impact</u> on the market and competitiveness
- <u>Application, innovation and achievements</u>
- <u>Exploitation and Dissemination</u>
- <u>Project Management</u>
- <u>Resource justification</u> 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 JU 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 JU 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 JU and from JU Member States are specified in the document on eligibility criteria.

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 are set out in the Annual Work Programme 2008
-

Indicative timetable: It is expected that the grant agreement negotiations for the selected proposals will start in November 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 JU Membership, Funding and Hosting
Please note that the ICT JUs list explicit "Member States", whereas the others are less explicit. The current seven constituted JUs 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 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 EUR 1 000 million. 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 EUR 420 million 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 EUR 450 million 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 Ambient Assisted Living Joint Undertaking
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 (Austria, Belgium, Cyprus, Denmark, Finland, France, Germany, Greece, Hungary, Ireland, Israel, Italy, Luxembourg, the Netherlands, Norway, Poland, Portugal, Romania, Slovenia, Spain, Sweden, Switzerland and the United Kingdom). Two additional countries still subject of

formal accession discussions.-

11.8.6 Draft Fuel Cells and Hydrogen Joint Undertaking
The Founding Members of the FCH Joint Undertaking should 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 470 million EUR. 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 shall be 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.

11.8.7 Proposed Joint Undertaking on Global Monitoring for Environment and Security (GMES)
This proposed JU will become defined during 2008/2009.

12   Ethical Considerations in FP7

All EU-funded research activities must comply with a strict ethical code. Article 3 of the Sixth Framework Programme (FP6, 2003-2006) stated that: "All the research activities carried out under FP6 must be carried out in compliance with fundamental ethical principles." There will be a similar article under FP7.

As technology improves, the Ethical Issues within FP projects are increasing. For this reason, in the new FP7 ICT "Guide for Applicants", there is a new added annex called "ICT-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 Programme.

The Commission then takes into account the results of the scientific evaluation and the ethical review when deciding on the proposals to be funded. Projects which cannot comply with fundamental ethical principles are excluded.

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.

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 the following table:

	YES	PAGE
Informed Consent		
• Does the proposal involve children?		
• Does the proposal involve patients or persons not able to give consent?		
• Does the proposal involve adult healthy volunteers?		
• Does the proposal involve Human Genetic Material?		
• Does the proposal involve Human biological samples?		
• Does the proposal involve Human data collection?		
Research on Human embryo/foetus		
• Does the proposal involve Human Embryos?		
• Does the proposal involve Human Foetal Tissue / Cells?		
• Does the proposal involve Human Embryonic Stem Cells?		
Privacy		
• Does the proposal involve processing of genetic information or personal data (eg. health, sexual lifestyle, ethnicity, political opinion, religious or philosophical conviction)		
• Does the proposal involve tracking the location or observation of people?		
Research on Animals		
• Does the proposal involve research on animals?		
• Are those animals transgenic small laboratory animals?		
• Are those animals transgenic farm animals?		
• Are those animals cloned farm animals?		
• Are those animals non-human primates?		
Research Involving Developing Countries		
• Use of local resources (genetic, animal, plant etc)		
• Benefit to local community (capacity building i.e. access to healthcare, education etc)		
Dual Use		
• Research having direct military application		
• Research having the potential for terrorist abuse		
ICT Implants		
• Does the proposal involve clinical trials of ICT implants?		
I CONFIRM THAT NONE OF THE ABOVE ISSUES APPLY TO MY PROPOSAL	x	

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

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%

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 Coordinator will be given the opportunity to submit "additional information" to supplement the proposal ethical information.

The Ethical Review Board has access to:
- The Proposal
- The EIR
- Correspondence between the Coordinator 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.
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.

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 programmes 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   SME Status

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 SME 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 SME 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 redress this imbalance, he rejected proposals to set quotas for SME 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.

Among the FP7 proposals designed to increase SME participation include 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. We propose to drop collective financial responsibility in the new Framework Programme and to replace it with a guarantee fund, which would cover the financial risks of defaulting project participants.'

Another proposed measure is to lower financial burdens for SMEs participating in projects. The FP6 contribution for industry participants is 50 per cent of the total cost of the project. Under FP7 proposals, the EU contribution would increase to 70 per cent for projects involving SMEs. 'My thinking was, and continues to be: if we can make life easier for the smaller actors, the life of others will also be easier,' said Mr Potocnik.

The Commissioner noted that successful SME 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
A new web-based test to help European companies find out if they correspond to the EU definition of small and medium sized enterprise (SME) is now available on-line.

Developed by the Walloon regional authorities, the tool aims to serve the European Commission in negotiating contracts under the Seventh Framework Programme (FP7). The tool will also be of use to National Contact Points (NCPs) in helping SMEs find out if they are eligible for participation in an FP7 scheme, or for higher funding rates.

For more information, please visit:
http://ec.europa.eu/research/sme-techweb/index_en.cfm

13.4.1 Types of SMEs

We believe it essential to distinguish between two distinct categories of SMEs. The first is the High Technology SME. 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 SME by the following attributes -

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

SME opportunities per funding scheme are seen as follows –

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

13.4.2 Funding rules for SMEs

The replacement of the 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.

13.4.3 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 will part of the evaluation. 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.

13.4.4 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 IPs but towards the end of the project.

13.4.5 SME Financial viability issues

Given that an SME 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 6.18 for details.

13.4.6 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 guarantees. In addition, the smaller collaborative projects will overall have a much larger share of the available budget and SME participation in those was also much higher.

13.4.7 Implication of non-monolithic IPs

A way for large organisations to appease the SME 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.

13.5 Verification of SME status

Because of the major financial implications introduced in FP7, it will be necessary to confirm that a company legally meets the SME 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.

13.6 SME 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.

13.7 SME Coordinators

As the Commission will no longer be able to ask for financial guarantees, 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.

13.8   Barriers to SME 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:

13.8.1 SME Barriers from the nature of the program
1. Cash flow – payment delays
2. Time to contract
3. Distance from Market
4. Duration of some of the longer projects
5. Bureaucracy

13.8.2 SME Barriers from implementation of the program
1. Removal of anonymity in evaluations
2. Arms length relationship to consortia of Commission
3. The lack of legal enforceability of Consortia Agreements by SMEs.
4. Continued use of withholding of pre-financing by coordinators on SMEs, encouraged by some Units.
5. Micromanagement of R&D projects by some coordinators encouraged by some project officers.
6. Coordinators forcing partners to claim less than allowed 75% funding
7. Some coordinators insisting on maximum cost levels and dictating overhead calculation method to save money
8. Some coordinators and some project officers insisting on using standard travel budgets independent of distance and costs
9. EPSS preventing individual partners from entering their own financial/budgetary information.
10. Evaluators continuing to consider cost and not just resource when looking at value for money.
11. Lack of management control by some Heads of Unit on individual Project Officers implementation of the rules.
12. Problems in evaluation related to increased funding and value for money
13. Lack of uniform guidelines as to the authority of Project Officers
14. Lack of single set of implementation rules for Commission staff.
15. Lack of understanding of how SME accounting is handled by Commission staff at all levels.
16. Impression that Coordinators have additional rights and that not all beneficiaries are equal.
17. Difficulty in linking up with major coordinators for newcomers

13.9 – 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. 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
Pre-existing know-how Information and rights held prior to the conclusion of the contract	**Background (Article 2.2)** Information and rights held prior to accession to the grant agreement
Included side-ground (information and rights acquired in parallel with the contract)	<u>Excludes side-ground</u> *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 were such access would be needed.*
No specific reference to "needed"	Reference to "<u>needed</u>" for implementation or use *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*
Knowledge Results of the action	**Foreground** (Article 2.1) Change to "foreground" to achieve symmetry with "background" but no change in substance. *Foreground is the natural corollary to background and this term is better understood in the research and IPR-communities than the term "knowledge".*
Ownership of knowledge Owned by the participant(s) carrying out work leading to that knowledge	**Ownership of foreground** (Article 39) Slight change in wording but no change in substance
Joint ownership of knowledge 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)	**Joint ownership of foreground** (Article 40) <u>Default regime if no joint ownership agreement is reached</u> (each of the joint owners may grant, after having given prior notice, non-exclusive licences to third parties (without right to sub-licence) and

	requires payment of a fair and reasonable compensation to the other joint owners) *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.*
Ownership of knowledge in cooperative (CRAFT) or collective research 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	**Ownership of foreground by specific groups** (Article 41) Foreground shall be jointly owned by the participants which are members of the specific group benefiting from the action, unless otherwise agreed by those participants. <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> *As it may be too burdensome for the members of the specific group to manage an IPR portfolio, they may agree to a different ownership. However, the new owner(s) must ensure that the members of the group can use and disseminate the foreground.*
Transfer of ownership Prior notice to other participants needed as long as the participant was required to grant access rights	**Transfer of ownership** (Articles 42-43) <u>No prior notice</u> required if transfer to a specifically identified third party (with the prior agreement from all participants) *To simplify transfers of ownership to a specifically identified party (for example to the mother company or an affiliate of a participant), the participants may agree that for such a transfer no prior notifications are necessary.*
Commission had to be notified	<u>Commission does not have to be notified</u> unless foreseen in grant agreement (see cases below) *This change was introduced to simplify the transfers of ownership while retaining the flexibility for the Commission to introduce such a requirement in those projects where it is appropriate. It was a general feeling among FP6 participants that the requirement to notify the Commission across the board for each and every transfer was too burdensome, time-consuming and*

Commission could object to a transfer to a third party on competitiveness or ethical grounds	*unnecessary.* Commission can object to a transfer to a legal entity established in a third, not-associated country on competitiveness or ethical grounds – transfer will not take place until Commission is satisfied *The possibility to object to transfers to third parties in MS or associated countries is removed as this is not deemed necessary for competitiveness or ethical reasons. This possibility also removes a lot of uncertainty on behalf of participants. In certain types of actions (e.g. security and space research), specific provisions may be introduced in the grant agreement widening the possibility to object (see below).*
Protection of foreground If a participant does not protect or waives protection, the Commission may protect.	**Protection of foreground** (Article 44) If a participant does not protect, the foreground <u>may be transferred to another participant</u> or the Commission may protect *If the owner of foreground does not protect it, transfer to another participant in the project is now explicitly mentioned. The participants are usually much better placed than the Commission to evaluate the value of the results, seek protection where necessary and use the results. The Commission would be offered the option where other participants do not take up that ownership or where the original owner does not offer them the option (for example, because they are competitors).*
Community Financial Support Publications and other notices must specify that the project has received research funding from the Community. (NB *this was only in the model contract and NOT in the Rules per se*)	**Community Financial Support** (Article 45) Statement indicating Community support must be included in <u>patent applications</u>, publications and other dissemination activities *This is a mechanism to create more visibility for the Community funding and to facilitate impact assessments that has little cost for participants*
Publications Prior written notice needed to be given to the Commission and the participants. If requested, a copy needed to be made available. Thereafter, the Commission and the other participants could object if the protection of their knowledge could be adversely affected.	**Dissemination (including publications)** (Article 46) Prior notice of any dissemination activity must be <u>given only to the participants</u> (unless foreground is not protected nor transferred). 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. *The obligation to notify the Commission was removed as the other participants are much better placed to deal with such dissemination intentions.*

Access Rights Specific pre-existing know-how could be excluded from the obligation to grant access rights by means of a written agreement <u>prior to signature of contract</u> or <u>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.	**Access Rights** (Articles 48-52) Background may be <u>freely defined</u> by written agreement by the participants • <u>No time limit for exclusion</u> of specific background • 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. *Changes ensure maximum flexibility for the participants in organising their cooperation. The removal of the time limit permits adjustments which may be necessary during the course of the action.*
Exclusive licences 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)	Exclusive licences possible if all participants waive their access rights (<u>explicit</u>) *Exclusive licence can be granted if all access rights are waived, which increases the freedom of the participant concerned, the value of its IPR and the likelihood that the results will be exploited.*
Commission could object to the grant of access rights to a third party on competitiveness or ethical grounds	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> *The greater freedom to grant non-exclusive licences to third parties in MS/Associated countries encourages greater use and dissemination of results. More stringent provisions in the grant agreement remain possible in certain projects (e.g. sensitive projects from an ethical viewpoint/security research etc.) (see below) and this wording clarifies the effect Commission objection would have on the proposed agreement.*
Access Rights for execution Access rights to knowledge royalty-free Access rights to pre-existing know-how royalty-free, unless otherwise agreed before signature of the contract **Access Rights for use** Access rights for use to knowledge royalty free, unless otherwise agreed before signature of the contract	**Access Rights for implementation** (Article 50) Access rights to foreground royalty-free (same) Access rights to background royalty-free, unless otherwise agreed before accession to the grant agreement (same) **Access Rights for use** (Article 51) Access rights for use to foreground either under fair and reasonable conditions, or royalty-free – no time limit for agreement on terms

	As some participants (e.g. universities) may not have the possibility to exploit their results commercially, the possibility for royalty bearing access was put on equal footing with royalty-free access and greater flexibility for negotiating terms and conditions was included.
Access rights for use to pre-existing know-how shall be granted under fair and non-discriminatory conditions	Access rights for use to background either under fair and reasonable conditions, or royalty free *Royalty-free was added to clarify explicitly that if participants wish, royalty-free access is also allowed.*
Access rights for use may be requested 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	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 *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.*
	Access rights for "frontier" research (Article 52) <u>Access rights for implementation and use shall be royalty-free</u> to other participants *As "frontier" research actions tend to cover more basic or fundamental research and the Community financial contribution may reach a 100% of the total eligible costs, access right, to other participants in the same frontier research project must be royalty-free.*
Access rights for the benefit of specific groups (NB: *this was only in the model contract and NOT in the Rules per se*) 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. RTD Performers shall grant access rights to pre-existing know-how for use under fair and non-discriminatory conditions to be agreed.	**Access rights for the benefit of specific groups** (Articles 50-52) RTD Performers shall grant access rights to background for implementation royalty-free RTD Performers shall grant access rights to <u>background for use royalty-free</u> *RTD performers normally receive 100% of their eligible costs from the EC financial contribution,*

	whereas the members of the specific group are required to use the results, therefore it is justified that they should provide royalty-free access to their background to the other participants. If all the owners agree, <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> *This allows the RTD performers to use the results in further research which was requested by them.* *When the specific group benefiting from the* action is represented by a legal entity that participates in the action in their place, that <u>legal entity 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 *In some cases the members of the specific group benefiting from the action are not participants so, the entity representing them must be able to grant a sub-licence to its members so that they can use the results. Normally, access rights do not confer entitlement to grant sub-licences.*
Additional provisions Additional provisions re access rights, use and dissemination may be established in the consortium agreement	**Additional provisions** (Article 20) 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> *Depending on the nature of the project, it may be appropriate to foresee additional requirements regarding access rights, use or dissemination.*
	Specific provisions (Article 22) The grant agreement may lay down specific provisions: • in indirect actions to support existing research infrastructures and, where applicable, new <u>research infrastructures</u>: re <u>confidentiality, publicity, access rights and commitments that might affect users</u> • in indirect actions to support training and career development of researchers: re confidentiality, access rights and commitments relating to the benefiting researchers • in indirect actions in the field of <u>security and space research</u>: re confidentiality,

	classification of information, access rights, transfer of ownership of foreground and the use thereof • in indirect actions addressing <u>security issues, other than those referred to in the preceding paragraph</u>: re confidentiality, classification of information, access rights, transfer of ownership of foreground and the use thereof *Particular types of research actions may warrant specific provisions in the grant agreement.*

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 SME will own a certain piece of knowledge.

In addition, specific arrangements may be agreed upon before signature of the contract, e.g. with a view to provide the RTD performers with some rights, for instance access rights for conducting further research (since, as a basic rule, RTD performers do not enjoy automatically any access rights for use purposes ; this is a consequence of the fact that they do not own knowledge). Of course, such access rights may also be granted to RTD performers on a case-by-case basis during the project.

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 contractor is a member of a JRU. The same is true for any other contractor using the resources of third parties which must be identified in the EC contract and for which a pre-existing contract must exist between contractor and third party.

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 IPR provisions apply to this CLS as such, not to the individual contractors which are its members. This means for instance that the CLS as such will be the owner of the results, and that the provisions relating to access rights do not apply to the contractors belonging to the CLS but to the CLS itself.

However, transfer of ownership from the CLS to one its "members" is not prohibited. As a consequence, it is strongly recommended that the contractors which are members of such a CLS agree on specific arrangements, relating in particular to ownership and access rights issues.

15   How to write a proposal

This chapter is inserted as a cookbook 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 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 8 which his an example of a financial spread sheet to use while constructing a proposal
2. Appendix 9 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 MoU, 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 time-line. We identify several phases in the process as follows –
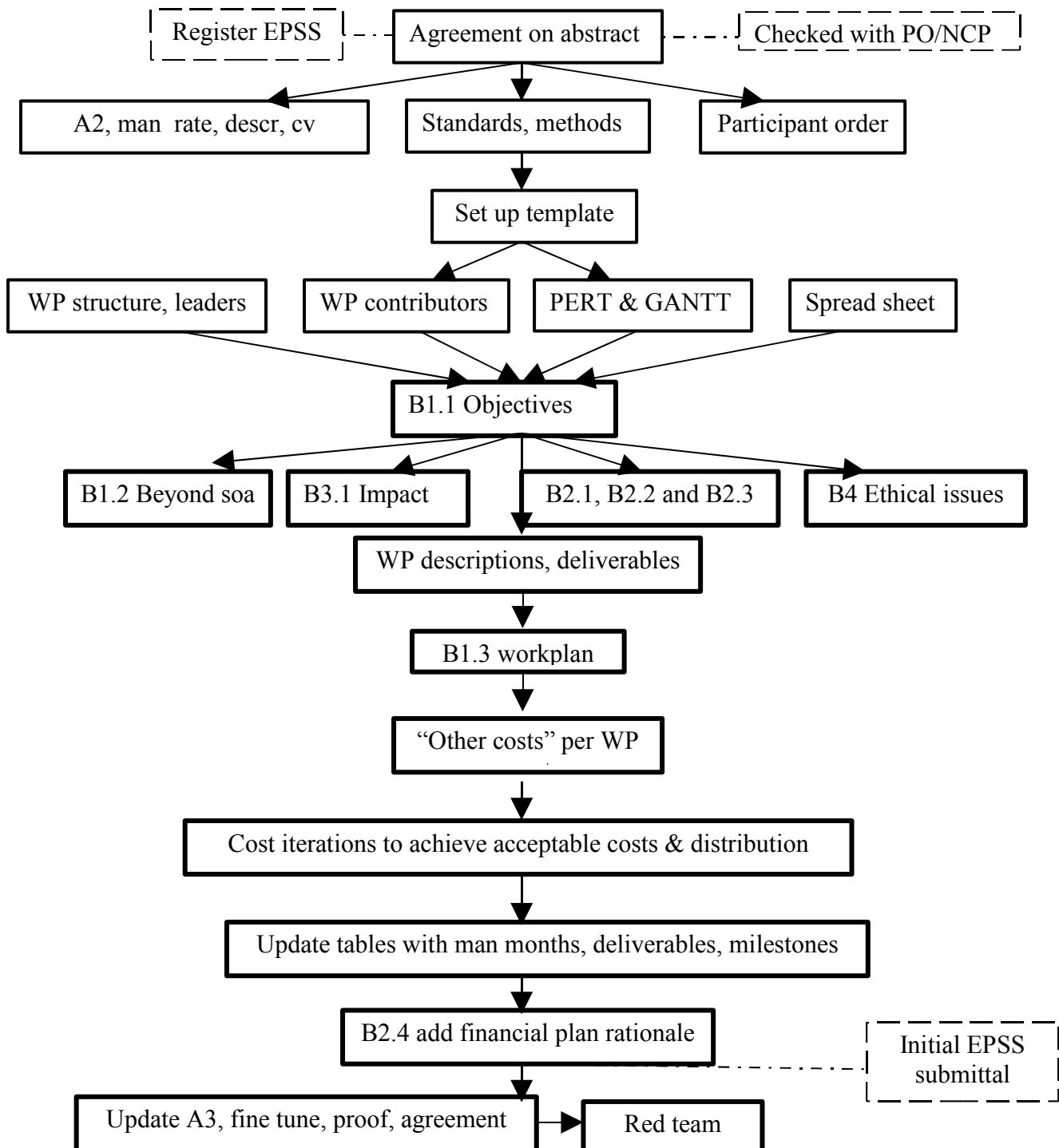
1. Agreement of proposal abstract
2. Preliminary commitment of participants by submittal of A2 information, overhead rate, man-rates, organisation description and CVs
3. Agreement on participant order
4. Set up of Part B Template
5. Agreement on document standards and method of working
6. Agreement on Work package structure and which partners contribute to which WP
7. Production of preliminary Pert and Gantt
8. Agreement on WP leaders (for proposal production)
9. Set up of Project Effort form (from Guide for Applicants) and costing spread sheet
10. Production of B1.1 – Objectives (this constrains all the rest)
11. Production of B1.2 - State of the art.
12. Production of B2.1, B2.2, B2.3, B3.1, B3.2 and B4 (can proceed in parallel)
13. Production of initial text for WP descriptions for B1.3 including deliverables by WP leaders and initial manpower guestimates
14. Production of B1.3 work plan
15. Initial guestimates of other costs per WP per partner
16. Iterations via costing spread sheet to achieve acceptable costs and distribution
17. Updating of all tables with man months, deliverables and milestones
18. Addition to B2.4 of rationale for financial plan
19. Updating of A3, fine tuning, proofing, agreement by partners
20. Red teaming of proposal i.e. external dummy evaluation

I have not included in above list, activities related to submittal which has to be via EPSS (see chapter 4) or requesting early on password, 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 the 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 INFSO, 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.
Oner additional area of lack of clarity is the work package description tables. We believe they should be single pages but there is no official comment and we have seen instances of them extending up to five pages each.

