EUROPEAN COMMISSION

Community Research

SEVENTH FRAMEWORK PROGRAMME

NEGOTIATION GUIDANCE NOTES

FP7 Collaborative Projects, Networks of Excellence, Coordination and Support Actions, Research for the benefit of Specific Groups (in particular SMEs)

Version 14 June 2013

(The version dated 10 September 2010 has been modified on 14/06/2013 to remove the obligation of opening an interesest-yielding bank account, following the 18/03/2013 Guide to Financial Issues)

Disclaimer

This document is aimed at assisting participants who are invited for project negotiation following the evaluation of their proposal. It outlines the information and procedures in the negotiation process. It is provided for information purposes only and its contents are not intended to replace consultation of any applicable legal sources or the necessary advice of a legal expert, where appropriate. Neither the Commission/REA nor any person acting on its behalf can be held responsible for the use made of these guidance notes.

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SCOPE AND CONTENT

These guidance notes are provided for applicants who have been invited for project negotiations following the evaluation of proposals for Collaborative Projects, Networks of Excellence, Coordination and Support Actions and Research for the benefit of specific groups (in particular SMEs) under the 7th Framework Programme of the European Community[1] as well as under Euratom[2]. The document does not cover projects under the People and Ideas Specific Programmes.

The document outlines the information and procedures in the negotiation process.

As the "Research for the benefit of SMEs" specific actions of the Capacities Programme and the Space and Security themes of the Cooperation Programme (with the exception of projects in which classified information is treated) are managed by the Research Executive Agency (REA), the EC Administrative, Legal or Project Officers and/or REA Project Officers are referred as Project Officers.

Main modifications of the current guidance notes

- The revised Negotiation Guidance Notes give up-to-date description of the main IT tools accessible via the Research Participant Portal that support the negotiation process from the validation of legal entities to the negotiation of the grants.

- New items were added to describe in more details the timing of negotiations, some financial aspects of the negotiation, namely the use of the specific flat rate of 60%, the exchange rate and the modified procedures for the financial capacity check. Please note the change of terminology: the previously used transitional flat rate will be referred as specific flat rate of 60%.

- Section 4 was modified in accordance with the current reporting requirements.

- The FAQ is revised and contains further references.

- Appendix 1 presents the revised Negotiation Mandate.
- Further appendices were updated to reflect the modified procedures on handling ethics and security issues.
- The Grant Preparation Form A2.2 in Appendix 9 was revised to reflect the legal form categories as used during the validation of legal entities.

1 Decision of the European Parliament and of the Council (EC) No 1982/2006 of 18 December 2006 concerning the Seventh Framework Programme of the European Community for research, technological development and demonstration activities (2007-2013) - OJ L412of 30.12.2006, p.1.

2 Council Decision of 18 December 2006 concerning the Seventh Framework Programme of the European Atomic Energy Community (Euratom) for nuclear research and training activities (2007 - 2011) (2006/970/EURATOM) - OJ L400 of 30.12.2006, p.60 as last modified by Corrigendum published in OJ L54 of 22.02.2007, p.21.

1. ARRANGEMENTS FOR NEGOTIATIONS

Invitation to negotiations

Following the positive evaluation of a proposal and the definition by the Commission/REA of a maximum EU financial contribution for the project,[3] the proposal's coordinator is invited in writing to start negotiations with the Commission/REA. The overall purpose of the negotiation process is to agree on the scientific-technical details of the project and to collect financial and legal information needed for preparing a Grant Agreement as well as for the project management and reporting on the project execution.

The letter of invitation to negotiations provides the results of the evaluation and includes a copy of the **Negotiation Mandate**. It is accompanied by the independent experts' advice to the Commission/REA in the form of the **Evaluation Summary Report** (ESR).

Proposals that have undergone an ethics review also receive an **Ethics Review Report** that may contain recommendations to be taken into account in the negotiations and in the Description of Work (for more details on the negotiation of ethics issues please refer to Appendix 2).

