



S&T Cooperation Days

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FP7 Projects: Negotiation, management and financial rules

A general overview with practical tips



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1. Basic Facts and the Consortium

Basic Facts

- All FP7 are **directly controlled** by the DG Research – no national administration involved
- **Joint technical responsibility** of project implementation
- **NO joint financial responsibility**
- **NO bank guarantee** requested for advance payments – it is automatic for all parties

Who is Who in FP7?

Project Officer and Legal/ Financial Officer:

The consortium's interface with the EC – single contact point – your 'supervisors'

Coordinator:

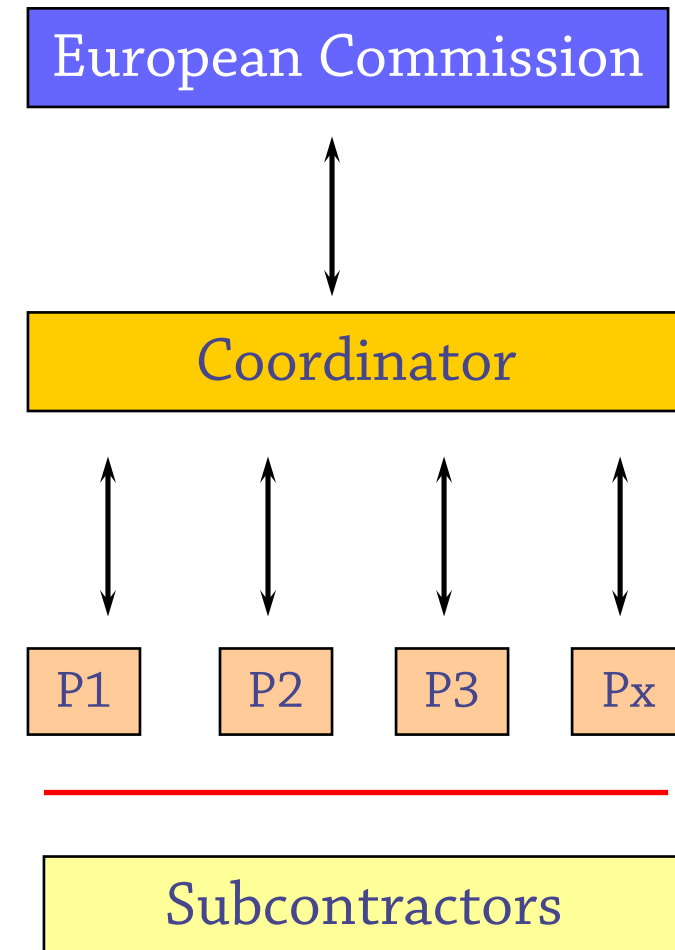
- ✓ The Consortium's representative towards the EC – the 'Boss'
- ✓ Keeps the project on track

Partners:

- ✓ help the Coordinator to implement the project – the „Colleagues”
- ✓ Joint technical responsibility for the Project implementation as defined by the GA!