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 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, pleased **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 am an evaluator the first thing I do is read the proposal abstract and hopefully develop an immediate view as to the context of the proposal. Assuming my initial view is positive, I will 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 is negative, I will 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 important that 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 man month rate in Euros
2. Their overhead rate
3. Their RTD rate.

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.

15.3   Agreement on participant order

This seems rather trivial but it is important for logistic reasons in writing the proposal. The coordinator 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 down loaded from EPSS 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 is that only a single activity type can be included in a specific Work Package. This means that, for example Consortium 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 –
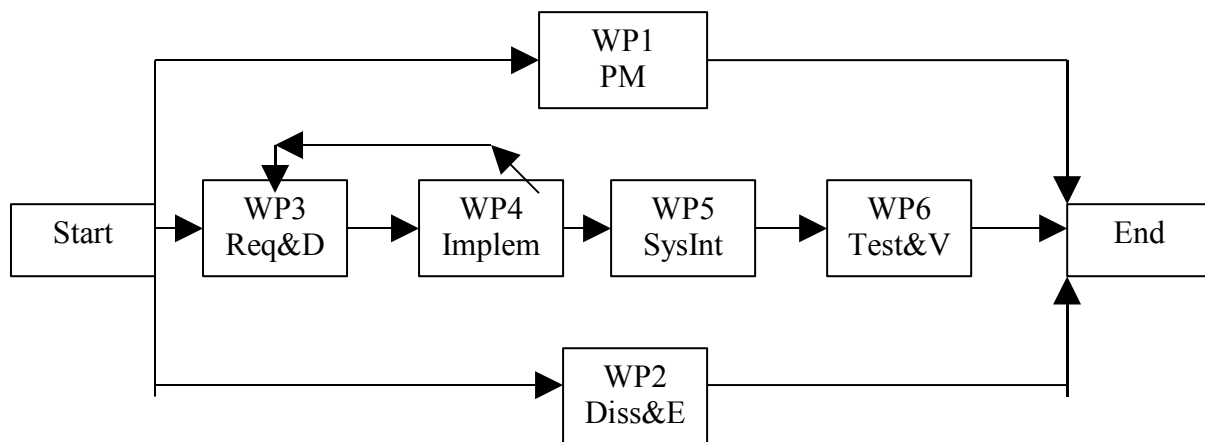
In the above: WP3 is Requirements and Design, WP4 is Implementation, WP5 is System Integration and WP6 is Test and Validation. No single project will 100% fit this and you have another free WPs to customise your PERT. For example you may have to split WP4 into hardware and software or you may have to 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, in 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 (for proposal production)

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.

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 8. 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)

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.

15.12.2 B2.2 Individual participants

This section should also contain a **BRIEF** description of each partner, emphasising his relevance to the project. 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)

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 IPR
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
Limit them to single page forms. This is only a summary and should not be too detailed. The details are elsewhere in B1.3. It could include an initial guestimate 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. Sometimes work packages are 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 activity you must have at least one deliverable.

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. 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.

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.
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

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 first calls in FP7. It was built up from ICT and Health Guides specifically.

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 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 - 2008 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, this section has been updated. As in 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 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)

16.2 Setting up EPSS 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 Guide and review the EPSS 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. 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.

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 process is initiated, the coordinator should set up the project budgeting spread sheet an example of this is given in Appendix 8.

If you are using the sample spread sheet discussed in Appendix 8, you can download it from our company web site. It is called CP7-6 with seven work[packages and six partners (aimed at STREP size projects). You should first modify it to fit the configuration of your own proposal .

Assuming you want to customise it you first need to un-protect each sheet and the work-book - note we have used a blank password. Do this from Tools/Protection. You should then delete or add in additional partner sheets to match your number. I suggest you delete or 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.

You then need to do a similar operation in each sheet to correct the number of WPs, including the Project sheet. Again I suggest you delete or add WP columns from/to the middle of the set in every sheet. 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.

You next need to modify the Activity rate for each WP on the Project sheet according to Appendix 8 to match your particular need. I suggest that WP1 is kept as Project Management and set to 100%. Assuming you have used WP2 as Dissemination/exploitation you have to decide if you wish to set its activity rate at 100% or at the RTD rate. 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%. If you have a Training WP (not for ICT STREPs) you should set it to 100% also.

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 8 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 17 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 B17 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 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.

16.8 Additional EPSS Issues

EPSS as initially released for Call 1has 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. We include a real example:

16.8.1 EPSS ICT STREP (on screen)

Proposal Number 000000   Proposal Acronym Technimob   Participant Number 1

In FP7, there are different methods for calculating indirect costs. The various options are explained in the guidance notes **. Please be aware that not all options are available to all types of organisations.

The method of determining indirect costs is set in the Proposal setup page.
If you would like to modify this information, you have to do it from the proposal set-up page.

Special transitional flat rate

My legal entity is established in an ICPC and I shall use the lump sum funding method (If yes, please fill below the lump sum row only. If no, please do not use the lump sum row)   ○ yes ● no

	RTD	Demons-tration	Training	Coordi-nation	Support	Manage-ment	Other	Total
Personnel costs (in €)	150000	0	0	0	0	101000	0	251000
Subcontracting (in €)	0	0	0	0	0	0	0	0
Other direct costs (in €)	52520	0	0	0	0	0	0	52520
Indirect costs (in €)	121512	0	0	0	0	60600	0	182112
Lump sum, flat-rate or scale of unit (option only for ICPC) (in €)	0	0	0	0	0	0	0	0
Total budget (in €)	324032	0	0	0	0	161600	0	485632
Requested EC contribution (in €)	324032	0	0	0	0	161600	0	485632
Total Receipts (in €)								0

(under "Type of Activity" header spanning: RTD, Demonstration, Training, Coordination, Support, Management, Other, Total)

16.8.2 EPSS ICT STREP on PDF

Proposal Submission Forms

	EUROPEAN COMMISSION	A3.2: Budget
	7th Framework Programme on Research, Technological Development	

Estimated budget (whole duration of the project)

Participant Nr	Organisation Short Name	Organisation country	RTD	Demonstration	Training	Coordination	Support	Management	Other	Total	Total receipts	Requested EU contributions
1	UoB	UK	324032	0	0	0	0	161600	0	485632	0	485632
2	MBG	EL	549000	0	0	0	0	5400	0	554400	0	279900
3	CMS	IL	408000	0	0	0	0	3600	0	411600	0	309600
4	SSL	NL	161400	0	0	0	0	3600	0	165000	0	124650
5	ADL	BE	555900	0	0	0	0	5100	0	561000	0	422025
		Total	1998332	0	0	0	0	179300	0	2177632	0	1621807

Both of the illustrations above are actual. 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 Initial Call 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.
- 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. 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.

Management activities
There is no formal limit in FP7. However the Commission would probably remind proposers to be aware that management requirements have been substantially simplified from FP6 to FP7. 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 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. Higher percentages for management will be discussed during the negotiations. Very clear justifications will probably be needed for higher percentages.

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, 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."

There may be a large number of SME proposers who are not reading that last clause. To be granted the transition rate it is not enough merely to belong to one of those categories, you also have to be unable to accurately quantify your costs per project. As mentioned above, this is typically the case for a university. It would however by surprising to learn of a normal commercial organisation, registered under and conforming to the laws of its country, which does not keep adequate accounts. However, strictly speaking, few SMEs can accurately identify their indirect costs per project. Although we do not believe that many SME proposers will be granted the 60% transition rate, in practice in 2007 first calls it appears that alll that requested it were granted the transitional rate. It now remains to be seen as to whether such grant levels will be survive audit, 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 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.

16.10 Result of the Initial Call Evaluations
Without any real analysis of the results from the specific calls it is not possible to come to definitive conclusions however we would like to point out the following:
1. A much larger percentage than usual of proposals appear to have 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 in the small sample of evaluation results we have seen many proposals we viewed as having low or no chance were scored highly and also 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 at ICT Call 4 time
There appears to be a major problem with page counts in proposals. In general DG Research appears to be advising evaluators to ignore all pages beyond the maximum as stated in the Guide for Applicants whereas in DG INFSO appear to be taking a different approach by advising 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.

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.

A major change in ICT Call 3 (and relevant as noted in the calls to other programs) was 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.

Another major change in ICT Call 3 was 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.

> **See Annex 6 of the Guide for Applicants and also http://cordis.europa.eu/ist/ict/fp7_call_3.htm the various background documents and in particular the section on "Inquiries" at the end of the page. This gives a better explanation of what they wanted for the pre-proposal check.**

At time of writing it has still not been decided if such remote evaluations and/or pre-proposal checks will be the norm for ICT Call 4.

16.12 FP7 Contract negotiations
We note that the following text is 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.

17   People Program (Marie Curie)

17.1   Program Overview

Host Actions	Individual Actions
• Initial Training Networks (ITN) • Industry Academia Partnerships and Pathways (IAPP) • IRSES (International Research. Staff Exchange Scheme) • COFUND (EU Co-funding of National programs)	• Intra- European Fellowships (IEF) • Incoming International Fellowships (IIF) • Outgoing International Fellowships (IOF) • European Reintegration Grants (ERG) • International Reintegration Grants (IRG)

The 'People' Specific program will be implemented through actions under five headings:
1. Initial training of researchers (ITN)
2. Life-long training and career development (IEF, ERG, COFUND)
3. Industry-academia pathways and partnerships (IAPP)
4. International dimension (IOF, IIF, IRG, IRSES)
5. Specific actions

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, IRG, ERG
- Consortium Agreements not required (except in the IRSES)
- A target of at least 40% participation by women set for 2008.
- EU will outsource Marie-Curie program to The Research Executive Agency (REA) http://ec.europa.eu/research/rea/index.cfm?pg=home
- Assimilated Nationals –Under certain conditions and for certain MC actions (refer to Guide for Applicants), researchers with third country nationality may take on the nationality of the country they are residing in within the EU/AC.

The "People" Specific program
1. 'Initial training of researchers' to improve young researchers' career perspectives in both public and private sectors, by broadening their scientific and generic skills, including those related to technology transfer and entrepreneurship (ITN)
2. 'Life-long training and career development' to support experienced researchers in complementing or acquiring new skills and competencies or in enhancing inter/multidisciplinarity and/or inter-sectoral mobility, in resuming a research career after a break and in (re)integrating into a longer term research position in Europe after a trans-national mobility experience. (IEF, ERG, 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. 'International dimension', 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, IRG, IRSES)
5. 'Specific actions' 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)
- Integration Grants (IRG, ERG)
- Each Fellowship and Integration grants consists of a single researcher and a host institution normally located in MS or AC

- Host Actions
  - ITN, IAPP, COFUND, IRSES
  - Involve multiple beneficiaries and researchers
  - No ITN Calls in 2009

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 proposal 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)
- Funding 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

EU Funding for Marie-Curie Actions is split into the following Categories:

Category A (Living Allowance)
Category B (Mobility Allowance + Travel)
Category C (Career Exploratory Allowance)
Category D (Contribution to participation expenses of eligible researchers)
Category E (Contribution to the research/training/transfer of knowledge program expenses)
Category F (Contribution to organisation of international conferences, workshops, events)
Category G (Management activities including audit certification)
Category H (Towards Overheads)
Category I (Other Expenses)

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).

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. €34,500 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

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 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 EUR 375,000 when cumulated with all previous payments for which a CFS has not been submitted. Once a CFS is submitted, the threshold of EUR 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 monies due to him/her?
- Was a Career Exploratory award paid to the researcher (where applicable)?
- 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.

Filling in Form C
The Reporting Categories should be filled in next to the following rows on the Form C:

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

17.7 Transnational Mobility Requirements for all actions
- Must not have been resident in host country for more that 12 months in the last 3 years immediately before application deadline (for individual actions)
- In the case of International European Interest Organisations (IEIO) (e.g. CERN, EMBL) or International Organisations, normal mobility rules do not apply.
- 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
- Cannot be a national of host country unless
  - European researcher working outside EU for 3 of the last 4 years
  - Dual nationality and have not resided in a country of nationality for the last 5 years
  - International organisation
  - Return and reintegration grants
- 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

17.8 Important Documents
- Marie Curie Workprogram 2008
- Guide for Applicants
- Annex 3 of Grant Agreement
- Financial Guidelines Document
- Links:
  - Cordis
  - Finance Helpdesk www.finance-helpdesk.org
  - Slides
  - NCPs

17.9 Eligible Organisations

Host organisations mainly include the following:

- National organisations (e.g. Universities, research centres etc.)
- Commercial enterprises (especially SMEs)
- Non-profit or charitable organisations (e.g. NGOs, trusts etc)
- IEIO (e.g. CERN, EMBL etc)
- JRC

For individual actions legal entities must be based in Member States and Associated Countriess only except for the re-integration phase of an IIF, where the host organisation is established in an ICPC

Appendix 1 European Union

A1.1 States Participating in the Framework Program

A1.1.1 Member States

The European Union from 1 January 2007 is comprised of the following twenty seven member states -

- Austria
- Belgium
- Bulgaria
- Cyprus
- Czech Republic
- Denmark
- Estonia
- Finland
- France
- Germany
- Great Britain
- Greece
- Holland
- Hungary
- Ireland
- Italy
- Latvia
- Lithuania
- Luxembourg
- Malta
- Poland
- Portugal
- Romania
- Slovakia
- Slovenia
- Spain
- Sweden

A1.1.2 Associated Countries

The following countries have concluded Associated Agreement (as of 1 Jan 2007; (*) as of 1 Jan 2008) -

- Albania*
- Croatia
- Israel
- Serbia
- FYR of Macedonia
- Liechtenstein
- Montenegro*
- Switzerland
- Iceland
- Macedonia
- Norway
- Turkey

Three of them i.e. Iceland, Norway and Liechtenstein are designated as EFTA-EEA - the European Free Trade Area and the European Economic Area which have special status with the European Union.

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 -

European Parliament   European Council

Other
institutions

European Commission
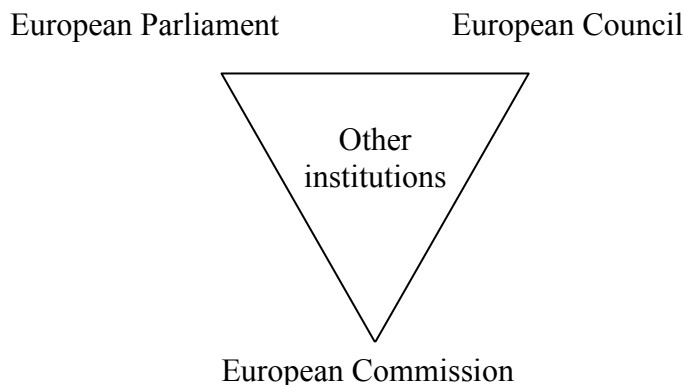
A1.2.1   European Parliament

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 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 Cupertino 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 ICT Program sits within the Directorate General for the Information Society and Media. This previously was the equivalent of the Ministry of Telecommunications and still retains responsibility for

Telecommunication policy and regulation for the EU - which is very convenient for the ICT program. 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.

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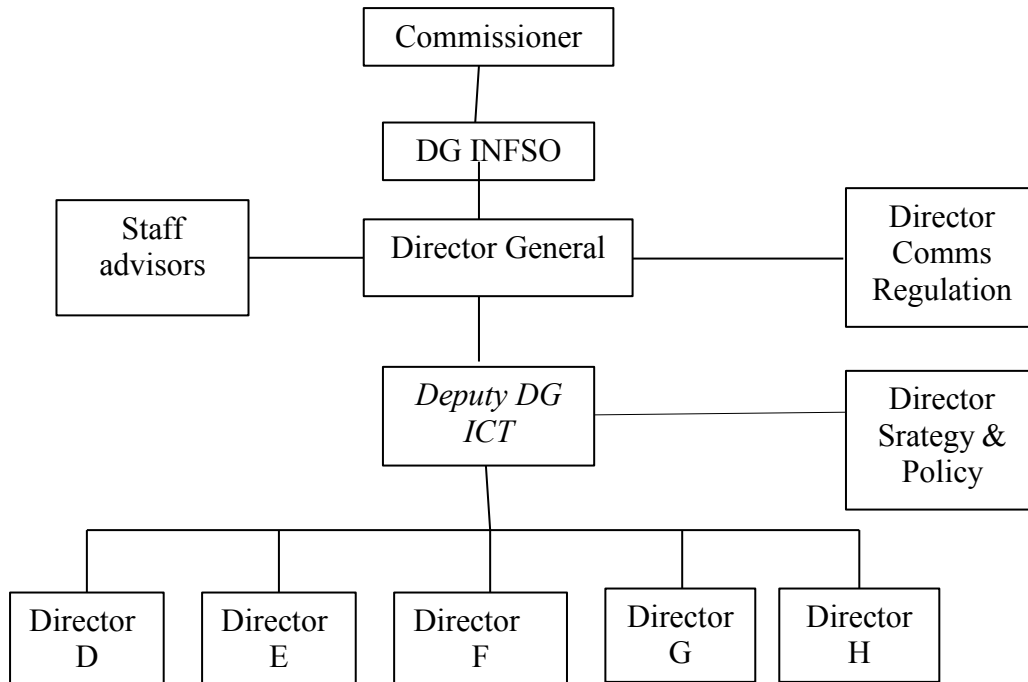
The rest of the Framework Program is managed by Directorate General for Research (But see A1.2.4 and A1.2.5, below. It also has overall responsibility for the Framework Program and it is this that is at the root of some of the disconnection in the interpretation of the rules.