For proposals using or generating "**Classified information**", additional specific procedures should be addressed during the negotiations (for more details on the negotiation of sensitive projects involving "Classified information" please refer to Appendix 4).

The **Negotiation Mandate** sets the framework for the negotiations, listing the key points of information and instruction for the project coordinator (the layout of the Negotiation Mandate can be found in Appendix 1). It indicates

- the requests for clarification and changes to the proposed technical content that need to be addressed during the negotiations,
- the maximum EU contribution available for the project and the suggested duration of the project,
- the names and contact details of the Project Officer(s) and/or of the Administrative/Legal/Financial Officer(s), responsible for the negotiation of the scientific and/or the administrative/legal /financial aspects of the grant,
- the timing and location of the negotiation meeting(s) to be held (normally in Brussels or Luxembourg) if requested by the Project Officer(s),
- the interim deadlines by which the Consortium must submit the first draft of Annex I to the Grant Agreement (Description of Work) and the GPFs, including all supporting documents, as well as the general deadline by which the negotiations must be completed.

To further inform and instruct the applicants, the letter of invitation points to the web addresses of guidance documents to consult during the negotiations, including:

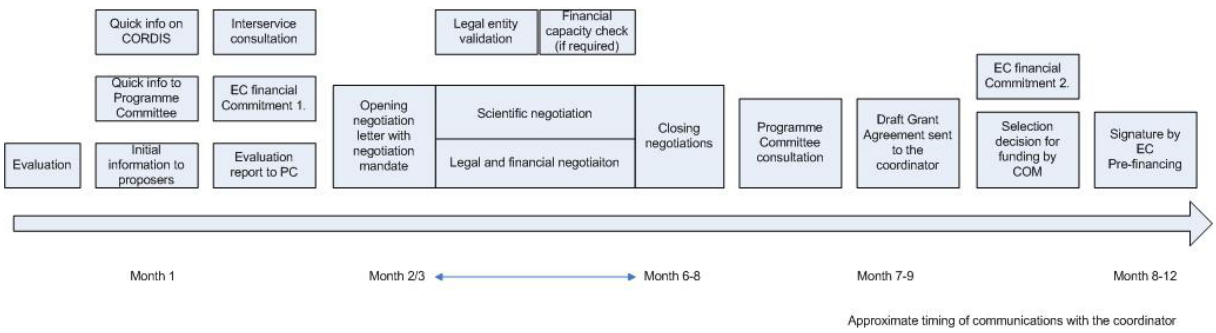
[3] For Marie Curie actions financed under the PEOPLE specific programme, the Negotiation Mandate may specify a maximum number of man/months mobility to be financed rather than a maximum EU financial contribution.

- A copy of these guidance notes
- The Model Grant Agreement and its annexes and any special conditions that could apply (http://cordis.europa.eu/fp7/calls-grant-agreement_en.html)
- The Guide to Financial Issues relating to FP7 indirect actions (ftp://ftp.cordis.europa.eu/pub/fp7/docs/financialguide_en.pdf)
- 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)
- The Checklist for a Consortium Agreement for FP7 projects (ftp://ftp.cordis.europa.eu/pub/fp7/docs/checklist_en.pdf)
- The Guide to Intellectual Property Rules for FP7 projects (ftp://ftp.cordis.europa.eu/pub/fp7/docs/ipr_en.pdf)
- The SME Tech Web (http://ec.europa.eu/research/sme-techweb/index_en.cfm)

Before beginning the negotiations, applicants are invited to read carefully, in particular, the Model Grant Agreement and its Annexes,[4] as these establish the legal framework for the funding and administration of the project, and the Guide for Financial Issues relating to indirect FP7 actions, whose purpose is to help participants understand the financial provisions of the Grant Agreement that they will have to sign.

Timing of negotiations

The approximate timing and the procedures to be completed until the grant agreement is signed by the European Commission/REA, can be seen in the following diagram.
Please note that the document titled 'Rules for submission of proposals, and the related evaluation, selection and award procedures' (ftp://ftp.cordis.europa.eu/pub/fp7/docs/fp7-evrules_en.pdf) contains further information on the selection process.