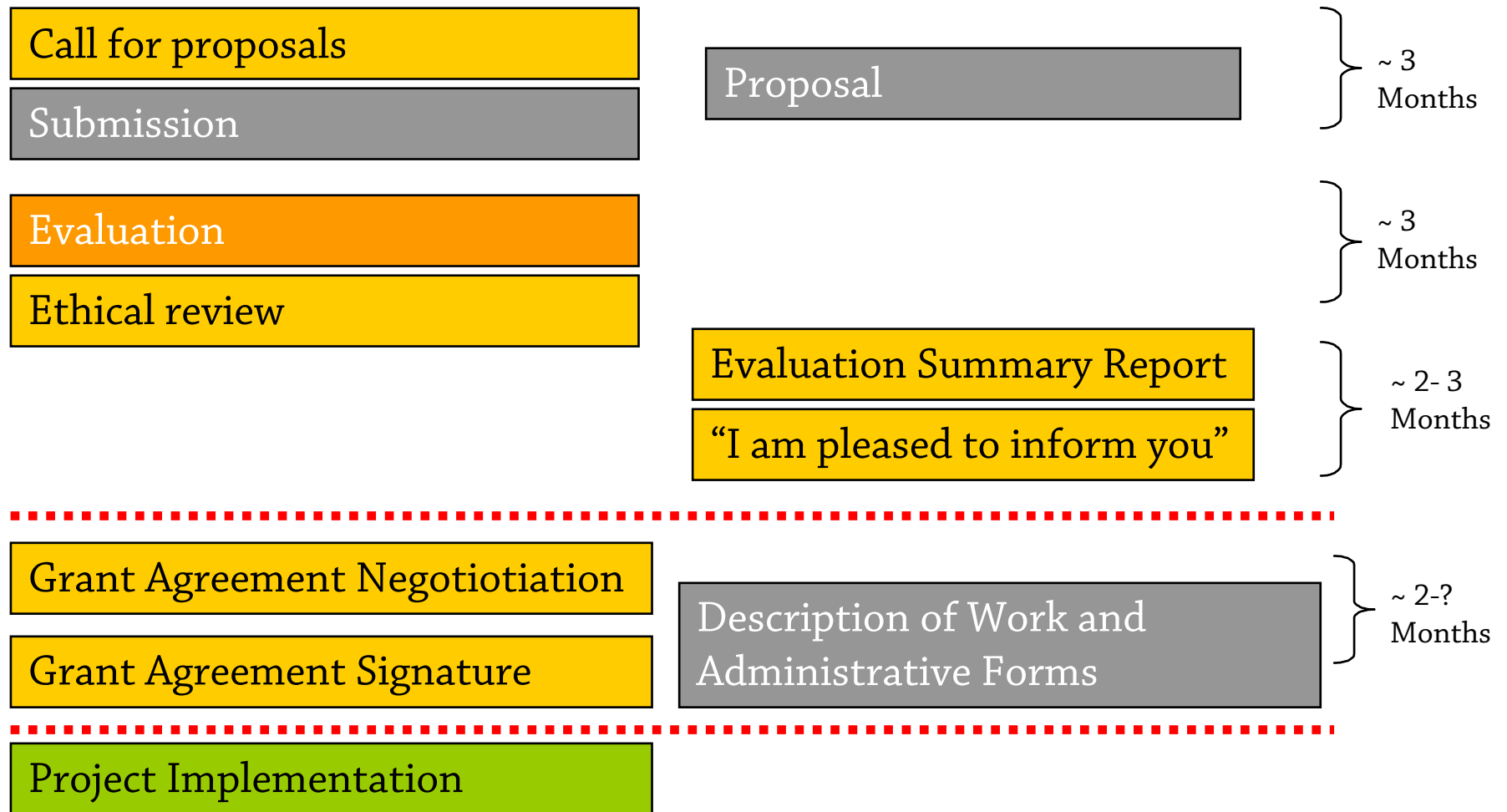
Third parties - Subcontractors, if any:

- ✓ Not part of Consortium – the 'outsiders'