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Director A	Director B	Director C	Director D	Director E	Director F	Director G	Director H
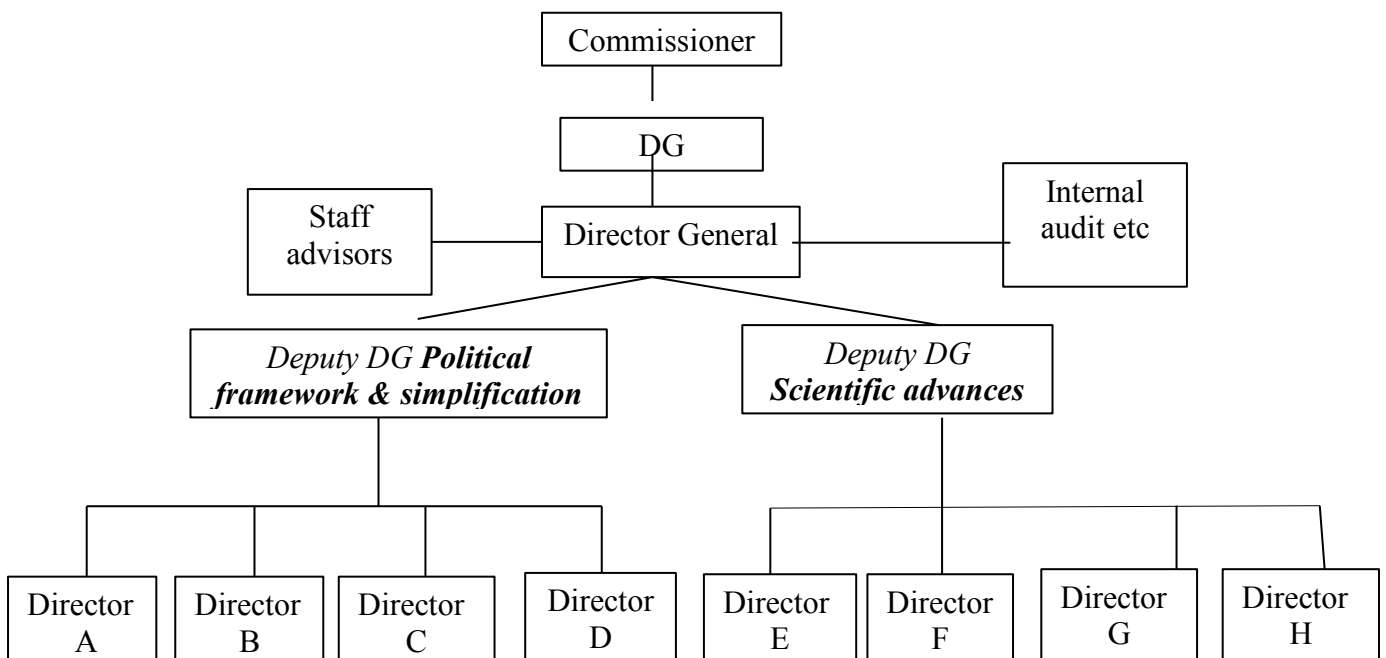
A1.2.4 ERC Executive Agency

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 is being set up in Brussels in order to manage a large part of the Seventh Framework Programme for Research, Technological Development and Demonstration Activities (FP7).

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 will manage are:

- The Marie-Curie Actions of the People Programme.
- The SME-specific activities of the Capacities Programme.
- A large part of the Space and the Security themes from the Cooperation Programme.

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 will be 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 due to be in place by mid 2008." The agency will then start employing its staff and will gradually take up its different tasks. It is expected to be completely self-supporting during 2009. During the transition, activities will be shared between the agency and the different directorates general responsible for the implementation of FP7.

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 proposed organisational structure is:
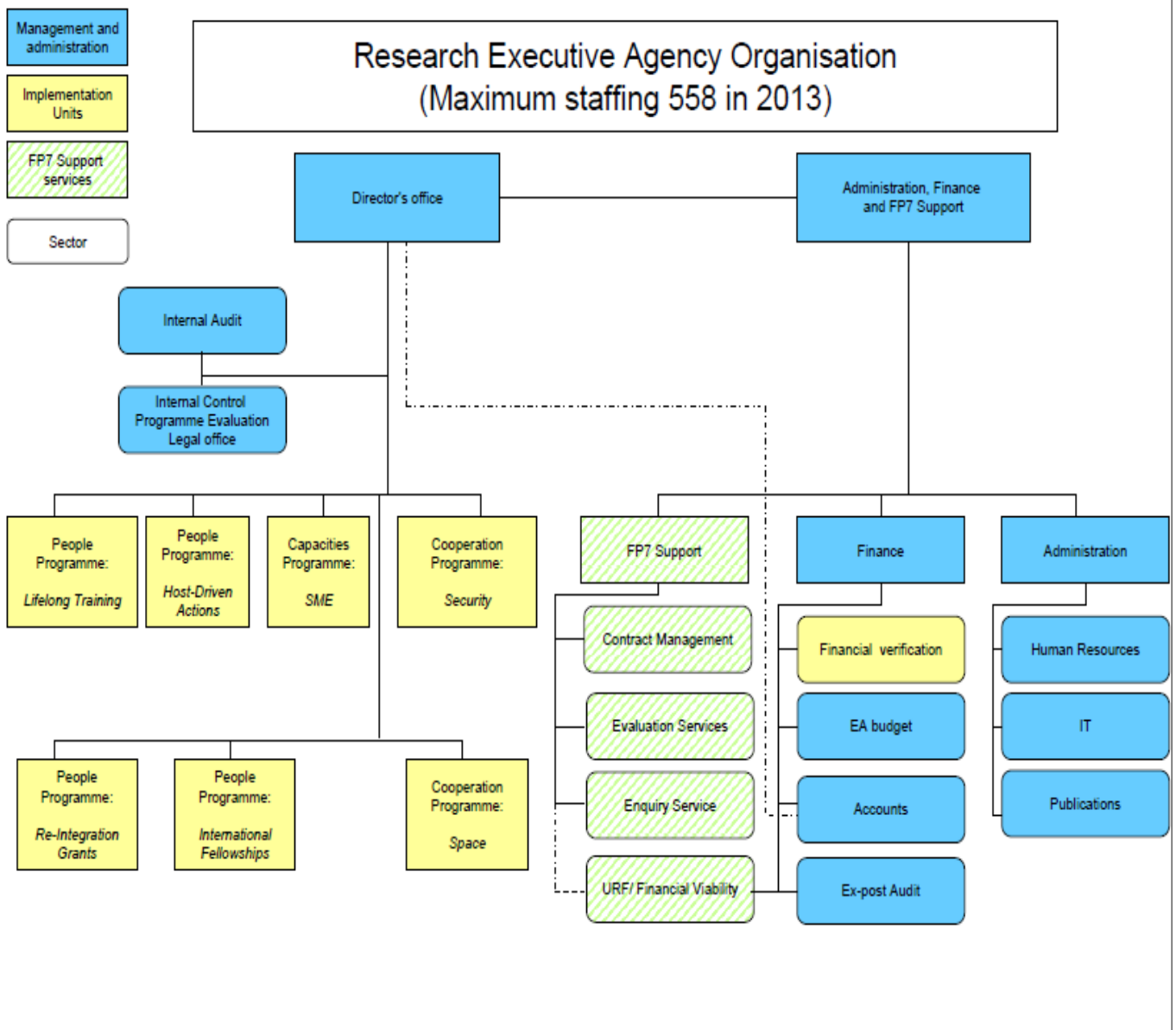
A1.2.6 European Institute of Innovation and Technology

The EP, and also the Council, have recently 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."

Over the coming months the Governing Board will be appointed..The process is already underway and it is hoped that this will be done by June 2008. An ad-hoc Identification Committee was set up by the EC in January to suggest and recommend suitable members for the Governing Board.

Following the approval of the Governing Board, the first two or three of the Knowledge and Innovation Communities (KICs) are expected to be set up by the end of 2009. The EC has also published an FAQ on the EIT. This provides further information on what exactly the EIT is, what its organisational structure will be like, and amongst other things, what the KICs will look like and how they will operate.

Further information
The EIT website is available at: www.ec.europa.eu/eit

Appendix 2 Glossary

3D	Three Dimensional
AAL	New Joint Undertaking Ambient Assisted Living
AC	Additional Cost model with 20% fixed overhead rate Assistant Contractor designation - only in FP5
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.
Action Line	In the FP5 IST Workprogram Key Actions were broken down into areas and those into Technical topics. Proposals are submitted against a specific Action Line.
ACTS	Advanced Communications Technologies and Services (FP4 Program)
Adventure projects	Type of project to support research in "New and Emerging Science and Technology" (NEST). Adventure projects will be used to respond to unforeseen new scientific opportunities or to apply innovative and multidisciplinary approaches to address long-standing challenges.
AEC	Advanced Equipment Control
Agreed Upon Procedure	See **AUP**
AL	See **Action Line**
Allowable costs	See **Eligible Costs**
Ambient Intelligence	A concept in ICT that explores what should come beyond the current "keyboard and screen" interfaces to enable ALL citizens to access ICT services wherever they are, whenever they want, and in the form that is most natural for them. It involves new technologies and applications both for the access to, and for the provision of applications and services. It calls for the development of multi-sensorial 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
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
Article 169	New instrument for FP6 and FP7 relating to complementary funding for Member States national R&D programs - not used in FP6 by IST. However in FP7 ICT is initiating an AAL initiative using this mechanism
Article 171	An article under which the Community may set up joint undertakings or any other structure necessary for the efficient execution of Community research, technological development and demonstration programs
Assessments	Type of **Take-up measure** or type of FET Open project
Assessment Action	This is specific type of IP. Aims at assessment of prototype equipment and materials in state-of-the-art manufacturing.

Associated Country (or State)	"associated country" means a third country which is party to an international agreement with the Community, under the terms or on the basis of which it makes a financial contribution to all or part of the Seventh Framework Program. The list of associated countries is given in Appendix 1.
Audit certificates	FP6 term now formally called "Certificate on Financial Statement"
	Audit certificate are used to enable the Commission to ensure that the costs charged to a European Community funded research project meet the conditions for financial support. In most contracts, contractors shall provide audit certificates prepared and certified by an external auditor (for public bodies by a competent public officer) at least once during the life of the project. (in Integrated Projects and Networks of Excellence each contractor must provide one per year). The audit certificate shall certify that the costs:
	• are incurred during the duration of the project,
	• are recorded in the accounts of the contractor,
	• are determined in accordance with the usual accounting principles of the contractors,
	• meet the other main contractual requirements regarding eligibility of costs (except for necessity).
AUP	Agreed Upon Procedure - Certification of a participant's in house system in which the auditor provides information according to a specific format specified via agreed terms of reference (ToR)
	ToR is annexed to the Grant Agreement (Annex VII)
	AUP is derived from common practice in audits and corresponds to international audit standards
	2 types of AUP: Report of factual findings on
	expenditure verification
	system verification
Background	"background" means information which is held by participants prior to their accession to the grant agreement, as well as copyrights or other intellectual property rights pertaining to such information, the application for which has been filed before their accession to the grant agreement, and which is needed for carrying out the indirect action or for using the results of the indirect action
Beneficiary	New term in FP7 for what was always known as **Contractor**
Best Practice actions	Type of **Take-up measure.** In FP6 and FP7 can only exist within IPs
Budget	Budget means a financial plan estimating all the resources and expenditure needed to carry out a research activity.
Bursary: (international co-operation training bursary)	Granted for training activities only e.g. to allow the applicant to learn a new scientific technique or to work on a particular experiment or set of experiments where the host institution has particular expertise and which cannot be performed in the home institution of the candidate.
CA	See **Coordination Action**
Call fiche	The part of the work program giving the basic data for a call for proposals (e.g. topics covered, budget, deadline etc). It is posted as a separate document on the CORDIS web page devoted to a particular call.
Call for Proposals (or Call)	An announcement, usually in the Official Journal, inviting proposals for research activities in a certain theme. Full information on the call can be found on the CORDIS website.
Candidate Countries	Those NAS countries that are in process of becoming members of the EU
CAP	See **Common Agricultural Policy**

CEC	Commission of the European Communities
CERN	European Organisation for Nuclear Research
Certificate on Financial Statement	See **CFS**
Certification (of a proposal)	The process in FP5 by which the Coordinator may apply a digital signature to the proposal, before it was submitted to the Commission.
CFP	See **Common Fisheries Policy**
CFS	Certification on Financial Statements - what was called "Audit Certificate"
Change of control	Means any change in the control exercised over a contractor
Cluster	A group of **RTD** projects and/or other cost-shared actions and/or accompanying measures that address a common theme or area of interest.
CMOS	Complementary metal-oxide semiconductor
CND	See **Communication Network Development**
CNI	See **Construction of New Infrastructure**
COFUND	EU Co-funding of National programs – part of People program.
Collaborative Project	Known as CP. New term in FP7 that includes both **Small or medium scale focused research actions** and **Large scale integrating projects interpreted differently under the ICT program.**
Collective Research	A special SME instrument (together with Cooperative Research). Collective Research is a form of research undertaken by RTD performers on behalf of Industrial Associations/Groupings in order to expand the knowledge base of large communities of SMEs and to improve their general standard of competitiveness
Collective Responsibility	This is a mechanism applied in FP6 and modified in FP7 contracts by which a contractor may be held liable, technically and/or financially, fully or partially, for the action of another contractor. It is a consequence of the principle of autonomy of the consortium, which can decide about the allocation of the grant and the tasks. It is applied as a last resort in the case of a breach of the contract by one or more participants. Financial liability of a participant is limited in proportion to the participant's share of costs in the project, up to the total payment it is entitled to receive. International organisations, public bodies or entities guaranteed by MS/AS are solely responsible for their own debts.
Comitology	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". The committees consist of representatives from Member States and are chaired by the Commission. There are different categories of committees (advisory, management, regulatory). For the implementation of FP7, the Commission is assisted by one management committee per specific program.
Commissioner	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.

Common Agriculture Policy	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.
Common Fisheries Policy	Common Fisheries Policy (CFP) are a set of common rules and regulations covering all aspects of Community policy and activities in the fisheries sector.
Communication Network Development	Communication Network Development (CND) are a special type of Specific Support Action within the "Research infrastructures" activity.
	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).
	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.
Community financial contribution	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:
	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;
	a grant for integration, as a fixed amount to support the joint programme of activities of a Network of Excellence;
	a lump sum for certain specific support actions, scholarships and prizes.
Competitive call	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.
Concertation	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.
Consensus discussion	The stage in the proposal evaluation process when experts come together to establish a common view on a particular proposal.
Consortium	Most funding schemes require proposals from a number of participants (usually at least three) who agree to work together in a consortium.

Consortium Agreement	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
Construction of new infrastructures	Construction of new infrastructures (CNI) is a special type of Specific Support Action within the "Research infrastructures" activity.
	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
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 **grant agreement** between the Community and the participants concerning the performance of an indirect action establishing rights and obligations between the Community and the participants on the one hand, and between the participants in that indirect action on the other
Contractor	A project participant who has a wide-ranging role in the project throughout its lifetime
	Means a signatory to the contract (and the JRC when it participates in the contract via an administrative agreement), other than the Community
	In FP7 renamed **Beneficiary**
Contract Preparation Forms	Old name for Grant agreement Preparation Forms
Consortium agreement	An agreement that participants in an indirect action conclude amongst themselves for its implementation. Such an agreement shall not affect participants' obligations to the Community and to one another arising out of this Regulation or the contract
Cooperative research project (for SMEs)	Projects enabling at least three mutually independent SMEs from at least three Member States or Associated Countries to jointly Commission research carried out by a third party. Also known as CRAFT.
Coordination or Networking Actions	New term in FP7 for what was previously known as a **Coordination Action**
Coordination Actions	Coordination actions are one of the instruments to implement FP6 and FP7. They are intended to promote and support the networking and coordination of research and innovation activities. They will cover the definition, organisation and management of joint or common initiatives as well as activities such as the organisation of conferences, meetings, the performance of studies, exchange of personnel, the exchange and dissemination of good practices, setting up common information systems and expert groups.
Coordination and support actions	New term in FP7 that includes both **Coordination or Networking Actions** and **Specific support actions**.

Coordinator (Coordinating contractor)	Lead **contractor** in a Community action, delegated by the consortium for the role of co-ordination with the Commission. 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
CORDIS	This is an externally funded activity that maintains the central R & D database on behalf of the Framework Program.
CORDIS service	A web service providing access to all the documentation related to FP7, and access to the electronic proposal submission service.
COST	COST is an intergovernmental framework for European Co-operation in the field of Scientific and Technical Research (http://cost.cordis.lu/src/home.cfm), allowing the co-ordination of nationally funded research on a European level. COST Actions cover basic and pre-competitive research as well as activities of public utility.
Cost Models	For the reporting of costs in FP6 contracts, participants had to use one of the three following models: • Full Cost (FC) • Full Cost with indirect flat rate cost (FCF) • Additional Cost with indirect flat rate cost (AC) 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. In FP7 the terminology has been replaced by **Funding Regime**.
CP	See **Collaborative Project**
CPA or CPC or CPT	Cross-program Action or Cluster or Theme (in previous IST Programs)
CPF	See **Contract Preparation Forms**
CRAFT	See **Co-operative research project (for SMEs)**
CREST	CREST is the Scientific and Technical Research Committee responsible for assisting the Community institutions in the field of scientific research and technological development.
critical mass	Criterion introduced in FP6 instruments - see detailed description in the text for each instrument
CSA	See **Coordination and Support Action**
Cut-off date	An intermediate date in the context of a call operating a continuous submission procedure. Proposals are evaluated in batches after each cut-off date.
Dante	Organisation contracted to implement the **Geant** project
Deadline	For a particular call, the moment after which proposals will not be received by the Commission, and when the Electronic Proposal Submission Service closes for that call. Deadlines are strictly enforced.
Deliverable	A deliverable represents a verifiable output of the project. Normally, each workpackage will produce one or more deliverables during its lifetime. Deliverables are often written reports but can also take another form, for example the completion of a prototype etc.