4 The model grant agreement in these guidance notes refers to all FP7 funding schemes, except ERC actions for frontier research and actions to promote human resources and mobility, for which there are specific model grant agreements.

The Research Participant Portal

In the 7th Framework Programme, a growing number of interactions between beneficiaries and the Commission in the management of proposals and grants are made via the **Research Participant Portal** http://ec.europa.eu/research/participants/portal. The Portal is going to become a **single platform** for all project related exchanges. Currently, the services for **legal entity registration, grant negotiation, amendments and financial and scientific reporting** are already accessible from the portal.

The personalised access is based on an **ECAS** (European Commission Authentication System) account for each user (physical person). Therefore in order to access the different services mentioned above, users have to login first via their ECAS accounts. Creation of the ECAS account is possible from the Participant Portal.

> *The **unique identifier** for a physical person in ECAS is **his/her e-mail address**. Some of the services are accessible without ECAS registration: FP7 calls, FP7 documentation, organisation search and information on the use of the Portal.*

Further details can be found in the online user manual of the Participant Portal and in Section 3 of these guidance notes.

Validation of existence and legal status of participating legal entities – getting a PIC (Participant Identification Code)

One of the prerequisites for signing a Grant Agreement in FP7 is that the beneficiaries' existence as legal entities and their legal status are validated by the Commission/REA. As a principle for FP7, such validation is done only once for each entity. The information on all validated entities is stored in a central database. More than 17 000 organisations are already registered and validated for FP7. This means that most probably the majority of the participants in your consortium are already validated and possess a Participant Identification Code (PIC, a nine-digit number) as unique identifier. You can search for already validated organisations and their PICs under the "My Organisations" tab of the Participant Portal (http://ec.europa.eu/research/participants/portal).

Participants in your consortium that are not yet validated must provide their legal documents to the validation services in the Research Executive Agency. The validation process is triggered by either a self-registration of the organisation under the "My Organisations" tab in the Participant Portal (before proposal submission) or by the start of a negotiation (when a proposal was submitted without a PIC). Self-registration results in the assignment of a temporary PIC that can be used in proposal submission. After entering the data of the organisation during self-registration, you can also upload the necessary supporting documents. Self-registration before submission of a proposal is recommended. Validations of beneficiaries involved in negotiations, whether already self-registered or not, are treated with highest priority by the validation services that will contact all non-validated organisations and ask for legal documents.

Third parties intending to carry out parts of the work (cases of Special Clause 10 to the Grant Agreement), must also be validated and have a PIC (see Appendix 6).

Legal Entity Appointed Representative (LEAR)
Each legal entity participating in FP7 must appoint one person, the LEAR (Legal Entity Appointed Representative), authorised to represent the entity and manage its legal information stored in the central database. The LEAR has online access, via the "My Organisations" tab under the Participant Portal, to the data stored for the entity and he/she is the only person who can initiate change requests concerning the legal entity related data, if needed. The instructions for appointing LEARs are available on the CORDIS site (http://cordis.europa.eu/fp7/urf-lear_en.html) or on the Participant Portal's (http://ec.europa.eu/research/participants/portal) FAQ section.

The **validation services** at REA handle the validation of requests concerning the legal existence and status of the entities on the basis of the supporting documents and validate the appointment of LEARs. They can be contacted at:

European Commission
Research Executive Agency
FP7 Support (A1)
COVE 2 13/132
B-1049 Brussels
Belgium

REA-URF-VALIDATION@ec.europa.eu

Indirect cost method (ICM)
During the above validation, each beneficiary will have to indicate its method for determining its indirect costs (the so-called ICM). Please note that the choice of an ICM for a legal entity depends on its legal status and accounting methodology and it is usually valid for the entire duration of FP7. In FP7 all departments, faculties or institutes which are part of the same legal entity must use the same system of cost calculation (unless a special clause providing for derogation for a particular department/institute is included in the GA).The choice of the ICM should be carefully assessed. If a change of the ICM is required, it will have an effect only on future grants with the exception of the correction of mistakes, further details are given in the **Amendments Guide** (ftp://ftp.cordis.europa.eu/pub/fp7/docs/amendments-ga_en.pdf).