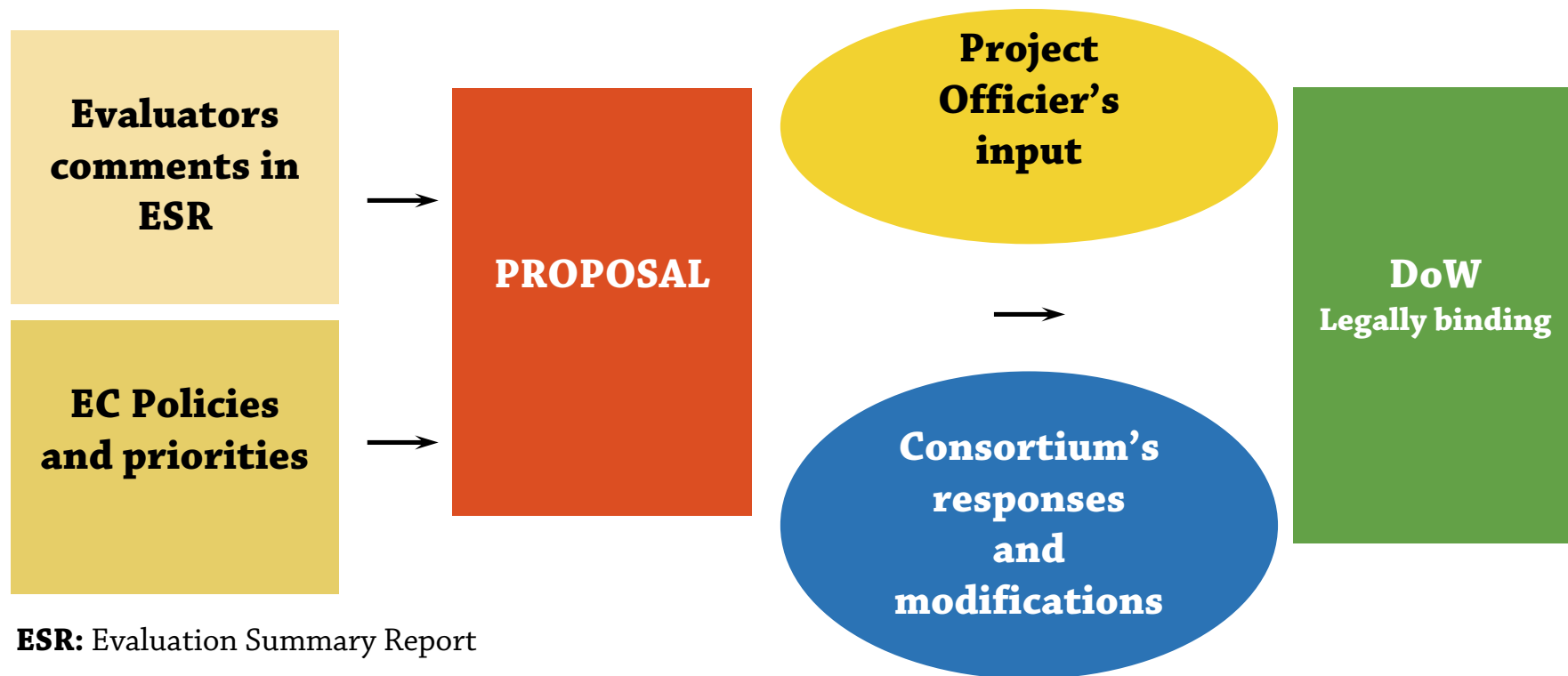


2. FP7 GA Negotiation Process

Negotiations - Before the project can start..



Grant Agreement Negotiations



ESR: Evaluation Summary Report

DoW: Description of Work

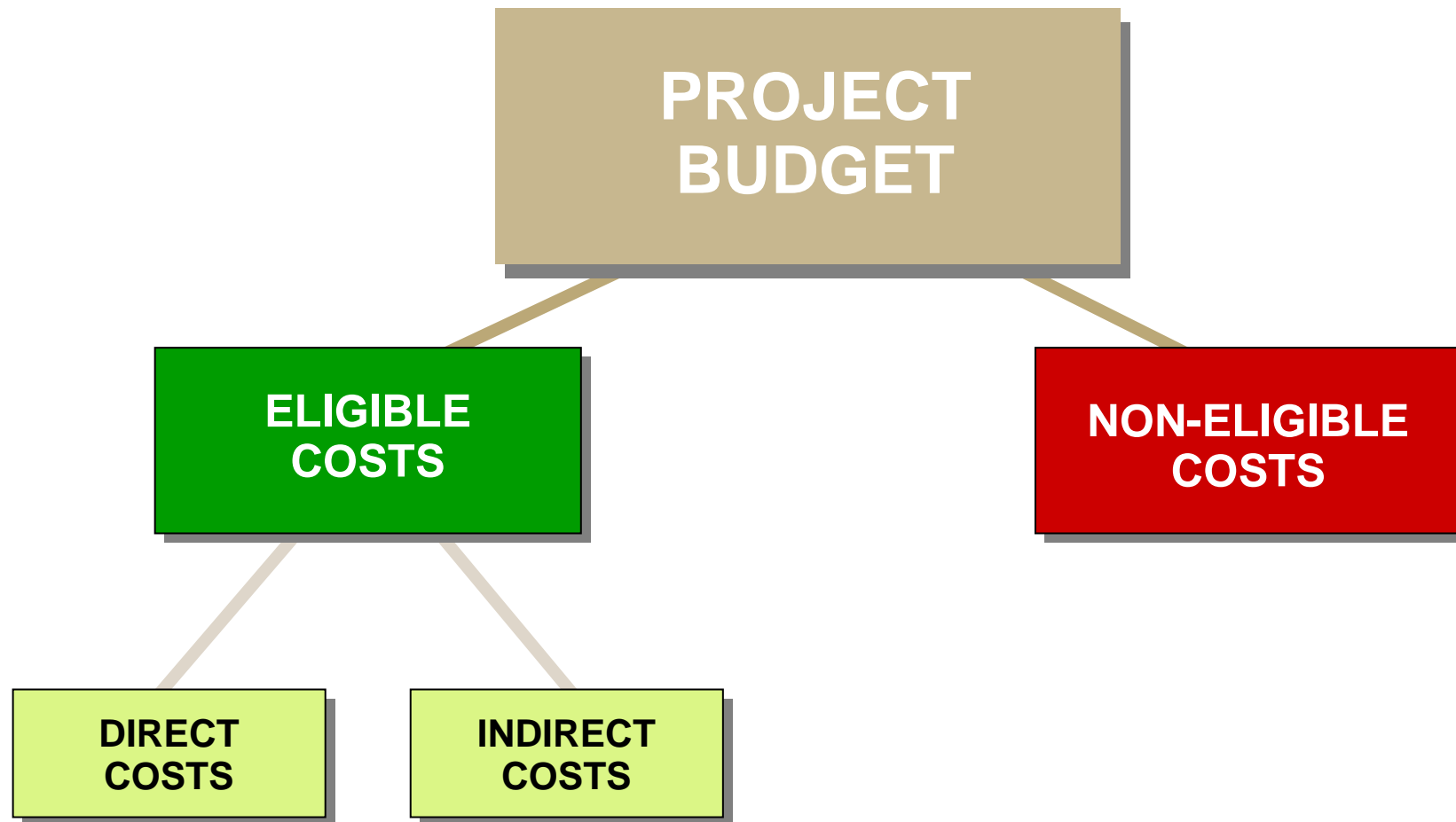
Administrative issues: PIC, LEAR and URF