Demonstration	In FP7 this is now uniformly defined as "Demonstration activities, designed to prove the viability of new technologies that offer a potential economic advantage, but which cannot be commercialised directly (e.g. testing of product like prototypes)." The latter phrase may cause problems for those trying to avoid 50% funding.
Demonstration Project	Projects designed to prove the viability of new technologies offering potential economic advantage but which cannot be commercialised directly. Has a special meaning in that it impacts the funding level.
Design Studies	Design studies are a special type of Specific Support Action within the "Research infrastructures" activity .
	The objective of this scheme is to contribute to feasibility studies and technical preparatory work concerning new infrastructures of European significance, undertaken by one or a number of national or international authorities. Studies related to future facilities of world-wide relevance which do not exist in Europe, but in which European institutions intend to participate, are also included. The upgrading of existing facilities may also be considered, provided the end result can be expected to be equivalent to, or capable of replacing, a new infrastructure
DG	See **Director(ate) General**
Direct action	An RTD activity undertaken by the JRC in the execution of the tasks assigned to it under the sixth Framework Program
Director(ate) General	Directorate General (DG) is an administrative unit of the Commission. Currently the Commission is divided into about 30 DGs (and comparable services). Five of them are involved in the management of FP7: DG Research (RTD), DG Information Society (INFSO), DG Transport and Energy (TREN), DG Enterprise (ENTR), DG Fisheries (FISH). The Director General is the top civil servant in charge of an individual Directorate General
Dissemination	This is the active and/or passive distribution of information about a project - it is mandatory to different extents in every project. Can also be seen as a surreptitious way of marketing.
	The disclosure of knowledge by any appropriate means other than publication resulting from the formalities for protecting knowledge
Dissemination plan	A plan of how to carry out the above
Doctoral student	Within a Network of Excellence, doctoral students mean students who are enrolled on a recognised course of doctoral studies run by one of the contractors and who do not meet the conditions to be considered as a researcher.
DRIVE	A part of the FP2 and FP3 which dealt with transport telematics
Early-stage researchers	See **ESR**
EC	European Commission
ECB	European Central Bank
ECGA	EC Model Grant Agreement for FP7
eContent	A EU funded program outside of the Framework Program, now included in **CIP**
EEA	See **European Economic Area**
EEIG	See **European Economic Interest Group**
EEN	See **Enterprise Europe Network**
eInclusion	**ICT** assistance for disabled and elderly communities
EIB	European Investment Bank

EIC	See **Euro Info Centres**
EIR	Ethical Identification Report - a report submitted by proposal evaluators to be considered by an ethical review panel. See **Ethical Review**
EIT	See **European Institute of Innovation and Technology**
Eligibility criteria	The minimum conditions which a proposal must fulfil if it is to be evaluated. The eligibility criteria are generally the same for all proposals throughout FP7, and relate to submission before the deadline, minimum participation, completeness and scope. However, specific eligibility criteria may apply to certain calls, and applicants should check the work programme.
Eligible costs	Costs that are reimbursable in full or in part by the Commission, under the terms of the Contract that is the basis for the project.
EMBL	European Molecular Biology Laboratory
Enquiry service	A general information service on all aspects of FP7. http://ec.europa.eu/research/enquiries
EPSS	Electronic Proposal Submittal Service - A web-based service which must be used to submit proposals to the Commission. Access is given through the CORDIS website, or via a specific site.
ER	Experienced Researcher – used within People Program
ERA	See **European Research Area**
ERA NET	The ERA-NET scheme will be the principal means for the Sixth and Seventh Framework Programs to support the co-operation and co-ordination of research activities carried out at national or regional level.
ERC Executive Agency	Manages the outsourcing of the Ideas Program via the European Research Council
ERR	Ethical Review Report - Result of a Proposal Ethical Review. See **Ethical Review**
ESA	See **European Space Agency**
ESF	European Science Foundation
ESO	European Southern Laboratory
ESPRIT	FP1, 2, 3 and 4 Program – European Strategic Program for R&D in IT
ESR	Evaluation Summary Report – The assessment of a particular proposal following the evaluation by independent experts. It normally contains both comments and scores for each evaluation criterion.
ESR	Early-stage researchers - used within People Program
Ethical review	An ethical review will be implemented systematically by the Commission for proposals dealing with ethically sensitive issues. In specific cases, further ethical reviews may take place during the implementation of a project. Participants in FP projects must conform to current legislation and regulations in the countries where the research will be carried out. They must seek the approval of the relevant ethics committees prior to the start of the RTD activities, if there are ethical issues involved
ETP	*See* **European Technology Platform**
ETSI	European Telecommunications Standards Institute
EU	European Union
EURAB	See **European Research Advisory Board**

EURATOM	Is the abbreviation for the European Atomic Energy Community, one of the building blocks of the European Union. In relation to FP, the obligations of the EurAtom treaty in the field of research are reflected in the specific program on nuclear research.
EUREKA	A Europe-wide Network for Industrial R&D (www.eureka.eu)
European Economic Area	This now consists of Iceland, Liechtenstein and Norway and has a special relationship with the EU - see **EEA**.
Enterprise Europe Network	This is the new name for what was called **IRC**s in FP6.
ERG	European Reintegration Grants – part of People Program
Euro Info Centres	Act as an interface between European institutions and the local level (http://europa.eu.int/comm/enterprise/networks/eic/eic.html). Euro Info Centres are close to the enterprises in order to help them gain easier access to the opportunities presented by Europe and to prepare them for crucial milestones, such as the Euro, electronic commerce, enlargement etc. The EICs cover some 300 contact points in 265 towns and across 37 countries within Europe providing information, advice and assistance to SMEs.
European Economic Interest Group	European Economic Interest Group (EEIG) created by Council Regulation 2137/85 of 25 July 1985 (Official Journal No L 199 of 31 July 1985) is a legal instrument allowing companies to cooperate with partners based in other Community countries for the realisation of a specific project in a loose, flexible form of association and on an equal legal footing while maintaining their economic and legal independence. See **EEIG**
European Institute of Innovation and Technology	Being set up in 2008. See section A1.2.6
European Reintegration Grants	See **ERG**
European Research Advisory Board	European Research Advisory Board (EURAB) is a high-level, independent, advisory committee created by the Commission to provide advice on the design and implementation of EU research policy. EURAB is made up of 45 top experts from EU countries and beyond. Its members are nominated in a personal capacity and come from a wide range of academic and industrial backgrounds, as well as representing other societal interests.
European Research Area	New politically correct catch phrase to denote the synergistic cohesion of the various R&D programs both national and multinational within the EU.
European Space Agency	The European Space Agency is Europe's gateway to space. Its mission is to shape the development of Europe's space capability and ensure that investment in space continues to deliver benefits to the people of Europe. ESA has 15 Member States. By coordinating the financial and intellectual resources of its members, it can undertake programmes and activities far beyond the scope of any single European country.
European Technology Platform	This is a new Euro buzz word introduced late 2003, as part of the planning for FP7. Initially it was a set of meetings per important technology sector at which the major European actors could be mobilised to identify strategies and future directions. In 2008 several selected ETPs are proceeding to create **JTI**s
Evaluation	The process by which proposals are retained with a view to selection as projects, or are not retained. Evaluation procedures are fully transparent and published in the Evaluation Manual Evaluation is conducted through the application of **Evaluation Criteria** identified in the Workprogram.

Evaluation criteria	The criteria against which eligible proposals are assessed by independent experts. The evaluation criteria are generally the same for all proposals throughout FP7, and relate to S/T quality, impact and implementation. Relevance is also considered. However, specific evaluation criteria may apply to certain calls, and applicants should check the work program, and annex 2 to the Guide for Applicants.
Evaluation Summary Report	See **ESR**
Experienced Researcher	See **ER**
Exploitation	Exploitation plan - mini business plan required within most RTD proposals
FC	Full Cost with calculated overhead
FCF	New cost basis in FP6, that replaced FF which essentially provided a fixed overhead of 20% to costs excluding subcontracts
Fellowship	Marie Curie fellowships are either fellowships, where individual researchers apply directly to the Commission, or host fellowships, where institutions apply to host a number of researchers
FET	Future and Emerging Technologies – more academic long term part of ICT R&D activities
FET Open	Part of FET program where topics are not predefined and runs under continuously open calls
FET Proactive	Second part of FET program which is implemented via fixed calls and on specific long term research topics
FF	Full Cost with fixed overhead of 80%- Only in FP5
Financial Guidelines	In FP7 term replaced by **Financial Rules.** The financial guidelines of the Sixth Framework Programmes (FP6 Financial Guidelines) were intended to provide to the participants in FP6 projects, as well as to the Commission services, in a single and, as far as possible, complete document: - information on the financial aspects of the main indirect actions of the Sixth Framework Programmes; - relevant references to the applicable legal framework; - concrete examples, as well as suggestions for good financial practices to be applied when carrying out EC-funded RTD projects. The guidelines include sections on: the first principles; the nature of the grant; the principles applicable to grants which reimburse eligible costs; the Community financial contribution (including cost models); subcontracts; collective responsibility; sanctions and recoveries.
Financial Regulations	The Council Regulation (EC, EURATOM) No 1605/2002 of 25 June 2002 on the "Financial Regulation applicable to the general budget of the European Communities" and the Commission regulation laying down detailed rules for the implementation of this Council Regulation.
Financial Rules	Formally known as **Financial Guidelines**
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.
FP	Framework Program (EU - Sixth FP is FP6 etc.)

Fundamental research	Fundamental research is an activity designed to broaden scientific and technical knowledge not directly linked to industrial or commercial objectives.
Funding Regime	Formally known in FP6 as **Cost Model**
Funding Scheme	Prior to FP7 known as **Instrument.** The type of support that can be given to a project within a call. The funding schemes have different objectives, and are implemented through different grant agreement conditions.
GAAP	Generally Accepted Accounting Procedures – see **IFRS**
Galileo	A constellation of 24 to 30 Medium Earth Orbit (MEO) Satellites supporting a Global Navigation service. This primary vocation will, in time, permit the development of various Value Added Services.
Geant	On going project within IST used as a means to support the European High Speed Backbone Research Network
Gender Action Plan	Proposals for Integrated Projects and Networks of Excellence have to comprise a gender action plan indicating actions and activities that will be developed to promote the role of women as participants in the project. The action plan is a set of measures chosen by the contractor, according to its analysis of what is appropriate in the frame of the project, and on the basis of its comprehension of the gender issue in science. The action plan can include measures such as (examples only, other measures welcome): taking special action to bring more women into the project, linking with networks of women scientists in the field of the project, hiring gender experts to review/audit/monitor the gender dimension of the project, organising a seminar/conference/workshop to raise awareness about the need to increase gender equality in the field of the project, conduct surveys/analysis,
GEOSS	Global Earth Observation System of Systems (www.epa.gov/geoss/)
GIS	Geographic Information System
GMES	Global Monitoring for Environment and Security - http://gmes.jrc.it/
GNSS	Global Navigation Satellite Systems
GPF	Grant agreement Preparation Forms (formally called **CPF**) For successful proposals, the Commission will enter into negotiations to prepare a contract. The necessary administrative information from the consortium is collected in a set of forms, called Grant agreement Preparation Forms (GPFs). For preparing these forms, coordinators have to use a software called GPF editor (to be downloaded at http://www.cordis.lu/fp6/find-doc.htm#GPF) . From 2008 in most cases a new tool caused **NEF (Negotiation Facility)** is used to prepare the GPFs online. The electronic templates for the GPFs, pre-filled with data from the proposal, will be sent to the coordinator together with the letter opening the contract negotiation. The GPFs cover only the administrative data of the contract. In addition to the administrative GPFs, coordinators have to provide a description of the work, the final version of which will be an annex to the contract.
Grant Agreement	See **Model Grant Agreement**
Grant agreement Preparation Forms	See **GPF**

Grant for integration	For Networks of Excellence, the Community financial contribution shall take the form of a fixed grant for integration to attain the objective of the joint programme of activities. The amount of the grant is calculated taking into account the degree of integration, the number of researchers that all participants intend to integrate, the characteristics of the field of research concerned and the joint programme of activities. This contribution is to be used to complement the resources deployed by the participants in order to carry out the joint programme of activities.
Grant to the budget	For Integrated Projects and other instruments, with the exception of those which require a public procurement procedure and those for which a lump sum contribution is made, the Community financial contribution shall take the form of a grant to the budget. It is calculated as a percentage of the costs estimated by the participants to carry out the project, adapted according to the type of activity (research, demonstration, training...) permitted by the instrument and taking into account the cost model used by the participant concerned.
Hearing	Applicants whose proposals have been favourably evaluated are sometimes invited to Brussels to answer any specific questions raised by the experts. Mainly applies to IPs and NoEs.
HFSP	Human Frontier Science Program (www.hfsp.org)
I3	See **Integrated Infrastructure Initiative**
IAPP	Industry Academia Partnerships and Pathways – part of the People program
ICPC	**International Cooperation Partner Country** (formally known as INCO)
ICT	Information and Communications Technologies
ICTC	Information and Communication Technologies Committee
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	Means the description of the work to be carried out in order to implement the *project* as set out in Annex I of the contract. For an Integrated Project it consists of two parts - *- a detailed implementation plan:* providing a detailed description of the work to be carried out over the eighteen-month period[1] 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 *contractor* and by activity. *- an outline implementation plan:* providing an outline description of the work to be carried out throughout the duration of the *project*, including a non-confidential action plan for the promotion of gender equality within the *project*
IMS	Intelligent Manufacturing Systems Initiative (http://www.ims.org/)
INCO	Acronym for the international co-operation activities in FP6, i.e. the activities on co-operation with third countries. These are a part of the specific programme "Integrating and strengthening European research". Replaced by **ICPC** in FP7
Incoming International Fellowships	See **IIF**

Independence	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.
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.
Industry Academia Partnerships and Pathways	See **IAPP**
Industrial research	Research and investigation activities aimed at the acquisition of new knowledge with the objective to use such knowledge for developing new products, processes or services or in bringing about a significant improvement in existing products, processes or services.
Information days	Open events organised by the Commission to explain the characteristics of specific calls, and often as well, a chance for potential applicants to meet and discuss proposal ideas and collaborations.
Initial information letter	A letter sent by the Commission to applicants shortly after the evaluation by experts, giving a report from the experts on the proposal in question (the Evaluation Summary report).
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 – 1. A form of STREP not used in IST 2. An activity type in a STREP or IP 3. Generic meaning of "something new"

Innovation Relay Centres	These centres were created in order to facilitate the transfer of innovative technologies to and from European companies or research institutions. As a mover and shaker in innovation, the IRC network has become a leading European network for the promotion of technology partnerships and transfer mainly between small and medium-sized companies (SMEs). 68 regional IRCs span 30 countries including the EU, Bulgaria, Czech Republic, Cyprus, Estonia, Hungary, Iceland, Israel, Latvia, Lithuania, Norway, Poland, Romania, Slovak Republic, Slovenia and Switzerland.
	In FP7 they are renamed Enterprise Europe Network or EEN
Insight projects	Insight projects are type of project to support research in "New and Emerging Science and Technology" (NEST) under FP6. These are designed to investigate and evaluate new discoveries or phenomena which may bring new risks and potential problems for European society. Their aim will be to generate and consolidate scientific understanding, as well as to assist in formulating responses to address such problems.
INSPIRE	Infrastructure for spatial information in Europe (www.ec-gis.org/inspire/)
Instrument	The mechanism for indirect Community intervention as laid down in Annex III of the Sixth Framework program, with the exception of Community financial participation pursuant to Article 169 of the Treaty. In FP7 now known as **Funding Scheme**
INTAS	INTAS is an independent International Association formed by the European Community, European Union Member States and like minded countries acting to preserve and promote the valuable scientific potential of the Newly Independent States of the former Soviet Union through East-West Scientific co-operation. INTAS implements a part of and is financed by the FP INCO activities.
Intra- European Fellowships	See **IEF**
Integrated Infrastructure Initiative	Type of instrument used by Research Infrastructures program in FP6 and FP7. It is a combination of IP and CSA.
Integrated Project	A new type of project introduced in FP6 that comprised a coherent set of component actions which may vary in size and structure according to the tasks to be carried out, each dealing with different aspects of the research needed to achieve common overall objectives, and forming a coherent whole and implemented in close coordination
Integrating Project	Renaming of Integrated Project in FP7 - definitions have changed.
Integration	Application of synergy, by which different fields of endeavour are brought together to yield results of far greater significance than would have been possible through individual and independent actions.
Intellectual property rights	Intellectual Property Rights cover all aspects of owning, protecting and giving access to knowledge and pre-existing know how.
International Cooperation Partner Country	"international cooperation partner country" means a third country which the Commission classifies as a low-income, lower-middle-income or upper-middle-income country and which is identified as such in the work programs.
International European Interest Organisations	See **IEIO**

International Financial Regulation Standard	See **IFRS**
International organisation	"international organisation" means an intergovernmental organisation, other than the Community, which has legal personality under international public law, as well as any specialised agency set up by such an international organisation;
International organisations of European interest	International organisations, the majority of whose members are European Union Member States or Associated States, and whose principal objective is to promote European scientific and technological cooperation
International Reintegration Grants	See **IRG**
International Research Staff Exchange Scheme	See **IRSES**
IOF	Outgoing International Fellowships – part of People Program
IP	See **Integrated Project** or **Integrating Project**
IP	Internet Protocol
IP	See **Intellectual Property (rights)**
IPO	See **Initial Public Offering**
IPR	See **Intellectual Property Rights**
IRC	See **Innovation Relay Centres**
IRG	International Reintegration Grants – part of People Program
Irregularity	Any infringement of a provision of Community law or any breach of a contractual obligation resulting from an act or omission by a contractor which has, or would have, the effect of prejudicing the general budget of the Communities or budgets managed by them through unjustified expenditure.
IRSES	International Research Staff Exchange Scheme – part of People program
ISERD	Israel Europe Research and Development - Israel Directorate for Framework Program
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
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 Technology Initiative	This is the form of Public/Private partnership created by some **ETP**s.
Joint Undertaking	This is th elegal entity set up to manage a **JTI**
JRC	See **Joint Research Centre**
JTC	Join Technical Committee, an association between ISO and the IEC (Information Engineering Committee)
JTI	See **Joint Technology Initiative**
JU	See **Joint Undertaking**
KA	See **Key Action**
Key Action	In FP5 Each Specific Program was divided into Key Actions, each covering a broad technical domain
Knowledge	The results, including information, whether or not they can be protected, arising from the project governed by the contract, as well as copyrights or rights pertaining to such information following applications for, or the issue of patents, designs, plant varieties, supplementary protection certificates or similar forms of protection.
Large scale integrating project	Previously known in FP6 as **Integrated Project**
LBS	See **Location Based Services**
LEAR	Legal Entity Appointed Representative – The person appointed by each organisation to manage that entities data stored in the central **URF** data base.
Legal entity	Legal entities are natural persons or any legal persons created under the national law of their place of establishment, under Community law or under international law, having legal personality and being entitled to have rights and obligations of any kind in their own name.
Legal Entity Appointed Representative	See **LEAR**
Legitimate interest	A contractor's interest of any kind, particularly a commercial interest, that may be claimed in the cases provided for in the contract. To this end the contractor must prove that failure to take account of its interest would result in its suffering disproportionately great harm.
Leonardo da Vinci	A EU funded program outside of the Framework Program
Location Based Services	Push provision of information and assistance to mobile handset based on context of the users Location
Marie Curie	See **Fellowship**
Member	In IST this was an optional designation used in FP5 for organisations joining a Network or Accompanying Measure
Member state	A state being a member of the European Union
Memorandum of Understanding	A legal agreement suggested for signature by individual organisations while building a consortium to make a proposal.
Milestone	Milestones are control points where decisions are needed with regard to the next stage of the project. For example, a milestone may occur when a major result has been achieved, if its successful attainment is a prerequisite for the next phase of work.
MITI	Japanese Ministry of International Trade and Industry

Model contract	Formally term now known as **Model Grant Agreement**
	For implementing indirect actions, the Commission concludes contracts with all participants of a project. These contracts are based on a standard model - this was termed the model contract in FP6.
Model Grant Agreement	Prior to FP7 known as **Model Contract.** The legal instrument that provides for Commission funding of successful proposals.
MOU	See **Memorandum of Understanding**
MS	See **Member state**
NAS	New Associated State - States of Eastern and Central Europe that have become associated to the Framework Program.
National contact point	Persons officially nominated by the national authorities to provide tailored information and advice on each theme of FP7, in the national language(s).
NCP	See **National contact point**
NEMS	Nano-Electromechanical Systems
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
Necessary costs	FP6 term. In FP7 now referred to as "Costs used solely to achieve project objectives"
NEF	Negotiation Facility – thi sis an online tool introduced in 2008 for preparation of **GPF**s
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**
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
NIS	Newly Independent State. Refers to those countries, now independent that formally were part of the Soviet Union - generally now excluding those regarded as **NAS**.
	New Israel Shekel - current Israeli currency
NMP	NMP is the acronym for the research priority "Nanotechnologies and Nanosciences, knowledge-based multifunctional materials, and new production processes and devices" in FP6 and FP7.
NMS	See **New member state**
NoE	See **Network of Excellence**
NSF	National Science Foundation (http://212.208.8.14/nsf.htm)
OCS	Office of the Chief Scientist in Israel
OEM	Original Equipment Manufacturer
Official Journal	Legal journal of the EU where notices are publication