Reminder:
*The use of the **specific flat rate of 60% (previously called 'special transitional flat rate')** for the calculation of indirect costs is reserved for (any of) the following type of organisations: non-profit public bodies, secondary and higher education establishments, research organisations and SMEs if they are unable to identify with certainty their real indirect costs for the research project.*
Please note that those entities that participated in FP6 projects and used the full cost model are presumed to be able to identify their real indirect costs and allocate them to projects, therefore they are ineligible for the specific flat rate of 60% indirect cost model unless justifiable changes occurred within the organisation.

For further details on this, please see the **Guide to Financial Issues** (Section: Identification of direct and indirect costs: ftp://ftp.cordis.europa.eu/pub/fp7/docs/financialguide_en.pdf).

Negotiation meetings

Depending on the size and nature of the project, meetings between the Consortium and the Commission/REA may, or may not, be required. This is decided by the Project Officer in charge of the project negotiations and may be communicated to the Consortium in the Negotiation Mandate, in which details on the date, time, address, duration and draft agenda of the first meeting may be outlined.

The coordinator attends all meetings, accompanied by any participants, deemed necessary, and the Commission/REA may be assisted by external experts. This may be one or more of the experts who assisted the Commission/REA in the evaluation of the proposal.

The cost of travel and subsistence of the Consortium members (including the coordinator) to negotiation meetings is not reimbursed.

The coordinator

The coordinator leads and represents the applicants in the negotiations with the Commission/REA. Only one of the applicants can be coordinator. That legal entity must identify one member of its staff as its representative to carry out the actions required of the coordinator. The representative of the coordinator is responsible for all contacts between the Consortium and the Commission/REA. If meetings are planned, he/she attends all meetings.

Once the Grant Agreement enters into force, the coordinator has a legal obligation to act as the interface between the Commission Services and the other members of the Consortium. The coordinator must ensure that all beneficiaries accede to the Grant Agreement within the established timescale. The coordinator provides all information and submits all documents to the Commission/REA and ensures the liaison between the Consortium and the Commission/REA. The coordinator is also responsible for submitting the financial statements, receives all payments from the Commission/REA and distributes them appropriately among the Consortium. The choice of the coordinator should therefore take into account the management capacities of the organisation and its legal and financial stability. For a comprehensive description of the role of the coordinator please refer to Article II.2.3 of the Grant Agreement.

The Consortium Agreement

The Consortium Agreement (please see Appendix 3) provides the legal basis for the internal relationship and responsibilities among the beneficiaries, and must be consistent with the provisions of the Grant Agreement. The Consortium Agreement is mandatory for all projects unless specifically excluded by the terms of the call for proposals. Such agreements do not affect the rights of the Commission/REA arising from the Grant Agreement and the corresponding obligations of the beneficiaries vis-à-vis the Commission/REA.

Applicants are invited to read the checklist of issues that should be addressed in the Consortium Agreement (ftp://ftp.cordis.europa.eu/pub/fp7/docs/checklist_en.pdf). The Consortium Agreement should be finalised (at least in a first version that could be updated

later) before the Grant Agreement is signed. Each beneficiary should have entered into the Consortium Agreement when it accedes to the signed Grant Agreement[5].

The Commission/REA does not review or comment on Consortium Agreements.

Support during negotiations

The Negotiation Mandate specifies the name and contact details of the Commission/REA official acting as Administrative Officer[6] for the project. This person can be approached with specific requests for assistance on legal and financial issues. If applicants have general questions relating to the FP7 Model Grant Agreement or to general legal and financial issues, they are advised to submit these by following the link http://ec.europa.eu/research/enquiries/ and selecting the option *Legal/Financial aspects of the Framework Programme*.

Intellectual property issues

Applicants can find an overview of the FP7 intellectual property rights (IPR) provisions in the Guide to Intellectual Property Rules for FP7 projects. That document is intended to act as a guide to the various issues and pitfalls that participants may encounter.