Electronic systems for all admin issues

- One Participant Identification Code (**PIC**) per organisation
- One Legal Entity Appointed Representative (**LEAR**) per organisation provides information
- A **Central Validation Team** confirms and approves the data based on supporting documents (**URF** – *Unique Registration Facility*
<http://ec.europa.eu/research/participants/urf/welcome.do>)
- **START VALIDATION PROCESS EARLY**
 - APPLY FOR PIC CODE and submit the documents to URF
 - *Legal documents can be submitted in any official EU language*
 - *Documents in other languages should be accompanied with an official translation*

3. Basic financial Issues

What is the project budget and FP7 budget?



Ways of financing under FP7 contracts:

- Indirect Actions – aka Projects (**costs**)
 - Partial reimbursement of actual eligible costs
 - Based on reporting the actual eligible project expenditures
 - **Lump-sums**
 - Flat-rate type contribution based on actual project-hours – **8,000 EUR/researcher-year** for India (full time researcher year!)

Eligible costs

Eligible costs must be:

- **Actual – no estimations or averages!**
- **Incurred during the project's duration**
- **Paid by the Beneficiary**
- *In accordance with the beneficiary's usual accounting and management principles*
- *Recorded in the accounts of the beneficiary*
- *Used for the sole purpose of achieving the objectives of the project*

Indirect costs – how the EC contributes to your overheads?

- For all:
 - (1) **Actual overhead**
 - NB: (2) **simplified method**
 - Or (3) **flat rate of 20%** of direct eligible costs minus subcontracting and costs of resources from 3rd parties not used on the premises of the beneficiary
- For a restricted group:
 - (4) **Flat rate of 60%** (*only for non-profit public bodies, secondary and higher education establishments, research organisations and SMEs*)

Maximum EC funding rate per activity and project type

Maximum reimbursement rates of eligible costs	R&D	Demonstration	Management	Training/Dissemination/Networking/Support/Coordination
NoE	Not available		100%	100%
Large Collaborative Projects	50% or 75%	50%	100%	100%
Small Collaborative Projects	50% or 75%	50%	100%	100%
Specific research for SMEs	50% or 75%	50%	100%	100%
Coordination and Support Actions	Not available		100%	100%

	University/Research Inst.		
	RTD	Demonstration	Management / Other
Personnel	100 000	0	20 000
Other	50 000	0	10 000
Total Direct	150 000	0	30 000
Indirect cost-rate	60%		
Indirect Costs	90 000	0	18 000
Total Reported expenditures	240 000	0	48 000
Funding Rate	75%	50%	100%
EC Contribution	180 000	0	48 000
Total expenditures	288 000		
Total EC Contribution	228 000		
Overall funding Rate	79,17%		
(real funding rate)	126,67%		

How do you receive the EC contribution?

- **Advance payment** up to 80%(!!) at the very beginning of the project – generally for RTD projects it's 20-40%
- **Reimbursement** of reported costs after every reporting period
- **Final payment** – the remaining part
(=total reported EC contribution minus advance minus all reimbursements)

4. Reporting

Reporting obligations

- Submission of **Periodic Reports** in 60 days after the end of each period of your projects by the coordinator (you have to contribute to this) – including:
 - Common description of RTD achievements and results so far
 - Individual financial report by each partner – the FORM Cs
- **Final Report** – only horizontal issues, submitted by the coordinator
- All report to be submitted electronically

5. The legal matters in a nutshell.....

The Consortium Agreement

“The Consortium Agreement determines the purposes and expectations of the Beneficiaries, and the law and obligations and relations amongst them...”

- A contract accompanying the Grant Agreement
- Civil contract between the partners – almost always mandatory in FP7
- Signature strongly advised before acceding to the ECGA
- **Contractual Freedom** but must not conflict with EU MS laws
- May complement the EC Rules for Participation and the ECGA but cannot supersede them
- Clarify the applicable law & the competent jurisdiction!
- **IPR issues – discussed ONLY HERE!**

Thank You for Your Attention!