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).
Outgoing International Fellowships	See **IOF**
Part A	The part of a proposal dealing with administrative data. This part is completed using the web-based EPSS.
Part B	The part of a proposal explaining the work to be carried out, and the roles and aptitudes of the participants in the consortium. This part is uploaded to the EPSS as a pdf file
Participants	The members of a consortium in a proposal or project.
Pathfinder project	Pathfinder projects are type of project to support research in "New and Emerging Science and Technology" (NEST) under FP6. Pathfinder initiatives aim to help European scientists to take the lead in pioneering fields and build up European capabilities such fields. They are focused on clearly-identified areas with a long-term promise for Europe, preparing the ground for wider support to new fields in future European research programmes.
PDM - URF	Participant Data Management – Unique Registration Facility – see also **LEAR, PIC** and **URF**
Peer review	Peer review means the evaluation of proposals with the help of independent external experts (peers). For FP, the procedures for the evaluation of proposals are described in detail in a Commission decision on "Guidelines on proposal evaluation and selection procedures".
PIC	Proposer Identification Code - see also **URF**
PME	Petites Moyennes Enterprises – this is the French term for **SME**
PNP	One type of legal status of participants in FP. PNP means "Private Organisation, Non Profit" (i.e. any privately owned non profit organisation).
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).
QIPC	Quantum information processing and communication
RA	See **Research Agenda**
RACE	A part of the FP2 and FP3 which dealt with broadband networking.
REA	See **Research Executive Agency**
Receipts	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: • Financial transfers or their equivalent to the contractor from third parties ; • Contributions in kind from third parties; • Income generated by the project.
Regulation	The Regulation of the European Parliament and of the Council concerning the participation of undertakings, research centres and universities and for the dissemination of research results for the implementation of the European Community Framework Program or the Regulation of the Council concerning the participation of undertakings for the implementation of the European Atomic Energy Community (Euratom) Framework Program.
Reimbursement rate	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: 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). For contractors using the Full Cost or Full Cost Flat rate model: • for research and technological development activities up to 50 % of eligible costs; • for demonstration activities up to 35 % of eligible costs; • for management of the consortium activities up to 100 % of eligible cost not exceeding 7% of the total Community financial contribution; • for training up to 100 % of eligible costs; • for other specific activities up to 100 % of eligible costs; For rates in FP7 see Chapter 6
Research Agenda	Created within **JU**s from the **ETP SRA**
Research Executive Agency	This is a new body being set up as part of the planned outsourcing of the Management of FP7
Research for SMEs	Is the name for what was previously called **CRAFT**

Researchers	Within a Network of Excellence, researchers means research staff with at least four years of research experience or those in possession of a doctoral degree. Additionally, a researcher must either be an employee of one of the contractors or be working under its direct management authority in the framework of a formal agreement between the contractor and the researchers employer.
Research Infrastructures	Facilities necessary for conducting research or for supporting the researchers. These may include research institutions, laboratories, test beds and other specialised research equipment, communications networks dedicated to research (including the Internet), libraries, learned bodies and other sources of knowledge.
Research Network	Dropped in FP6 and FP7 - but see Coordination Activity. Was a method of funding a network of researchers, enabling them to meet on a specific theme. Did not fund the research itself.
Research Organisation	"research organisation" means a legal entity established as a non-profit organisation which carries out research or technological development as one of its main objectives.
Research Training Networks	Promote training through research especially of researchers at pre-doctoral and at post-doctoral level
Reserve list	Due to budgetary constraints it may not be possible to support all proposals that have been evaluated positively. In such conditions, proposals on a reserve list may only be financed if funds become available following the negotiation of projects on the main list.
RF	Radio Frequency
RFID	Radio Frequency Identification
RN	See **Research Network**
Roadmap	Part of the Workprogram indicating which Technical topics are opened in each C**all for Proposals**, and at which time. The roadmap provides a means of focusing attention on areas or sub-areas of the Program in any specific **Call**, thereby optimising opportunities for launching collaborative projects and establishing thematic networks**.**
Roadmap project	Late in FP5 several IST areas launched such projects in preparation for FP6. Most of them metamorphosed into proposals to FP6. Such projects continue to be used in some specific areas in FP7.
RSFF	Risk-sharing Finance Facility. A new mechanism to foster private sector investment in research, by increasing the capacity of the EIB and its financial partners to provide loans for European RTD projects.
RTD	Research and Technology Development. RTD is also used to indicate one of the "types of actions addressed" in the Technical topics description. It then refers to R&D, Demonstration or Combined projects as defined in the Guide for Applicants.
RTD Performer	Means a legal entity carrying out research or technological development activities in funding schemes for the benefit of specific groups.
Rules of participation	Rules of participation means the Regulation of the European Parliament and of the Council concerning the rules for the participation of undertakings, research centres and universities in, and for dissemination of research results for, the implementation of the European Community Sixth Framework Program (2002-2006).
SA	See **Support Action**
SEA	Semiconductor Equipment Assessment action in FP5

Service Action	Specific type of IP. They support academic research, feasibility design, prototyping, training and education and through access to advanced tools
SICAs	Specific International Cooperation Actions
Simplified Method	For calculating indirect costs - see Chapter 6
SiP	System in Package
Small or medium scale focused research action	What was known as **Specific Targeted Research Project** prior to FP7
SME	Small or Medium sized Enterprise - has fewer than 250 employees (full time equivalents); - has either an annual turnover not exceeding EUR 50 million, or an annual balance sheet total not exceeding EUR 43 million; and - conforms to the criterion of independence. See **Independence** **(Note this is a new definition as of 1 Jan 2005)**
SME Exploratory Award	Given to an SME to support the exploratory phase of a project (for up to 12 months). Supported by the Program of Innovation and Special Measures for SMEs. Was discontinued in FP6 and FP7.
SOC	System on a Chip
Socrates	A EU funded program outside of the Framework Program
Specific International Cooperation Action	In some calls on topics of mutual interest, special conditions apply to promote research collaborations between European organisations and those based in the International Cooperation Partner Countries (ICPC). This usually entails a minimum of two participants from EU or Associated countries, and two from ICPC.
Specific program	FP6 was subdivided into three sub-programs for the indirect actions plus two sub-programs for the direct actions. These 5 sub-programs were called specific programs.
Specific Support Action	(SSA) This is a term used in FP6. Now called **Support Action**
Specific Targeted Innovation Project	Specific Targeted Innovation Projects (STIP) are multi partner innovation projects. Their purpose is to support activities exploring, validating and disseminating new innovation concepts and methods at European level. The Community contribution is paid as a grant to the budget (percentage of total costs of the project).
Specific Targeted Research Project	This is the name introduced in FP6 for what was formally known as RTD project. In FP7 now known as "**Small or medium scale focused research action**". Implementation is different in FP7
SRA	See **Strategic Research Agenda**
SSA	See **Specific Support Action**
Stimulation Action	This is a specific type of IP. Aimed at broadening the knowledge on a topic of a specific target audience.
STIP	See **Specific Targeted Innovation Project**
Strategic Research Agenda	The plan created and maintained by **ETP**s to define future r&D direction and needs as seen by its members.
STREP	See **Specific Targeted Research Project**
Subcontract	An agreement to provide services, supplies or goods concluded between a contractor and one or more subcontractors for the specific needs of the project.

Subcontractor	For specific tasks of a fixed duration, a proposal / project may include sub-contractors, who do not participate in the project and do not benefit from the intellectual property rights acquired through achievements of the project. Third party carrying out minor tasks related to the project, by means of a subcontract with one or more of the contractors
Submission Date	Equivalent to the closure date of a **Call**. The precise date and time by when proposals need to have been received by the Commission Services.
Subsidiarity	This principle states that work better done at the local level should not be carried out at the European level
Support Action	(SA) This is an action that contributes to the implementation of the ICT program or the preparation of future activities of the Program.
Take up activities	Take-up activities are activities to promote the early or broad application of state-of-the-art technologies. Take-up activities include the assessment, trial and validation of promising, but not fully established, technologies and solutions, easier access to and the transfer of best practices for the early use and exploitation of technologies. In particular, they will be expected to target SMEs.
Take up measures	Measures stimulating diffusion and utilisation of technologies developed under RTD projects. A specific form of **Accompanying Measure.** In FP6 and FP7 can only exist within STREPs or IPs
TAP	**Telematics Application Program**
Targeted Research	A new name introduced in FP6 for projects previously known as RTD projects
Technical collective responsibility	Technical implementation of the project shall be the collective responsibility of the contractors. To that end each contractor shall take all necessary and reasonable measures to attain the objectives of the project, and to carry out the work incumbent on the defaulting contractor.
Telematics Application Program	One of the high level programs under FP3 and FP4, merged into IST in FP5
Terms of Reference	See **ToR**
Test bed	A test bed is used to integrate, test and validate new technologies in a close to real environment.
Thematic Network	Type of project discontinued in FP6 and replaced by Concerted Action.
Third country	A country means a state that is not a member state
Thresh-hold	For a proposal to be considered for funding, the evaluation scores for individual criteria must exceed certain thresholds. There is also an overall threshold for the sum of the scores.
TN	See **Thematic Network**
ToR	Terms of Reference used by **AUP** is annexed to the **Grant Agreement** (Annex VII)
Training activities	The purpose of training activities is to provide advanced training of researchers and other key staff, research managers, industrial executives (in particular for SMEs) and potential users of the knowledge produced within the project. Such training should contribute to the professional development of the persons concerned

Transnational access	The objective of this scheme is to sponsor new opportunities for research teams and individual researchers to obtain access to major research infrastructures, which are unique or rare in Europe and provide world-class service essential for the conduct of top-quality research. Community support will cover up to 100% of the costs of providing access to an infrastructure for research teams working in Member States and Associated States other than that where the operator of the infrastructure is located. Access costs will be calculated either on the basis of the Unit Fee system, or of the actual additional costs connected with making the access available. Applications shall be made by the institutions operating the major research infrastructures. Opportunities for potential users in the infrastructures selected will be published on the Internet
Trials (for users and suppliers)	Type of **Take-up** measure.
TRP	See **Specific Targeted Research Project**
Two stage submission	Some calls require proposals to be submitted in two stages. In this case, applicants initially present their idea in a brief outline proposal. This is evaluated against a limited number of evaluation criteria, or sub-criteria. Applicants successful in the first stage will be invited to submit a full proposal at the second stage, which will be evaluated against a broader range of criteria.
Ubiquitous	Refers to "anywhere any time"
Unique Registration Facility	See **URF**.
URF	Unique Registration Facility: a new way of participants to identify themselves within the system via a **PIC**, so they do not have to re-enter all their organisational details for each proposal/project. See also **PDM - URF**.
Use	The direct or indirect utilisation of knowledge in research activities or for developing, creating and marketing a product or process or for creating and providing a service
Use Action	Specific type of IP. Aim is to promote the integration and use of a specific technology
Valorisation	Euro English – French actually – meaning is "mobilisation"
VAT	Value Added Tax
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**
WTO	World Trade Organisation

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 "precompetitive" 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

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 IPR 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 coordinator, 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 coordinator 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 EFP Consulting. 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	http://cordis.europa.eu/fp7/art169_en.html	
Audit certification Guidance	ftp://ftp.cordis.europa.eu/pub/fp7/docs/guidelines-audit-certification_en.pdf	23 July 2007
Beneficiary Guide	ftp://ftp.cordis.europa.eu/pub/fp7/docs/beneficiaries_en.pdf	23 July 2007
Calls for proposal	http://cordis.europa.eu/fp7/calls_en.html	Current open calls
Capacities Program	http://cordis.europa.eu/fp7/capacities/home_en.html	
CIP Program	http://ec.europa.eu/cip	
Collective research project	tba	Part of SME program
Commission staff directory	europa.eu.int/comm/staffdir/plsql/gsys_page.display_index?pLang=EN	Includes all DGs – kept up to date
Common agricultural policy	europa.eu.int/comm/agriculture/index_en.htm	
Common fisheries policy	europa.eu.int/comm/fisheries/policy_en.htm	
Competitiveness and Innovation Framework Program (CIP)	http://cordis.europa.eu/fp7/cip_en.html and http://cordis.europa.eu/innovation/en/policy/cip.htm	
Consortium Agreement Check List	ftp://ftp.cordis.europa.eu/pub/fp7/docs/checklist_en.pdf	28 June 2007 is latest version
Consortium Agreement DESCA Model	http://www.desca-fp7.eu/DESCA/Version1/Intro.htm	1 May 2007
Consortium Agreement EICTA Model	http://www.eicta.org/web/news/telecharger.php?iddoc=632	10 July 2007
Cooperation program	http://cordis.europa.eu/fp7/cooperation/home_en.html	
Cooperative research project (CRAFT)	tba	Part of the SME program
CORDIS	cordis.europa.eu	Prime Commission R&D site
Council of the EU	www.consilium.europa.eu	
Currency converter	www.ecb.int/stats/eurofxref	
Description of Work Template (FP7)	ftp://ftp.cordis.europa.eu/pub/fp7/docs/negotiation_en.doc	31 July 2007
DG Enterprise	europa.eu.int/comm/dgs/enterprise/move.htm	
DG INFSO	europa.eu.int/comm/dgs/information_society/	Information Society DG
DG Research	europa.eu.int/comm/research/	Research DG

eContent	www.cordis.lu/econtent/	
EEIG	europa.eu.int/scadplus/leg/en/lvb/l26015.htm	
EFP Consulting	www.efpconsulting.com	
Energy Program	http://cordis.europa.eu/fp7/cooperation/energy_en.html	Program parallel to ICT
Environment (including Climate Change)	http://cordis.europa.eu/fp7/cooperation/environment_en.html	Program parallel to ICT
EPSS web site	fhttp://cordis.europa.eu/fp7/epss_en.html	Proposal submittal system
ERA	http://cordis.europa.eu/era/	
ERA-NET	http://cordis.europa.eu/coordination/home.html	
ERA-Watch service	http://cordis.europa.eu/erawatch/	
eTen	www.ten-telecom.org/default.asp	New for FP7
Ethical review	http://ec.europa.eu/research/science-society/page_en.cfm?id=3205 and http://cordis.europa.eu/fp7/ethics_en.html	
Ethics Checklist	http://cordis.europa.eu/fp7/ethics_en.html#ethics_cl	
Ethics supporting documents	http://cordis.europa.eu/fp7/ethics_en.html#ethics_sd	
Eureka	www.eureka.be	
Euro exchange rates	europa.eu.int/comm/budget/inforeuro/	For use in cost statements
Europa	europa.eu.int	European Union web site
Eurpean Research Council (ERC)	http://erc.europa.eu/index_en.cfm	
EURAB	europa.eu.int/comm/research/eurab/index_en.html	
EURATOM	http://cordis.europa.eu/fp7/euratom/indirect_en.html	
Euro Info Centres	europa.eu.int/comm/enterprise/networks/eic/eic.html	
European Space Agency	www.esa.int/export/esaCP/index.html	
European Technology Platforms	http://cordis.europa.eu/technology-platforms/home_en.html	
Evaluator call	http://cordis.europa.eu/fetch? CALLER=EN_NEWS&ACTION=D&SESSION=&RCN=26822	To apply as an evaluator
Experts	As Evaluator above	To be an evaluator
Financial Issues Guide	ftp://ftp.cordis.europa.eu/pub/fp7/docs/financialguide_en.pdf	24 July 2007
Finance Help-desk	www.finance-helpdesk.org	
Food, Agriculture and Fisheries, Biotechnology	http://cordis.europa.eu/fp7/cooperation/food_en.html	Program parallel to ICT
FP7 home page	cordis.europa.eu/fp7	General information about FP7
Framework program	europa.eu.int/comm/research/why.htm	
Gender	www.cordis.lu/rtd2002/science-society/women.htm	
GPF Editor	http://cordis.europa.eu/fp7/ict/participating/grant agreement-prep_en.html	Cannot access directly - go in first to http://cordis.europa.eu/fp7/ict/
GPF Editor users	ftp://ftp.cordis.europa.eu/pub/fp7/ict/docs/partici	

guide	pating/gpf-editor-user-manual_en.pdf	
Grant Agreement	http://cordis.europa.eu/fp7/calls-grant-agreement_en.html	
Health Program	http://cordis.europa.eu/fp7/cooperation/health_en.html	Program parallel to ICT
ICT Home page	http://cordis.europa.eu/fp7/ict/	
Ideal-ist	www.ideal-ist.net	ICT active partner search
Ideas Program	http://cordis.europa.eu/fp7/ideas/home_en.html	
I'm Europe	www2.echo.lu/	Another useful portal
INCO	www.cordis.lu/fp6/inco.htm	
Insight projects	www.cordis.lu/nest/insight.htm	Part of NEST
INTAS	www.intas.be/mainfs.htm	
IPR	www.ipr-helpdesk.orgl	
IPR Guide	ftp://ftp.cordis.europa.eu/pub/fp7/docs/ipr_en.pdf	28 June 2007
IRC	www.innovationrelay.net	
ISERD	www.iserd.org.il/ist	
ISTAG	ftp.cordis.lu/pub/fp6/docs/eag_ist.pdf www.cordis.lu/ist/istag.htm	IST Advisory Group
Joint Research Centre (JRC)	www.jrc.org	
JTIs	cordis.europa.eu/fp7/jtis/	
Nanosciences, nanotechnologies, materials & new production technologies	http://cordis.europa.eu/fp7/cooperation/nanotechnology_en.html	Program parallel to ICT
National Contact Point (NCP)	http://cordis.europa.eu/fp7/ncp_en.html	
Negotiation Guidelines	http://cordis.europa.eu/fp7/find-doc_en.html	
Negotiation Guidance Notes	ftp://ftp.cordis.europa.eu/pub/fp7/docs/negotiation_en.pdf	
OECD	www.oecd.org	
Official journal (OJ)	europa.eu.int/eur-lex/en/oj/	
Partner Search (CORDIS)	http://cordis.europa.eu/fp7/partners_en.html	
Partner Search (Ideal-ist)	www.ideal-ist.net	
Pathfinder projects	www.cordis.lu/nest/pathfinder.htm	Part of NEST
People Program	http://cordis.europa.eu/fp7/people/home_en.html	
Policy Green Papers	europa.eu.int/comm/off/green/index_en.htm	
Policy White Papers	europa.eu.int/comm/off/white/index_en.htm	
Rapidus CORDIS news service	http://cordis.europa.eu/guidance/email_en.html	
REA Research Executive Agency	http://ec.europa.eu/research/rea/index.cfm?pg=home	
Redress procedure	http://cordis.europa.eu/fp7/redress_en.html	
Research Infrastructures	http://cordis.europa.eu/fp7/capacities/research-infrastructures_en.html	
Rules to ensure consistent verification	http://www.finance-helpdesk.org/front/ShowArticle.aspx?	Ex ante check rules

of the existence and legal status of participants, as well as their operational and financial capacities, in FP7 indirect actions	ItemID=1073#Guide	
Safer Internet Action Plan	europa.eu.int/information_society/programmes/iap/index_en.htm	
Scientific and Technological Options Assessment	www.europarl.eu.int/stoa/publi/default_en.htm	
Security Research Preparatory Action	europa.eu.int/comm/research/security/index_en.html	
Security Research Program	http://cordis.europa.eu/fp7/cooperation/secutiry_en.html	
SME	http://cordis.europa.eu/fp7/capacities/research-sme_en.html	
SME Portal	http://ec.europa.eu/enterprise/sme/fund_tools/fund_tools_theme_en.htm	
SME Test	http://ec.europa.eu/research/sme-techweb/index_en.cfm	A new web-based test to help European companies find out if they correspond to the EU definition of small and medium sized enterprise (SME) is now available online.
Socio-economic Sciences and the Humanities	http://cordis.europa.eu/fp7/cooperation/socio-economic_en.html	Program parallel to ICT
Space program	http://cordis.europa.eu/fp7/cooperation/space_en.html	Program parallel to ICT
Transport (including aeronautics)	http://cordis.europa.eu/fp7/cooperation/transport_en.html	Program parallel to ICT
URF web-site	http://cordis.europa.eu/fp7/urf_en.html	Explanation of PIC process

Appendix 5 Useful Support Projects

The Commission has funded many projects under FP6 to assist organisations to join projects. Many are either completed or ending, however much valuable information exists. Some new projects will also be funded under FP7. Many are targeted at supporting organisations in the New Member States, some at Associated Candidate Countries and virtually all of them are either targeted at or include support for SMEs.