In addition, an IPR-Helpdesk is available to assist potential and current beneficiaries taking part in EU funded projects on IPR issues. The desk operates a free helpline offering a first line assistance. The helpline is run in English and questions are answered within three working days. It can be contacted online at http://www.ipr-helpdesk.org and via email at ipr-helpdesk@ua.es.

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5 Important: For Specific programme 'Research for the benefit of SMEs' the Work Programme 2008 onwards states that "The participants will be required to submit a signed consortium agreement before the signature of the contract".
For projects managed by the Research Executive Agency, the Negotiation Mandate specifies the name and contact details of the official acting as Project Officer for the project.

2. CONTENT AND COURSE OF NEGOTIATIONS

The overall purpose of the negotiations is the fine-tuning of the proposal details essential for the smooth running of the project in its execution phase. Two types of issues have to be finalised:

- the **description of the project work** to be carried out under the Grant Agreement within the associated budget and
- the **legal, administrative and financial information** needed for concluding the Grant Agreement itself.

Accordingly, the project negotiation process comprises two main aspects: technical (*scientific*) negotiations and financial and legal negotiations. The two aspects are intrinsically linked and are negotiated in parallel.

Appendix 5 to these notes provides a **negotiation checklist** to keep applicants on track throughout the various steps and issues of the negotiations.

Please note that the contact person(s) for the whole project or for a certain aspect of the project will be provided to you in the Negotiation Mandate.

Technical negotiations

The aim of the technical negotiations is to agree on the final content of Annex I (Description of Work) to the Grant Agreement.

During this part of the negotiation process:

- The proposal may need to be adapted to meet the recommendations of the evaluation, as described in the Negotiation Mandate.
- The Commission/REA verifies that the project objectives are 'SMART' (S-Specific, M-Measurable, A-Attainable, R-Realistic, T-Timely).
- The full work plan of the project has to be defined in sufficient detail.
- The work to be carried out by each of the beneficiaries and any potential future expansion of the consortium has to be defined in sufficient detail.
- The list of deliverables and their content, timing and dissemination level are agreed.
- The project milestones and their assessment criteria are agreed.
- An indicative time schedule for the project reviews, ideally synchronized with the reporting periods, is established (if not pre-defined in the special conditions of the Grant Agreement).

The structure of Annex I to the GA (Description of Work) follows the same basic layout as the proposal, comprising two parts, Part A (structured data collected in web forms) and Part B (text document uploaded as a PDF file into the Negotiation Facility Tool (NEF)).

See section 3 for further details on NEF and the **Templates for the Description of Work:** http://cordis.europa.eu/fp7/find-doc_en.html or on the Participant Portal under 'FP7 Documentation'.

Financial and legal negotiations

The financial negotiations focus mainly on reaching agreement on budgetary matters such as the budget for the full duration of the project and the budget breakdown for the different project periods, as well as issues related to subcontracting and third parties. They also cover the establishment of the amount of the initial pre-financing, timing of project periods and reviews.

The legal negotiations include the analysis and review of the final composition of the Consortium, any special clauses required for the project, and other aspects such as the project start date.

During this part of the negotiation process:

- The total costs, total eligible costs and the maximum EU financial contribution are determined. Special attention should be given to the methodology to calculate the personnel costs and the indirect costs.
- A table of the estimated breakdown of the budget and the EU financial contribution per activity to be carried out by each of the beneficiaries is established.
- The amount of the pre-financing is established.
- The start date and the duration of the project are agreed upon.
- The Commission/REA verifies the operational capacity of the proposed coordinator, i.e. whether that organisation has the required management skills, capabilities and experience to carry out the coordinator's role.
- The need for the inclusion in the Grant Agreement of any special clauses is established.
- Where applicable, a 'road map' is established for any planned competitive calls relating to the later addition of new project partners and the budget available for the Consortium's expansion agreed upon.
- The timing of the reporting periods is established.
- Any subcontracting or third-party issues must be clarified.
- The financial capacity check – if required.
- The coordinator commits him/herself to open an interest-yielding bank account – unless already done – or requires the exemption from this obligation if it fulfils the conditions for this (for more details see the FP7 Guide to Financial Issues)