The support they give is nearly always free and some can really provide significant benefits to organisations. I have tried here to list what we feel are the most useful for ICT support. The best point of entry to all of them is via their web site. This is just the initial list - there are many more and we shall gradually populate it.

Project	web site	Coverage	Target	Note
BOOST-IT	www.boost-it.org	Support/training	Specific countries Start-up SMEs	Aimed at SMEs in incubators
CEEC IST NET			Central and Eastern European countries	To establish a sustainable network of researchers and entrepreneurs active within the field of ICT
CHINACOOP			China	Increase research cooperation with China
CISTRANA	www.cistrana.org	Coordination of ICT related programs	NCPs	Coordination of national ICT programmes with each other and with European RTD programs in the ICT sector
EPISTEP	www.epistep.org	Support	All countries SMEs	ENIAC, eMobility & Artemis ETPs
ERA-CAN IST-EC2		ICT topics	Canada plus FP participants	Increase research cooperation with Canada
EURO-India	www.euroindia-it.org	ICT topics	India plus FP participants	Increase research cooperation with India
EUROPEAN IST			New Member States and Associated Candidate Countries	Enhancing participation of research organizations from, networking the ICT research community across Europe
FINANCE NMS IST	www.finance-helpdesk.org	Financial issues of FP6 and 7	New Member States and Associated Candidate Countries	Portal and helpdesk for the latest ICT-related financial information aimed at organisations
Gate2Start	www.europa-innova.org	Innovation forum	European innovators	DG Enterprise supported
GET IN		Support	Candidate country SMEs	Increasing participation of candidate countries SMEs in ICT projects by providing training, tools and support services
HAGRID	Www.hagridproject.net	ICT topics	Interested organisations	To provide added value services tailored to the needs of interested ICT organisations.
Idealist7FP	www.ideal-ist.net	Partner Search	All countries All organisations	ICT NCP network
IST-Bonus	www.ist-bonus.net	eBusiness and eWork	NMS and ACC organisations	Improve participation
IST Mentor		Training and support	New member states and candidate countries	Develops a networked group of proficient ICT multipliers, whose task will be to enhance

				building awareness of the ICT Theme and to assist potential proposers in submitting high quality proposals.
IS2WEB	www.ist2web.org	Mapping of organisations , Training , networking	Western Balkans primarily for Research organisations and Universities	
IST Africa		Training	South Africa	To promote dissemination and exploitation of European IST research results in Southern Africa in particular through workshops and training seminars.
IST EC2			Canada	Increase research cooperation with Canada
IST-WORLD	www.ist-world.org	Information repository	NMS and Candidate countries	Set up and populate an information portal with innovative functionalities that helps to promote RTD competencies in ICT in the New Member States and Candidate Countries
ISTOK.RU		Support	Russia	ICT research cooperation with Russia.
IST4BALT	www.balticit.com/ist4balt	ICT program promotion	Estonia, Latvia & Lithuania	Promote the ICT Theme to Estonia, Latvia and Lithuania by implementing fast dissemination and awareness actions
MAP-IT		Support	MPC	ICT research cooperation with Mediterranean Partner Countries
MED-IST	www.med-ist.eu, www.med-ist.info	Research Agenda, support , training	ICT sector in the Mediterranean region	
SCORE	www.Score- project.eu	Research Agenda, support , training	Western Balkans primarily for Research organisations and Universities	
SEE-INNOVATION	www.**see-innovation**.org	Assistance	SE Europe SME support	A Specific Support Action tasked with assisting South Eastern European ICT SMEs to actively participate in EU-funded ICT research
SME2Lead	www.smetolead.org	SME coordination training	SMEs	Coordinator free training
SCORE ICT			Western Balkan countries$	Research cooperation
SOLAR ICT			Latin America	Research cooperation
SPICE IT			China	Research cooperation
STAR-NET	www.project-starnet.com	SSA coordination	NMS and ACC	Coordination of support actions in New Member States and Candidate countries
START ICT			Africa	Research cooperation
WINDS-LA			Latin America	Research cooperation

Appendix 6 Frequently Asked Questions on ICT in FP7

Initially we shall accumulate here current open questions we have identified or points that seem they need to be double checked. We shall add answers as they are supplied for verification.

Appendix 6.1 Our FAQs

1. Will SAs in FP7 really only have 7% overhead allowed?
   This is correct.

2. How will the status of an organisation claiming to be an SME be verified?
   It will be verified by the auditor who is tasked with providing the Audit Certificate. I be verified by the Commission services; otherwise it will be based on a self declaration and may be verified by the Commission services.

3. What will happen to the charging rate of an organisation that changes status between an SME and a non-SME during a project; during a reporting period?
   The charging rate must be modified at that time so from then on the different rate should be used but not retroactively.

4. Is it correct that Universities will now have to charge Demonstration at 50% during derogation period?
   Yes.

5. What cost basis will an individual use in FP7?
   Only marginal costs can be charged, not personnel costs.

6. Should Universities who used AC model in the past, chose the derogation option?
   Only if they cannot calculate an overhead rate higher than 60% - most should be able to.

7. Is it true that as Commission cannot ask for Bank/Financial guarantees, an SME cannot coordinate if it does not have full financial resources to cover the project?
   The Commission is only interested in establishing that the organisation is financially stable and has the capacity (skills and resources) to manage the project.

8. Is it true that as Commission cannot ask for Bank/Financial guarantees, an SME cannot be allocated more than 500,000 Euros in funding unless it has adequate financial resources to cover this amount?
   No. The logic of the guarantee fund is that the fund will cover all risks, so no problem is seen in having an SME receiving more than 500,000 being guaranteed by the fund. The Rules state that the Commission will do a financial viability check on all beneficiaries receiving more than 500,000 Euros in EC contribution in a single project, but that does not mean that they will be excluded if they are not fully sound.

9. Is it confirmed that fixed overhead is 20%?
   Yes

10. Is the Consortium Management at 100% still limited to 7% of EU contribution?
    No - the ceiling level will be subject to contract negotiations - however very strong justification will be required for higher levels.

11. How will an SME that claims not to be able to identify indirect costs be handled? How will this be verified and will they be able to use the derogation model?
    The SME will be asked to prove that its' accounting system does not allow it accurately to identify

its indirect costs. We expect most SMEs who previously used the FCF cost model to claim this.

12. What will happen to organisations using the derogation for transition from AC after the transition period?
For projects started following calls published before 31/12 2009 the percentage is 60%. For projects following calls published after 1/1 2010 the percentage is supposed to be lower, however not any lower than 40%. This percentage will be paid till the end of FP7. For FP8 it will be negotiated whether we will have this arrangement also, or whether all organisations have installed sufficient sophisticated accountancy systems in the meantime. The idea is that this is a transitory arrangement.

13. In CSAs that cannot justify their full budget be reduced from 100% to 95% as in FP6?
Yes. This follows the financial regulation.

14. What is the simplified charging model?
This is model allows the general allocation of overheads to specific projects via percentages..

15. Can the EIB guarantee facility cover non-European SMEs?
The guarantee fund covers all those participants that pay into the fund and those that receive funding will therefore be all that have contributed 5%. If an organisation have received monies from the EC it is therefore covered by the fund. This means that ICPC countries are covered.

16. Will there still be hearings for IPs and NoEs as part of evaluation process?
In the ICT theme: Yes

17. Is it true that final 15% being withheld will now always be 15% of the total funding rather than 15% of the final cost period in most cases in FP6?
Yes, as we change to a system of advances that are only settled at the end of the project.

18. Is it true that coordinators will still be allowed to withhold some pre-financing from partners to ensure their performance in the project? This was common practice in FP6.
The arrangements for the distributing of the EC contribution is set out in the consortium agreement. If this is the case it will therefore be defined in the consortium agreement. However such withholding if leading to a beneficiary being unable to carry out its obligations under the Grant Agreement (because of cash-flow problems) then it would be seen by the Commission as a the Consortium Agreement being in breech of the contract and the consortium would have to change it.

19. If in an FP7 R&D a partner goes "silent" during a project and fails to provide necessary annual report, costs and/or Audit Certificate, will the other partners not be able to complete the project and be paid? Would this be a reason to access the guarantee fund?
The conflict resolution questions should be solved in the consortium agreement. The management is the responsibility of the consortium, which still has the collective technical responsibility. This is not covered by the guarantee fund and the guarantee fund does not relieve the consortium from the responsibility to manage the project. The fund only covers financial losses.

21. Is interest on prefinancing generated by a coordinator on undistributed funding now not considered as third party income?
Correct, up to a principle limit of 50,000 Euros (to be confirmed).

22. Is it true that Dissemination can be charged at 100% and this is not part of Consortium Management?
Yes in principal - this is a major change in FP7. However ICT takes the view that there are two

instruments here, 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 formal 7% limit on Management is no longer applied, but of course if the proposed Management cost is substantially more than that it would be looked at in the negotiation phase. If it genuinely was consortium management, cost of the audit certificates, dissemination, patent costs and so on then there would be no problem, the negotiator's concern would only be to make sure it wasn't R&D or demonstration being slipped in in disguise.

23. For a project up to two years is any certificate required for a beneficiary whose funding claimed is less than 375,000 Euros? (II.4 4 of draft Annex II)
    No certification of costs is normally required for a participant whose cost claims are less than this amount.

24. There was talk of special rates above "usual" salaries for new member states - has this been dropped?
    Yes.

25. For a project up to two years is any certificate required for a beneficiary whose funding claimed is less than 375,000 Euros? (II.4 4 of Annex II)
    If Partner's total claim is less than €375,000 then no Audit is required no matter if the project is below or above 2 years.

26. If Partner's total claim is more than €375,000?
    If Partner's total claim is more than €375,000 and the project is 2 years or less, then only one Audit is required - at the end of the project.
    If Partner's total claim is more than €375,000 and the project is more than 2 years, then an audit is required at each reporting period where the cumulative amount of un Audited funding requested is above €375,000, any residual is unaudited

27. Is an Audit mandatory when total claimed reaches €375,000 except if a certification on the methodology is provided?
    "Certification on the Methodology" is only an option to beneficiaries claiming actual indirect costs. If a beneficiary does have a "Certification on the Methodology", then, the interim audits are not required; instead only one audit will be required at the end of the project.

28. Organisations from which countries can coordinate which types of projects?
    Legally, any Organisation from any country can Coordinate any Project – and has been able to do so from FP5. However, in practice the Commission will generally not approve this as it will be difficult for them to coordinate from a long distance even if they have the experience and capacity.

29. Are "Lump Sum Amounts" limited to €25,000 per category (e.g. travel) and per participant?
    The issue here is "what is a category?", it could be per person, or per trip. The 25,000 is per unit, per year. Still needs clarification.

30. What are "Lump Sum Amounts" for 3rd Countries?
    3rd countries can elect themselves to receive their project funding as a lump sum – for any amount via an annex, to simplify administration.

31. How will financial viability be determined i.e. what is the formula? Is it cumulative for multiple

projects?
"Financial Viability Guidelines" are currently being drafted. Basically, they will only really be verifying that the organisation is not going bankrupt. For Coordinators, it is more important that the Coordinator inspires confidence or else they will ask for the Coordinator to change.

32. Why have Ex-ante on partners > 500,000 Euros
They had to put a figure down, and this represents 10% of participations. In reality, if the partner is deemed as being "weak" – assuming they are not going out of business, then the Commission will monitor them closer – they will not prevent their participation.

33. What is the Status of Serbia and Montenegro & Macedonia?
Currently ICPC

34. How will Interim payments be calculated?
Interim payments will be the amount that is accepted by the Commission for the previous period- with no bearing on the prefinancing – until the retention is reached.

35. NoE - no Audit certificate – lump sums?
In the 1st Calls, NoEs will not be lump sums, they are eligible costs and follow the eligible costs rules. If they are lump sums in the future, then no audits would be required.

36. In a NoE is R&D is allowed? – See Form C
Yes, if necessary for the project. – funding at 75% or 50%..

37. Third parties?
Subcontract is a form of third party. All third parties have to provide a Form C (apart for the subcontract kind) Third Parties are OK if the donation is in general or else it is a receipt. Associations are the derogation to this.

38. What happens if professors are not paid by the university – rather by the government?
OK – government is then a third party.

39. Is Voluntary work regarded as a Receipt?
No problem – people could elect not to get paid even if they work on a particular project – not a receipt.

40. What is the status of Candidate countries?
They are all 3rd countries unless they have an association agreement. Croatia, Turkey etc are now negotiating theirs.

41. Academic freedom – for hourly calculations
Basically you have to use the actual total number of hours.

42. In-house Consultants?
Same as for FP6 – are allowed to work from home no problem in FP7.

43. How will the Commission prevent Evaluators and POs from taking into account Man rates / Travel Costs?
DG Research makes this clear to evaluators and Project Officers.

44. Can SME use the 60% derogation?
They would have to prove they cannot identify their indirect costs per project.

45. Can a University mix accounting between FC and 60%?
Not really, you should look at the legal entity as a whole. – unless only one department has the ability to assign the accounts for a particular project. In this case they would have to prove that the other departments cannot as well.

46. How can we submit final report within 60 days if allowed expenses up to 60 days after end of project – need extension if expenses after date (e.g. final meeting – which sometimes is after project period end!) – also some suppliers may take up to 45 days to send invoices! Whatever happens the coordinator need time after receiving reports form beneficiaries – 7-10 days, therefore beneficiaries need to do report up to 50 days after, loosing 10 days of potential costs!
At the moment it is 60 days with no extension.

47. What will be procedure for approving "certificate on the methodology", and "average personnel costs" – per group (rather than actual per individual). Will these be submitted and approved before first period report?
The Commission do not know yet, there is time for that later.

48. Why not clearly state whether (direct) taxes on profits – not clearly stated in ineligible expenses in contract?
It should not have to be – it is obvious. What have the direct taxes on profits got to do with the project?

49. Is there going to be any ombudsman in particular for SMEs?
No.

50. What happens to the FP6 rule on 70% of prefinancing not being used by a participant, impacting subsequent interim payments?
This has been dropped.

Appendix 6.2 Our open questions
These are a collection of points we are seeking clarification on.

1. In respect of financial guarantees, we understand the Commission can no longer request them. But can a company "volunteer" them. And if so, does this not reopen the door to organisations being expected to provide them?
2.

Appendix 6.3 Commission ICT FAQs

These are included here for convenience.

1. **How does the ICT Theme offer funding ?**
We do so only by a series of public calls for proposals. We announce what sort of projects we are interested in a work programme, and (usually) give a fixed deadline in which proposals must be received. This way, everybody knows what the possibilities are, and everybody gets an equal chance.

2. **How do I find out what sort of work the ICT Theme will help to fund ?**
You must read the ICT Work programme. This describes in detail the research objectives which the Theme is defining for this call and the instruments which can be proposed.

3. **Instruments…..?**
The three Funding schemes included in FP7 allow for five different types of project, which we call "instruments".

4. What are these types of project ?

We fund research projects by two means; the "Large-scale integrating project" (IP) and the "Small and medium-scale focused research project" (STREP). An IP is intended to be broader in scope and ambition than a STREP. We can provide funds for coordinating existing research projects - either just IST/ICT projects or including other projects also - in order to increase their benefit or impact. This is done by means of a "Coordination action" (CA). Other work in support of the ICT Theme can be funded by a "Support action" (SA). We also have an instrument designed to support the structuring and shaping of Europe's research capacity. This is the "Network of excellence" (NoE). Fuller details of all these types of instrument are given in the Guides for applicants, which can be downloaded via the ICT website.

5. Can I propose any one of these types of instrument for any one of the objectives in this call ?

No, not always. Each objective has specified a particular range of instruments it is calling for. They are listed in the ICT Workprogram.

6. What if I send you a proposal for an IP, say, for an objective which is only calling for CA and SA proposals ?

We will reject it without evaluation, as being out of scope of the call.

7. Can I send you a proposal for work, which includes more than one of your objectives. Or maybe even objectives of other FP7 Themes such as Health or Transport ?

Yes, you may submit a cross-objective proposal. But to be evaluated for this call the centre of gravity of the proposal must lie in one of the objectives open in ICT Call 1. If the centre of gravity of your proposal lies in another Theme's call you should submit it to that Theme. If we receive a proposal where the centre of gravity lies in another Theme's call, we will transfer it to them. If the centre of gravity of your proposal lies in objectives which are not covered by any available open call, we will reject it without evaluation

8. What if I send you a "spontaneous" proposal for work in an area not mentioned in this call?

We will reject it without evaluation, as being out of scope of the call.

9. How do I find out how to write a proposal ?

Full details of how to prepare a proposal are given in the ICT Guides for applicants, obtainable from our website. There are five Guides, one for each instrument type open in this call, because the required structure of the proposal is different for each instrument type. Remember, just because we have provided five Guides doesn't mean that all five instruments will be possible in the objective which you are targeting. Check the Call text for your objective before preparing your proposal, to be sure that such a proposal is indeed being called for!

10. How do I submit my proposal?

In the first months of 2007 we will open a link on our website to the Commission's Electronic Proposal Submission Service (EPSS). The proposal coordinator first need to register, to get a password or passwords for him/herself and the consortium partners (these passwords protect the confidentiality of your proposal file while you are preparing it). Then you prepare your proposal via the Internet, on our server, then finally you submit it. How to do this is briefly explained in the Guides for applicants, and there is also a detailed manual for the EPSS which you will be able to download.

11. What should I be aware of when using electronic submission?

Three key issues:
*1. Make sure you have registered for the right call, **FP7-ICT-2007-1**. Registering for the wrong call will mean that we do not receive your proposal. And also make sure that you have selected your intended instrument. Registering for another instrument will mean that you will be working with a wrong set of forms and instructions.*
2. Before submitting, print out your own proposal to check that it is complete, printable and readable.

After the call deadline it will not be possible to replace any section of your proposal which is missing or unreadable.
3. You must remember that, even though you are preparing and building up your proposal on our computer, it will not be recognised as a completed proposal ready for submission until the proposal coordinator presses the "Submit" button. So don't forget to press the "Submit" button !

12. What if, by mistake, I register for the wrong call or for the wrong instrument ?
Abandon those passwords and register again.

13. What if I have some difficulties, and I am a few minutes late with my proposal. Can I still submit it via the EPSS ?
No. The EPSS service for this call will shut down automatically on the call deadline.

14. What if I am still uploading my proposal when the deadline comes ?
*Submission is when you have uploaded the whole proposal **and** have submitted it by pressing the submit button. If your file is still uploading when the deadline comes, you have failed to submit it.*

15. Can I send you my proposal by email ?
Proposals sent by email (or fax) are excluded by the legal conditions of the call and will be rejected without evaluation.

16. Call deadlines have sometimes been extended. Will this one be extended ?
We have in the past extended a call deadline when a failure in the EPSS system has meant that applicants were unable to submit their proposal. In the event of a failure of the EPSS service due to breakdown of the Commission server during the last 24 hours of this call, the deadline will be extended by a further 24 hours. This will be notified by email to all proposal coordinators who had registered for this call by the time of the original deadline, and also by a notice on the ICT Call page on Cordis and on the EPSS website. But such a failure is a rare and exceptional event, therefore do not assume that there will be an extension to this call! If you have difficulty in submitting your proposal, you must not assume that it is because of a problem with the Commission server as this is rarely the case. Immediately telephone the EPSS helpdesk for assistance !

17. How will I know you have received my proposal ?
When you submit your proposal via the EPSS you will promptly receive back an automatic email saying that a proposal has been submitted. We strongly suggest that, as soon as your proposal is in complete form, you submit it. The email message coming back to you will assure you that all is well with your submission procedure. Then you can continue to work on your proposal, and re-submit it each time you have a better version. Each new submission will over-write the old one. Keep on doing this right up to the close of call.
But make that first trial submission and get that email ! If your proposal is going to have a submission problem, it is better to discover it while there is plenty of time to call the EPSS helpdesk, and not a few seconds before five o'clock on the last day.

18. Is this email my official Acknowledgement of receipt ?
No. The day after the close of call, we download all the proposals from the EPSS server and an official Acknowledgement of receipt letter is sent by email to each proposal coordinator (the individual named as "person in charge" on the A2 form of participant no. 1).

19. What if I don't get an Acknowledgement of receipt after the close of call ?
The sending of the AoR is entirely automated by the EPSS system. There are only four possible reasons for not getting one:
- *You did not press the submit button for your proposal before the call closed. This means you have failed to submit a proposal so there is no Acknowledgement of receipt*
- *You are not the individual named as "person in charge" on the A2 form of participant no. 1. Contact that person for the AoR*

- *You are that person, but you did not give a correct email address for yourself. Contact the ICT information desk ict@ec.europa.eu for your AoR*
- *You are that person, and you gave a correct email address, but your organisation's spam filter eliminated our email to you. Contact the ICT information desk for your AoR. (And fix your spam filter !)*

20. Can I delegate the job of submitting my proposal ?

The proposal is submitted under the user ID and password of the proposal coordinator. So a proposal coordinator could pass the job to someone else by giving them this information. But this is a dangerous thing to do. The submission of a proposal requires some knowledge of the EPSS system, a detailed knowledge of the contents of the proposal and the authority to make last-minute decisions on behalf of the consortium if problems arise. It is not wise to delegate this job !

21. Do I have to follow exactly the format for a proposal, which you give in the Guide for applicants and the proposal template obtained from the EPSS ?

Yes you do. The format takes you through, section by section, the information on which your proposal will be evaluated. If you write it in some other way, or fail to supply some of the data, you risk omitting information which is needed in the evaluation, and this will lead to lower scores, or failure.

22. Do I have to write parts of my proposal in an "anonymous" way, as you requested in earlier Framework programs ?

No.

23. Some of the information you require in a proposal is very detailed, and complicated...

Running a large multinational research project is very detailed and complicated. Good proposals have always contained this degree of detail. If you find you haven't got this level of information available for your proposal, perhaps you should review your planning !

24. Do projects have to be proposed by a multinational consortium ?

Normally yes. We expect ICT projects will be multinational in scope and ambition. If you plan research which involves only your own national goals, and includes only organisations from your own country, then it is to your own national government that you should turn for support.

25. What is the minimum consortium requirement in a proposal ?

Your proposal must contain at least a minimum of THREE mutually independent participants from different EU Member states, Candidate states or Associated states.
The Member states are*: Austria, Belgium, Bulgaria \, Czech Republic, Cyprus, Denmark, Estonia, Finland, France, Germany, Greece, Hungary, Ireland, Italy, Latvia, Lithuania, Luxembourg, Malta, Netherlands, Poland, Portugal, Romania, Slovakia, Slovenia, Spain, Sweden, UK. The Candidate and Associated states are listed in the Guide for applicants*

26. Are there any exceptions to this "three partner"rule ?

*These conditions do not apply to **Support action** proposals. Exceptionally, proposals for Support actions may come from any number of participants, including just one, from any country. Nor do they apply to the special **SICA** proposals (Specific International Cooperation Action) included in Challenge 5 of this call. In the case of SICAs, the minimum consortium comprises at least FOUR mutually-independent partners from two different Member states and from two of the "third country" target region(s).*

27. Can we include participants from countries other than the Member, Candidate and Associated states in normal proposals, as well as in these special SICA proposals ?

Yes. When the minimum figures mentioned above are achieved, you may then add further participants from any other country in the world.

28. Do the partners which I may include from these third countries get funding ?

If their country is on our list of International Co-operation Partner Countries (ICPC), they will get funding also. This list is published in our Workprogram, but in general it includes all the other countries in Europe, and the developing countries elsewhere in the world.

29. Are the participants from these other countries funded to the same level as the EU and Associated states participants in a project ?
Yes. Nationality plays no role in the amount of funding.

30. What about countries not on the ICPC list ?
Organisations from countries which are not on the ICPC list (main examples are the USA, Canada, Japan, Rep. of Korea, Taiwan, Australia, ...) may also participate in a project, but their possible funding will be subject to a series of conditions listed in the FP7 Rules for participation.

31. How can I find possible partners in other EU countries and Associated states ?
Get in touch with your ICT National Contact Point http://cordis.europa.eu/fp7/ncp.htm
Use the Ideal-ist service partner search service http://www.ideal-ist.net

32. Do I have to notify you in advance that I am planning to submit a proposal ?
When you apply for your EPSS password you will be asked for some basic information about your planned proposal. This is of enormous assistance to us in planning for the evaluation. Please complete as much information as you can, even with only tentative data – nothing you say involves you in any commitment.

33. Can you give me any sort of preliminary feedback on my proposal idea, before I do all the work involved in preparing a proposal ?
You can get in touch with the Commission contact person for the objective you are interested in, and discuss your ideas with him/her, and get their informal advice. Their contact details are available from the ICT call page. Specifically for the FET Proactive Initiatives in this call there is also a special pre-proposal check service. Details about this are given in the Guides for applicants

34. Is there anything else I should do when preparing my proposal ?
Yes. Prepare and sign with your partners a Consortium agreement, dealing with the relations between the partners once the project is running, the means of settling disputes etc. You have to establish a consortium agreement before the work starts, so the sooner the better. We do not need to examine the Consortium agreement and we do not interfere in it, but we do need to be assured that such an agreement has been made.

35. Does the Commission offer a model Consortium agreement ?
No. But we do offer advice on what main points the agreement should include, in a Consortium agreement check-list available via our website.

36. How does the Commission evaluate the proposals which it receives ?
The Commission evaluates the proposal with the assistance of experienced independent experts specially selected for this task.

37. Are all received proposals evaluated ?
All proposals are first checked for eligibility. Only eligible proposals will be evaluated by the independent experts. There are four eligibility criteria in ICT Call 1:
The proposal must have the necessary minimum number of multinational participants
The proposal must address an objective which is open in the call
The proposal must be complete (it should contain two parts - see the Guides for applicants)
The proposal must have been submitted before or at the call deadline via the EPSS
Proposals that do not meet these criteria will be rejected without evaluation.

38. How do the independent experts evaluate my proposal ?

They assess it on three criteria covering Scientific and technical quality, Project implementation and Potential impact. They give each proposal a score out of 5 on each of these criteria, and an overall score is calculated by simple addition; this is therefore out of 15.

39. And then how are proposals selected for funding ?
Each of the criteria has a threshold score of 3, which a proposal must reach in order to be considered. There is also a threshold on the overall score of 10. Proposals which fail to reach these thresholds are not considered for funding.

40. Where can I see these evaluation criteria ?
They are described in an annex to the work programme and also in the Guides for applicants. When you have a first draft of your proposal, we strongly advise that you give it to trusted colleagues and ask them to evaluate it using the procedures explained in the Guides. Then improve your proposal based on their findings and recommendations.

41. Are all the proposals which pass the evaluation thresholds funded ?
No. Many more proposals pass the evaluation thresholds than we have the budget to pay for. The evaluators use the scores which they have given to list the proposal in priority order, and the Commission uses this list, and other advice which the evaluators give in their written reports, to guide its selection of proposals for funding.

42. How will I know the results of the evaluation of my proposal ?
After the evaluation is completed, in early July 2007, every proposal co-ordinator (the individual named as "person in charge" on the A2 form of participant no. 1) will receive an "Evaluation Summary Report" (ESR), which details the evaluators' findings about their proposal.

43. And how will I know if my project will be funded ?
If your proposal did not pass the thresholds (or was excluded from evaluation on eligibility reasons) you will be able to see this immediately from your ESR. If your proposal has passed all the evaluation thresholds you will be notified a few weeks after receiving the ESR either that:
- *you are now invited to negotiate a grant agreement*
- *your proposal has been placed on the reserve list (this is in case budget becomes available for you due to other negotiations failing, or being agreed at lower-than expected costs)*
- *your proposal was ranked too low to be considered for funding.*

44. Can I myself apply to work as an expert in an evaluation ? Even if I am not an EU citizen ?
Yes and yes. We constantly need good experts with experience in information and communication technology (and a good knowledge of English - which is the working language in the evaluation). Apply at https://cordis.europa.eu/emmfp7 . If selected to assist in an evaluation you will be asked to sign a conflict of interest declaration, so that of course you are never involved in the evaluation of one of your own proposals or of proposals competing with it.

45. Where can I get more help with my proposal ?
If you are planning a proposal, you should at once get in touch with your ICT National Contact Point, whom you can identify at http://cordis.europa.eu/fp7/ncp.htm . He or she can give you an enormous amount of help.
If you have general questions about FP7, contact the FP7 Information desk http://ec.europa.eu/research/index.cfm?pg=enquiries
If you have specific questions about proposing to ICT Call 1, contact the ICT help desk at ict@ec.europa.eu
If you have technical questions about the contents of any of the objectives open in the current call, a list of European Commission contacts who can advise you is available from the ICT call page.

46. A final piece of advice?
Always after each call we are contacted by a small number of applicants who failed to submit a

proposal.

- *Some say they didn't think that being a few minutes late would matter.*
- *Some made a mistake with their computer under the stress of submitting at the last minute.*
- *Some were blocked by verification problems. The EPSS does not allow you to submit a proposal with missing data, over 10 Mbytes in size or containing viruses.*
- *Some were blocked by technical difficulties. The EPSS Helpdesk can solve most technical problems in a matter of minutes, but there are many applicants who leave themselves only seconds.*
- *Some were still uploading when the deadline passed, and tell us that the communications link was unusually slow that day, that they think their file was in a queue somewhere, they had a power cut at the last minute etc. This might be perfectly true, but it is also irrelevant. It is entirely your responsibility to arrange yourself to submit your proposal in time. No excuses or extenuating circumstances are ever taken into account. Make a first submission of your proposal is good time, and then carry out re-submissions to continue to improve it up to the close of call.*

Appendix 7 Additional papers available

The following information (mainly dealing with FP6) has been published either directly by EFPC or indirectly via the Finance Help-desk.

We indicate where they can be accessed. Note that site registration may be required.

Title	Address
Response to Regulation of the European Parliament and of the Council laying down the rules for the participation of undertakings, research centres and universities in actions, under the Seventh Framework Program and for the dissemination of research results	www.efpconsulting.com/tools
Response to Commission Staff Working Document Simplification in the 7th Framework Program	www.efpconsulting.com/tools
Project Work Ethics and Best Practice EFPC Paper 7	
Lessons learned from FP6 and policy recommendations for FP7 with special emphasis on the situation in the new member states	
Funding for Permanent Staff members under the FP6 AC Cost Model"	www.efpconsulting.com/tools
Participation of SMEs in Projects in FP6 IST Program feed-back and Recommendations - update	www.efpconsulting.com/tools
Recommendations based on the FP6 Audit Certificate Working Notes	www.efpconsulting.com/tools
Overhead Calculations within FP6	www.efpconsulting.com/tools
How to Calculate Employer Personnel Costs in FP6	www.efpconsulting.com/tools
Use of Third Parties in FP6 Projects	www.efpconsulting.com/tools
How to Correctly Record Personnel Costs within FP6 projects	www.efpconsulting.com/tools

Appendix 8 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.efpconsulting.com/tools. 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 dated March 2008.

Appendix 8.1   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 un-protect 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 CP7-6-Template (above) which is set up for a STREP with six partners i.e. the Coordinator plus five and is subdivided into seven 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; Training; Dissemination etc as required. Notes on how to use it for these aspects follow-on below and also in Chapter 16 above.**

Appendix 8.2   Need for spread-sheet

We introduced such spread sheets 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%, would be almost impossible without some such automation. In FP7 the need continues but the Consortium Management, in theory, is no longer 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.

Appendix 8.3   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. In order to set it up for a specific project, you should insert the Project Acronym in cell A1; each WP short title into row 2 and the activity rate for each Workpackage on the project sheet; iIt could either be the RTD rate; 50% or 100%. You also have to set up the basic details for each partner.

We recommend that WP1 should be Consortium Management and WP2 be Dissemination

Item	Sheet	Cell	Note
WP1 activity rate	Project	B18	Consortium Management 100%
WP2 activity rate	Project	C18	Dissemination Rate - 100% or RTD - see call
WP3-WP7 activity rates	Project	D18-H18	Rate for each WP (RTD rate, 50% for demonstration or 100% for Training where allowed)

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. In the example spread sheet, these particular cells are as follows:

Item	Row	Note
Partner short name	22	As per proposal
Man rate per month in Euros	23	Average estimated cost of employment including projected inflation
RTD rate	24	75% for all except 50% for non-SME companies
Overhead rate	25	20%, 60% or calculated
Average trip cost	26	Not used yet in calculations
Non-analytical accounting	27	Normally "Yes", however for those "No", overheads only applied to personnel

Appendix 8.4   Template sheets - empty

Appendix 8.4.1   Project summary sheet

	A	B	C	D	E	F	G	H	I	
1	Project acronym	WP1	WP2	WP3	WP4	WP5	WP6	WP7	Totals	
2	WP Name	CM	Dissem	WPname	WPname	WPname	WPname	WPname		
3	Man months	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	
4	**Personnel costs**	0	0	0	0	0	0	0	0	
5	Travel	0	0	0	0	0	0	0	0	
6	Equipment	0	0	0	0	0	0	0	0	
7	Materials	0	0	0	0	0	0	0	0	
8	Other	0	0	0	0	0	0	0	0	
9	**Other direct costs**	0	0	0	0	0	0	0	0	
10	**Indirect costs**	0	0	0	0	0	0	0	0	
11	Subtotal	0	0	0	0	0	0	0	0	
12	Audit cert	0							0	
13	Sub-contract	0	0	0	0	0	0	0	0	
14	**Subcontracting**	0	0	0	0	0	0	0	0	
15	**Total budget**	0	0	0	0	0	0	0	0	
16	**Requested EC contrib**	0	0	0	0	0	0	0	0	
17	Management %	0								
18	100% 50% or RTD	100	RTD	RTD	RTD	RTD	RTD	RTD		
19										
20	Updated 20 Mar 2008	Copyright EFPConsulting Ltd 2007, 2008								
21		Part 1	Part 2	Part 3	Part 4	Part 5	Part 6			
22	**Partner Short name**									
23	**Man month cost**									
24	**RTD rate**									
25	**Overhead rate**									
26	**Trip cost**									
27	**Non-analytical a/c***	Yes	Yes	Yes	Yes	Yes	Yes			
28	**Funding**	0	0	0	0	0	0	0		
29	**Funding %**	0	0	0	0	0	0			
30										
31		Please note that WP1 is Project Management and WP2 is Dissemination								
32		Use is at own risk - email comments/questions to Info@efpconsulting.com								
33		Fill in WP short titles in row 2 and partner details in rows 22-27								
34		Check if dissemination should be at RTD rate or 100% and choose at C18							RTD	
35		If WP3 etc is Demo, choose 50 at D18 etc							100	
36		If WP3 etc is Train, choose 100 at D18 if allowed etc							50	
37		* participants with full analytical accounting should choose "No"								
38										
39										
40										
41										
42										

|◄ ◄ ► ►|\ **Project** / Part1 / Part2 / Part3 / Part4 / Part5 / Part6 / MPOWER /

Appendix 8.4.2   Partner sheet

	A	B	C	D	E	F	G	H	I	J	K	L
1	Part 1	MM w/o OH	Funding rate	O/Head rate	WP1	WP2	WP3	WP4	WP5	WP6	WP7	Totals
2		0	in Euros	50/75	0	CM	Dissem	WPname	WPname	WPname	WPname	WPname	
3	Labour rate	0		0								
4	Man months											0.00
5	Personnel costs				0	0	0	0	0	0	0	0
6	Travel											0
7	Equipment											0
8	Materials											0
9	Other											0
10	Other direct costs				0	0	0	0	0	0	0	0
11	Indirect costs				0	0	0	0	0	0	0	0
12	Subtotal				0	0	0	0	0	0	0	0
13	Audit cert											0
14	Sub-contract											0
15	Subcontracting				0	0	0	0	0	0	0	0
16	Total budget				0	0	0	0	0	0	0	0
17	Requested EC contribution				0	0	0	0	0	0	0	0
18												
19												
20												
21												

Appendix 8.4.3   Manpower sheet

	A	B	C	D	E	F	G	H
1		Part 1	Part 2	Part 3	Part 4	Part 5	Part 6	
2		0	0	0	0	0	0	TOTAL ACTIVITIES
3	Activities							
4	WP2	0.00	0.00	0.00	0.00	0.00	0.00	0.00
5	WP3	0.00	0.00	0.00	0.00	0.00	0.00	0.00
6	WP4	0.00	0.00	0.00	0.00	0.00	0.00	0.00
7	WP5	0.00	0.00	0.00	0.00	0.00	0.00	0.00
8	WP6	0.00	0.00	0.00	0.00	0.00	0.00	0.00
9	WP7	0.00	0.00	0.00	0.00	0.00	0.00	0.00
10	Total	0.00	0.00	0.00	0.00	0.00	0.00	0.00
11	Consortium management							
12	WP1 Project Management	0.00	0.00	0.00	0.00	0.00	0.00	0.00
13	TOTAL per PARTICIPANT	0.00	0.00	0.00	0.00	0.00	0.00	
14	Overall TOTAL MANPOWER							0.00
15								

Appendix 8.5   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 and brief WP names into Row 2. We use examples.
3. In Project sheet, please put in Row 18, 100 for WP1 and WP2 and RTD for each other WP. (i.e. no Demonstration or Training)
4. Put partner short names in Row 22
5. For each partner enter average monthly man rate in Euros in Row 23
6. For each partner enter RTD percentage (50 for Large Industrial, 75 for all others in Row 24
7. For each partner enter overhead rate 20, 60 or calculated in Row 25
8. Put in average cost of a trip in row 26. Is a function of geography and organisational policy.
9. Select analytical accountant for Large-co in Row 27 i.e. "No" and leave rest as "Yes".
10. Enter in row 2 WP short names as "CM, Dissem, Specs, Design, Research, Integn, Trial" - These are helpful as reminders

Enter the following for initial breakdown in Project sheet:

	Short Name	Man month rate	Funding %	Overhead %	Trip cost
Part 1	Large-co	8,000	50	110	2,000
Part 2	Univ-1	3,500	75	60	1,000
Part 3	SME-1	5,500	75	70	1,000
Part 4	SME-2	2,500	75	20	500
Part 5	Univ-2	4,000	75	85	1,500
Part 6	Userassoc	5,000	75	30	1,000

Enter the following man power breakdown in each partner sheet:

	WP1 CM	WP2	WP3	WP4	WP5	WP6	WP7
Large-co	18	4	2	0	30	10	8
Univ-1	0.5	6	0	15	22	0	2
SME-1	0.5	0	15	3	15	6	0
SME-2	0.5	0	10	6	0	12	2
Univ-2	0.5	0	8	0	20	0	5
Userassoc	0.5	2	8	5	20	0	10

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 180 man months it follows that an initial reasonable guestimate for PM is 18 man months and allowing extra 0.5 for each partner..