Financial capacity check

The financial capacity of the coordinator and any other applicant requesting an EU contribution exceeding EUR 500,000 is assessed, except for public bodies, higher and secondary education establishments, international organisations and entities whose participation is guaranteed by a Member State or an Associated Country, in accordance with the Rules to ensure consistent verification of the existence and legal status of participants, as well as their financial capacity to be downloaded from CORDIS or from the Participant Portal (ftp://ftp.cordis.europa.eu/pub/fp7/docs/rules-verif_en.pdf) and the **Guide to Financial Issues** (ftp://ftp.cordis.europa.eu/pub/fp7/docs/financialguide_en.pdf).

Additional financial information/documentation may be required if deemed necessary by the Commission services and for projects involving the use or production of classified information or requiring export licences or where a topic is subject to specific national or European security related legal restrictions (for more details, please refer to Appendix 4). If your entity's financial capacity has to be assessed, you will be informed of the exact process and the official contact persons.

Please note that the REA will gradually take over the verification of the financial documents. Currently either the REA or the Legal/Financial Officer given in the Negotiation Mandate will gather the necessary documents.

Financial verification by the REA:

> The supporting documents for the financial capacity check (balance sheet etc.) should be uploaded, and the simplified accounts seen in Appendix 1 of these guidelines should be encoded under the "My Organisations" tab of the Participant Portal by the LEAR (usually) of the entity only upon request by the Commission/REA).
>
> A copy of the submitted documents has to be sent to the Legal/Financial Officer of the project only if definitely required (eg. DG INFSO projects).
>
> The REA will have to validate this information after verifying the accuracy and reliability of the financial documents and correctness of the information encoded in the Participant Portal. Please note that the final assessment and interpretation of financial viability remains within the competence of the responsible Authorising Officer in the Commission/REA.

Gender aspects

During the negotiations there also will be the opportunity to consider any gender aspect that might be relevant to the project and to include these as a work package or a task within a work package. The project must ensure an open and impartial selection procedure, as well as fair working conditions, to researchers recruited for work funded under FP7. The Commission Recommendation of 11 March 2005 on the European Charter for Researchers and the Code of Conduct for the Recruitment of Researchers should be applied as a reference framework for recruitment (http://ec.europa.eu/euraxess/index_en.cfm?l1=0&l2=3). For further references see Appendix 7.

Ethics issues

Ethics Review is a fundamental component of the research proposal evaluation procedure. All proposals received by the Commission/REA should clearly describe the ethics issues raised by the proposal, if any, and how they will be addressed in order to be in conformity with national, European and international regulations. For further references see Appendix 2.

Security issues

Security issues may be an important component of the research proposal evaluation procedure, especially in the FP7 Security theme. They will be dealt with within a specific Security Scrutiny Procedure after the scientific evaluation. All proposals received by the Commission/REA should clearly describe the security issues raised by the proposal, if any, and how they will be addressed in order to be in conformity with national, European and international regulations. For further references see Appendix 4.

Completion of the negotiations

At the end of the negotiations, agreement should have been reached on all technical, financial and legal issues related to the Grant Agreement. Accordingly, the Consortium should be in the position to prepare and send the final version of the relevant documents to the Project Officer. Where signed paper copies are requested, as is the case for the Grant Agreement Preparation Forms (GPFs – see Appendix 9), these should be unbound, on white paper, with original signatures.

When all the necessary legal and financial information required has been received and accepted by the Commission/REA, a Grant Agreement is drafted and sent to the coordinator for signature.

Grant Agreement signature

Upon receiving it, the authorised representative of the coordinator signs two originals of the Grant Agreement on behalf of his/her organisation and returns them to the Commission/REA. To ensure rapid entry into force of the Grant Agreement, you are asked to respect the deadline indicated in the letter accompanying it. Furthermore, the Commission/REA reserves the right to decide not to continue with the funding of the proposal if the Grant Agreement is not

signed and transmitted within the deadline. Upon receiving the two copies, the Commission/REA signs them once all its internal procedures have been successfully completed and returns one duly signed original to the coordinator.

After receiving the Grant Agreement signed by both parties, the coordinator must distribute a copy of the Grant Agreement to the other beneficiaries, along with Form A, which is the form to be used to accede to the Grant Agreement. Three duly completed originals of Form A are signed by each beneficiary and returned to the coordinator for the coordinator's signature. When the coordinator has signed all the Forms A, he/she sends one original of the Form to each beneficiary and one original to the Commission/REA - at the latest 45 calendar days after the signature of the Grant Agreement by the Commission/REA -, keeping one for his/her own records.

The Grant Agreement covers the project as a whole and binds each individual beneficiary that has acceded to it. This has a number of important consequences:

- If one potential beneficiary fails or refuses to accede to the Grant Agreement, it is up to those beneficiaries who have acceded to propose an acceptable solution to the Commission/REA, either by reallocating the work of this beneficiary among them or by the accession to the Grant Agreement of a new beneficiary. The Commission/REA may terminate the Grant Agreement if it considers that due to this change the project is no longer viable or has been fundamentally changed, compared to the negotiated proposal.
- If a beneficiary subsequently withdraws from the Grant Agreement, the others remain responsible for the completion of the work, including the part allocated to the withdrawn beneficiary (technical collective responsibility).

Start of the project

The relevant provisions of the Grant Agreement determine the start date of the project. This may be the first day of the month following the entry into force of the Grant Agreement, a specific fixed date as negotiated or a date to be notified by the coordinator within [x] months from entry into force of the Grant Agreement. Where the Consortium requires a specific fixed start date for the project that precedes the entry into force of the Grant Agreement, full details regarding the justification for the request should be given in writing to the Project Officer prior to the finalisation of Annex I to the Grant Agreement and of the GPFs. The Commission/REA may refuse this request if no sufficient and acceptable justification is provided.

Costs can be incurred from the start date of the project but not before. Where the start date of the project precedes the entry into force of the Grant Agreement, future beneficiaries take the risk that the Grant Agreement might not be signed. In such a case, costs will not be reimbursed by the Commission/REA.

Pre-financing

Once the Grant Agreement is in force, the Commission/REA can make the pre-financing payment to the coordinator. The amount is established during the negotiations and is intended to provide the beneficiaries with sufficient cash flow to carry out the first part of the project.

Pre-financing will be paid by the Commission/REA within 45 days of the entry into force of the GA. However, special clause 6 can be included in the GA, which then ensures that the pre-financing will not be paid earlier than 45 days before the start date of the project.

As an indication, for projects with more than two reporting periods, the pre-financing amount could be around 160% of the average funding per period (average = total EU contribution / no. of periods). For projects with two reporting periods only, the pre-financing would range normally between 60% and 80% of the requested total EU contribution.

The pre-financing amount specified in the Grant Agreement includes the beneficiaries' contribution to the Participants' Guarantee Fund (PGF). This represents 5% of the total EU contribution and is transferred directly to the PGF by the Commission/REA.

The coordinator can distribute the pre-financing within the Consortium only when the minimum number of beneficiaries (as specified in the work programme related to the call) has acceded to the Grant Agreement and only to those beneficiaries that have done so by signing Form A.
More information is provided in the Guide to Financial Issues (ftp://ftp.cordis.europa.eu/pub/fp7/docs/financialguide_en.pdf).

The Guarantee Fund (GF)

The Guarantee Fund (GF) is a mutual benefit instrument establishing solidarity among beneficiaries in indirect actions at the level of the Framework Programme. It primarily aims at covering the financial risks incurred by the EU and the beneficiaries during the implementation of the indirect actions of FP7. The GF's capital and interests constitute a performance security.