Enter the following travel for initial breakdown:

24 month project, six monthly meetings = 5 each including reviews. Add dissemination and technical meetings. Note that for partners the budgeted cost per trip varies between 2,000 Euros; 1,500 Euros; 1,000 Euros and 500 Euros. This depends on their location and where meetings will be held.

	WP1 CM	WP2	WP3	WP4	WP5	WP6	WP7
Large-co	10,000	4,000	0	0	2,000	0	0
Univ-1	5,000	2,000	0	1,000	0	0	0
SME-1	5,000	0	1,000	0	0	0	0
SME-2	2,500	0	500	0	0	0	0
Univ-2	7,500	0	0	0	0	0	0
Userassoc	5,000	2,000	0	0	1,000	0	1,000

Enter the following for equipment depreciation (2/3)

	WP1 CM	WP2	WP3	WP4	WP5	WP6	WP7
Large-co	1,667						
Univ-1				12,000			
SME-1							
SME-2							
Univ-2							
Userassoc							

Enter the following sub-contract/material - (note we have initially put in zero for audits):

	WP1 CM	WP2	WP3	WP4	WP5	WP6	WP7
Large-co	0/5,000				10,000/0		
Univ-1	0/0	5,000/2,500					
SME-1	0/0		0/10,000				
SME-2	0/0					0/5,000	
Univ-2	0/0				1,500/0		
Userassoc	0/0						

Appendix 8.5.1   Project sheet with Initial Data inserted

	A	B	C	D	E	F	G	H	I	
1	Project acronym	WP1	WP2	WP3	WP4	WP5	WP6	WP7	Totals	
2	WP Name	CM	Dissem	Specs	Design	Research	Integn	Trial		
3	Man months	20.50	12.00	43.00	29.00	107.00	28.00	27.00	266.50	
4	**Personnel costs**	154,250	63,000	195,500	109,000	579,500	143,000	146,000	1,390,250	
5	Travel	35,000	8,000	1,500	1,000	3,000	0	1,000	49,500	
6	Equipment	1,667	0	0	12,000	0	0	0	13,667	
7	Materials	5,000	2,500	10,000	0	0	5,000	0	22,500	
8	Other	0	0	0	0	0	0	0	0	
9	**Other direct costs**	41,667	10,500	11,500	13,000	3,000	5,000	1,000	85,667	
10	**Indirect costs**	178,950	54,100	127,350	61,350	466,250	118,100	107,900	1,114,000	
11	Subtotal	374,867	127,600	334,350	183,350	1,048,750	266,100	254,900	2,589,917	
12	Audit cert	0							0	
13	Sub-contract	0	5,000	0	0	11,500	0	0	16,500	
14	**Subcontracting**	0	5,000	0	0	11,500	0	0	16,500	
15	**Total budget**	374,867	132,600	334,350	183,350	1,060,250	266,100	254,900	2,606,417	
16	**Requested EC contrib**	374,867	132,600	242,363	137,513	666,188	157,575	157,575	1,868,680	
17	Management %	20								
18	100% 50% or RTD	100	100	RTD	RTD	RTD	RTD	RTD		
19										
20	Updated 20 Mar 2008	Copyright EFPConsulting Ltd 2007, 2008								
21		Part 1	Part 2	Part 3	Part 4	Part 5	Part 6			
22	**Partner Short name**	Large-co	Univ-1	SME-1	SME-2	Univ-2	Userassoc			
23	**Man month cost**	8,000	3,500	5,500	2,500	4,000	5,000			
24	**RTD rate**	50	75	75	75	75	75			
25	**Overhead rate**	110	60	70	20	85	30			
26	**Trip cost**	2,000	1,000	1,000	500	1,500	1,000			
27	**Non-analytical a/c***	No	Yes	Yes	Yes	Yes	Yes			
28	**Funding**	816,267	236,000	300,688	76,950	201,850	236,925	1,868,680		
29	**Funding %**	44	13	16	4	11	13			
30										
31		Please note that WP1 is Project Management and WP2 is Dissemination								
32		Use is at own risk - email comments/questions to Info@efpconsulting.com								
33		Fill in WP short titles in row 2 and partner details in rows 22-27								
34		Check if dissemination should be at RTD rate or 100% and choose at C18							RTD	
35		If WP3 etc is Demo, choose 50 at D18 etc							100	
36		If WP3 etc is Train, choose 100 at D18 if allowed etc							50	
37		* participants with full analytical accounting should choose "No"								
38										

Appendix 8.5.2   Partner 1 sheet with Initial Data inserted

	A	B	C	D	E	F	G	H	I	J	K	L
1	Part 1	MM w/o OH	Funding rate	O/Head rate	WP1	WP2	WP3	WP4	WP5	WP6	WP7	Totals
2	Large-co	in Euros	50/75	110	CM	Dissem	Specs	Design	Research	Integn	Trial	
3	Labour rate	8,000	50									
4	Man months				18.00	4.00	2.00	0.00	30.00	10.00	8.00	72.00
5	Personnel costs				144,000	32,000	16,000	0	240,000	80,000	64,000	576,000
6	Travel				10,000	4,000	0	0	2,000	0	0	16,000
7	Equipment				1,667							1,667
8	Materials				5,000							5,000
9	Other											0
10	Other direct costs				16,667	4,000	0	0	2,000	0	0	22,667
11	Indirect costs				158,400	35,200	17,600	0	264,000	88,000	70,400	633,600
12	Subtotal				319,067	71,200	33,600	0	506,000	168,000	134,400	1,232,267
13	Audit cert											0
14	Sub-contract								10,000			10,000
15	Subcontracting				0	0	0	0	10,000	0	0	10,000
16	Total budget				319,067	71,200	33,600	0	516,000	168,000	134,400	1,242,267
17	Requested EC contribution				319,067	71,200	16,800	0	258,000	84,000	67,200	816,267
18												

Appendix 8.5.3   Manpower sheet with Initial Data inserted

	A	B	C	D	E	F	G	H
1		Part 1	Part 2	Part 3	Part 4	Part 5	Part 6	
2		Large-co	Univ-1	SME-1	SME-2	Univ-2	Userassoc	TOTAL ACTIVITIES
3	Activities							
4	WP2	4.00	6.00	0.00	0.00	0.00	2.00	12.00
5	WP3	2.00	0.00	15.00	10.00	8.00	8.00	43.00
6	WP4	0.00	15.00	3.00	6.00	0.00	5.00	29.00
7	WP5	30.00	22.00	15.00	0.00	20.00	20.00	107.00
8	WP6	10.00	0.00	6.00	12.00	0.00	0.00	28.00
9	WP7	8.00	2.00	0.00	2.00	5.00	10.00	27.00
10	Total	54.00	45.00	39.00	30.00	33.00	45.00	246.00
11	Consortium management							
12	WP1 Project Management	18.00	0.50	0.50	0.50	0.50	0.50	20.50
13	TOTAL per PARTICIPANT	72.00	45.50	39.50	30.50	33.50	45.50	
14	Overall TOTAL MANPOWER							266.50
15								
16								

Appendix 8.6   Manipulation to balance Consortium Management

Note that in Appendix 8.5.1, above, the figure in B16 (Total Consortium Management) is 374,867; this is well above the recommended consortium management as it is 20% of the total project grant. We should of course first add in Audit costs but only for Partner 1 as it is the only beneficiary with budgeted funding of over 375,000 Euros. We shall estimate this at 2,000 Euros because despite total grant of 816,2657 Euros, he will only require a single audit certificate at the end of the two year project.

There are many ways to reduce B16 to be at an acceptable level for 100% funding. However it is unclear what limit in practice is being placed on this percentage. It is our feeling, at least in ICT, that levels above 10% may be difficult to justify, especially in STREPs. Across FP7 there does not seem to be a consistent rule.

Let us make more reasonable consortium management charges. A justification in this specific case could be that the Coordinators man month costs are much higher than all the other partners. In real life this is often the case as frequently the Coordinator is a major industrial company that in general could have higher costs and significantly higher calculated overheads.

If we perhaps on reflection reduce the PM costs to 8 man months rather than the 18 we started with. "We will use a very experienced PM". In parallel we shall remove the 0.5 Man months under WP1 for the other partners as the Commission differentiates between Project management and Consortium Management. We shall add back in these 0.5 man months and the 10 from the coordinator under different Work packages. This results in the Consortium Management being at 11% of the grants and results in:

Appendix 8.6.1   Revised Project sheet

	A	B	C	D	E	F	G	H	I	
1	Project acronym	WP1	WP2	WP3	WP4	WP5	WP6	WP7	Totals	
2	WP Name	CM	Dissem	Specs	Design	Research	Integn	Trial		
3	Man months	8.00	14.00	45.50	29.00	110.50	30.50	29.00	266.50	
4	**Personnel costs**	64,000	79,000	214,250	109,000	601,750	160,250	162,000	1,390,250	
5	Travel	35,000	8,000	1,500	1,000	3,000	0	1,000	49,500	
6	Equipment	1,667	0	0	12,000	0	0	0	13,667	
7	Materials	5,000	2,500	10,000	0	0	5,000	0	22,500	
8	Other	0	0	0	0	0	0	0	0	
9	**Other direct costs**	41,667	10,500	11,500	13,000	3,000	5,000	1,000	85,667	
10	**Indirect costs**	85,275	71,700	146,875	61,350	487,350	135,950	125,500	1,114,000	
11	Subtotal	190,942	161,200	372,625	183,350	1,092,100	301,200	288,500	2,589,917	
12	Audit cert	2,000							2,000	
13	Sub-contract	0	5,000	0	0	11,500	0	0	16,500	
14	**Subcontracting**	2,000	5,000	0	0	11,500	0	0	18,500	
15	**Total budget**	192,942	166,200	372,625	183,350	1,103,600	301,200	288,500	2,608,417	
16	**Requested EC contrib**	192,942	166,200	262,669	137,513	690,300	175,500	174,375	1,799,498	
17	Management %	11								
18	100% 50% or RTD	100	100	RTD	RTD	RTD	RTD	RTD		
19										
20	Updated 20 Mar 2008	Copyright EFPConsulting Ltd 2007, 2008								
21		Part 1	Part 2	Part 3	Part 4	Part 5	Part 6			
22	**Partner Short name**	Large-co	Univ-1	SME-1	SME-2	Univ-2	Userassoc			
23	**Man month cost**	8,000	3,500	5,500	2,500	4,000	5,000			
24	**RTD rate**	50	75	75	75	75	75			
25	**Overhead rate**	110	60	70	20	85	30			
26	**Trip cost**	2,000	1,000	1,000	500	1,500	1,000			
27	**Non-analytical a/c***	No	Yes	Yes	Yes	Yes	Yes			
28	**Funding**	751,067	235,300	299,519	76,575	200,925	236,113	1,799,498		
29	**Funding %**	42	13	17	4	11	13			
30										
31		Please note that WP1 is Project Management and WP2 is Dissemination								
32		Use is at own risk - email comments/questions to Info@efpconsulting.com								
33		Fill in WP short titles in row 2 and partner details in rows 22-27								
34		Check if dissemination should be at RTD rate or 100% and choose at C18							RTD	
35		If WP3 etc is Demo, choose 50 at D18 etc							100	
36		If WP3 etc is Train, choose 100 at D18 if allowed etc							50	
37		* participants with full analytical accounting should choose "No"								
38										

Appendix 8.6.2   *Revised Partner 1 sheet*

	A	B	C	D	E	F	G	H	I	J	K	L
					WP1	WP2	WP3	WP4	WP5	WP6	WP7	Totals
1	Part 1	MM w/o OH	Funding rate	O/Head rate								
2	Large-co	in Euros	50/75	110	CM	Dissem	Specs	Design	Research	Integn	Trial	
3	Labour rate	8,000	50									
4	Man months				8.00	6.00	4.00	0.00	32.00	12.00	10.00	72.00
5	Personnel costs				64,000	48,000	32,000	0	256,000	96,000	80,000	576,000
6	Travel				10,000	4,000	0	0	2,000	0	0	16,000
7	Equipment				1,667							1,667
8	Materials				5,000							5,000
9	Other											0
10	Other direct costs				16,667	4,000	0	0	2,000	0	0	22,667
11	Indirect costs				70,400	52,800	35,200	0	281,600	105,600	88,000	633,600
12	Subtotal				151,067	104,800	67,200	0	539,600	201,600	168,000	1,232,267
13	Audit cert				2,000							2,000
14	Sub-contract								10,000			10,000
15	Subcontracting				2,000	0	0	0	10,000	0	0	12,000
16	Total budget				153,067	104,800	67,200	0	549,600	201,600	168,000	1,244,267
17	Requested EC contribution				153,067	104,800	33,600	0	274,800	100,800	84,000	751,067
18												
19												

Appendix 8.6.3   **Revised Manpower sheet**

	A	B	C	D	E	F	G	H
1		Part 1	Part 2	Part 3	Part 4	Part 5	Part 6	
2		Large-co	Univ-1	SME-1	SME-2	Univ-2	Userassoc	TOTAL ACTIVITIES
3	Activities							
4	WP2	6.00	6.00	0.00	0.00	0.00	2.00	14.00
5	WP3	4.00	0.00	15.50	10.00	8.00	8.00	45.50
6	WP4	0.00	15.00	3.00	6.00	0.00	5.00	29.00
7	WP5	32.00	22.50	15.00	0.00	20.50	20.50	110.50
8	WP6	12.00	0.00	6.00	12.50	0.00	0.00	30.50
9	WP7	10.00	2.00	0.00	2.00	5.00	10.00	29.00
10	Total	64.00	45.50	39.50	30.50	33.50	45.50	258.50
11	Consortium management							
12	WP1 Project Management	8.00	0.00	0.00	0.00	0.00	0.00	8.00
13	TOTAL per PARTICIPANT	72.00	45.50	39.50	30.50	33.50	45.50	
14	Overall TOTAL MANPOWER							266.50
15								

Appendix 8.7   Dissemination considerations

Lets assume that Dissemination at 100% is only allowed under Consortium Management (e.g. as in ICT STREPs). Then we need to modify Cell C18 on the project sheet from 100 to RTD as ICT recommend that if some dissemination funding is requested at 100% it should be included under Project management.

We also decide that WP 7 is actually a Demonstration so we modify it to 50% activity rate

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). If it genuinely was consortium management, cost of the audit certificates, dissemination, patent costs and so on then there would be no problem, the negotiator's concern would only be to make sure it wasn't R&D or demonstration being slipped in in disguise.

Appendix 8.7.1   Revised Project sheet

	A	B	C	D	E	F	G	H	I
1	Project acronym	WP1	WP2	WP3	WP4	WP5	WP6	WP7	Totals
2	WP Name	CM	Dissem	Specs	Design	Research	Integn	Trial	
3	Man months	8.00	14.00	45.50	29.00	110.50	30.50	29.00	266.50
4	Personnel costs	64,000	79,000	214,250	109,000	601,750	160,250	162,000	1,390,250
5	Travel	35,000	8,000	1,500	1,000	3,000	0	1,000	49,500
6	Equipment	1,667	0	0	12,000	0	0	0	13,667
7	Materials	5,000	2,500	10,000	0	0	5,000	0	22,500
8	Other	0	0	0	0	0	0	0	0
9	Other direct costs	41,667	10,500	11,500	13,000	3,000	5,000	1,000	85,667
10	Indirect costs	85,275	71,700	146,875	61,350	487,350	135,950	125,500	1,114,000
11	Subtotal	190,942	161,200	372,625	183,350	1,092,100	301,200	288,500	2,589,917
12	Audit cert	2,000							2,000
13	Sub-contract	0	5,000	0	0	11,500	0	0	16,500
14	Subcontracting	2,000	5,000	0	0	11,500	0	0	18,500
15	Total budget	192,942	166,200	372,625	183,350	1,103,600	301,200	288,500	2,608,417
16	Requested EC contrib	192,942	98,450	262,669	137,513	690,300	175,500	144,250	1,701,623
17	Management %	11							
18	100% 50% or RTD	100	RTD	RTD	RTD	RTD	RTD	50	
19									
20	Updated 20 Mar 2008	Copyright EFPConsulting Ltd 2007, 2008							
21		Part 1	Part 2	Part 3	Part 4	Part 5	Part 6		
22	Partner Short name	Large-co	Univ-1	SME-1	SME-2	Univ-2	Userassoc		
23	Man month cost	8,000	3,500	5,500	2,500	4,000	5,000		
24	RTD rate	50	75	75	75	75	75		
25	Overhead rate	110	60	70	20	85	30		
26	Trip cost	2,000	1,000	1,000	500	1,500	1,000		
27	Non-analytical a/c*	No	Yes	Yes	Yes	Yes	Yes		
28	Funding	698,667	221,050	299,519	75,075	191,675	215,638	1,701,623	
29	Funding %	41	13	18	4	11	13		
30									
31		Please note that WP1 is Project Management and WP2 is Dissemination							
32		Use is at own risk - email comments/questions to Info@efpconsulting.com							
33		Fill in WP short titles in row 2 and partner details in rows 22-27							
34		Check if dissemination should be at RTD rate or 100% and choose at C18						RTD	
35		If WP3 etc is Demo, choose 50 at D18 etc						100	
36		If WP3 etc is Train, choose 100 at D18 if allowed etc						50	
37		* participants with full analytical accounting should choose "No"							
38									

Appendix 8.7.2   Revised Partner 1 sheet

	A	B	C	D	E	F	G	H	I	J	K	L
1	Part 1	MM w/o OH	Funding rate	O/Head rate	WP1	WP2	WP3	WP4	WP5	WP6	WP7	Totals
2	Large-co	in Euros	50/75	110	CM	Dissem	Specs	Design	Research	Integn	Trial	
3	Labour rate	8,000	50									
4	Man months				8.00	6.00	4.00	0.00	32.00	12.00	10.00	72.00
5	Personnel costs				64,000	48,000	32,000	0	256,000	96,000	80,000	576,000
6	Travel				10,000	4,000	0	0	2,000	0	0	16,000
7	Equipment				1,667							1,667
8	Materials				5,000							5,000
9	Other											0
10	Other direct costs				16,667	4,000	0	0	2,000	0	0	22,667
11	Indirect costs				70,400	52,800	35,200	0	281,600	105,600	88,000	633,600
12	Subtotal				151,067	104,800	67,200	0	539,600	201,600	168,000	1,232,267
13	Audit cert				2,000							2,000
14	Sub-contract								10,000			10,000
15	Subcontracting				2,000	0	0	0	10,000	0	0	12,000
16	Total budget				153,067	104,800	67,200	0	549,600	201,600	168,000	1,244,267
17	Requested EC contribution				153,067	52,400	33,600	0	274,800	100,800	84,000	698,667
18												

Appendix 8.7.3   Revised Manpower sheet

	A	B	C	D	E	F	G	H
1		Part 1	Part 2	Part 3	Part 4	Part 5	Part 6	
2		Large-co	Univ-1	SME-1	SME-2	Univ-2	Userassoc	TOTAL ACTIVITIES
3	Activities							
4	WP2	6.00	6.00	0.00	0.00	0.00	2.00	14.00
5	WP3	4.00	0.00	15.50	10.00	8.00	8.00	45.50
6	WP4	0.00	15.00	3.00	6.00	0.00	5.00	29.00
7	WP5	32.00	22.50	15.00	0.00	20.50	20.50	110.50
8	WP6	12.00	0.00	6.00	12.50	0.00	0.00	30.50
9	WP7	10.00	2.00	0.00	2.00	5.00	10.00	29.00
10	Total	64.00	45.50	39.50	30.50	33.50	45.50	258.50
11	Consortium management							
12	WP1 Project Management	8.00	0.00	0.00	0.00	0.00	0.00	8.00
13	TOTAL per PARTICIPANT	72.00	45.50	39.50	30.50	33.50	45.50	
14	Overall TOTAL MANPOWER							266.50
15								

Appendix 9   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 IPR/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."

Key Topic Index

Alphabetical Index