In addition, it allows the EU to exempt beneficiaries from *ex-ante* financial viability controls and from the imposition of any sort of financial securities, including bank guarantees or retention of pre-financing.

The GF therefore eases the implementation of FP7 actions for both the Commission/REA and the participants by reducing the time and paperwork needed for signing the Grant Agreement and by allowing small actors such as SMEs to benefit from EU funding under the same conditions as major research stakeholders.
All beneficiaries to indirect actions taking the form of a grant must contribute to the GF for the duration of the action. When transferring the initial pre-financing to a Consortium, the Commission/REA deducts the relevant GF contribution and transfers it to the holding bank. This deduction equals 5% of the total EU financial contribution provided for in Article 5 of the Grant Agreement. At the time of the final payment, beneficiaries recover their capital unless the GF has incurred losses. In such a case, the Commission/REA deducts a maximum of 1% of the grant owed to them, with the exception of public bodies, legal entities whose participation in the Grant Agreement is guaranteed by a Member State or an Associated Country, and higher and secondary education establishments.
More information is provided in the Guide to Financial Issues (ftp://ftp.cordis.europa.eu/pub/fp7/docs/financialguide_en.pdf).

3. NEGOTIATION FACILITY (NEF)

The scope of NEF

The negotiation process is supported by the online Negotiation Facility (NEF) under the Participant Portal (http://ec.europa.eu/research/participants/portal). NEF provides the main channel for an interactive communication between the Consortium and the Project Officer as all necessary administrative, legal and financial data about the projects and the participants are collected and agreed through NEF.

NEF enables the submission of both the administrative forms (GPFs) and the Description of Work (Annex I to the GA). In particular, NEF collects the following data during negotiations (the forms are pre-filled with data from the proposal and from the central participants' database):

- General information about the project and reporting periods
- Information on the coordinator and all the participants:
  - Legal data
  - Organisation status
  - Authorised representatives
  - Contact persons
  - Eligible costs and requested EU contribution
  - Bank account information (for the coordinator)
  - Financial information (if required).

Annex I to the GA (Description of Work) consists of two parts:
1. **Part A** (based on structured information) contains the cover page, the project summary, the list of participants and the budget breakdown as well as the work plan tables, which provide details on the implementation of the project. The work plan tables (presenting the same set of information in different layouts) are produced by NEF on the basis of data collected in one web form related to each work package.

2. **Part B** (the narrative part) is based on information from Part B of the proposal and - as a final version - has to be uploaded into NEF as a pdf document (for a temporary period Word documents containing track changes can be also uploaded). Part B should be prepared in accordance with the Templates for the Description of Work available on CORDIS at http://cordis.europa.eu/fp7/find-doc_en.html.
To produce a printable version, NEF finally fuses the two parts into one complete Annex I.

The Commission/REA assesses and gives its comments on the data received. Several versions may be exchanged in an iterative negotiation process until the Commission/REA approves the final complete and valid set of data.

Accessing NEF under the Participant Portal[7]

The personalised negotiation service of NEF is accessible via the Participant Portal (http://ec.europa.eu/research/participants/portal)after ECAS login under Processes: Negotiation or under the tab 'In negotiation' under the 'My Projects' tab.

> ***Identity and access management***
> *The Participant Portal will identify the coordinator/participants on the basis of the ECAS (European Commission Authentication System) authentication and credit them with the necessary rights to access the relevant services. The identity and access management of the portal provides possibilities for granting access and provisioning roles to other persons, so that the assignment of tasks to persons could be managed flexibly by the consortium with the minimum intervention of the Commission/REA.*
>
> *The **granting of access** to projects and provisioning of roles within a project is largely given **into the hands of the consortia themselves**. Currently, only LEARs (Legal Entity Appointed Representatives) and Coordinator Contacts require the approval by Commission/REA staff, all other access rights and roles can be assigned and changed by the consortium directly in the portal. The **Coordinator Contact** has the right to grant and revoke the roles of the Participant Contacts in the Portal. The **Participant Contacts** can nominate or revoke/change further contacts within his/her organisation having the following roles in the project:*
>
> - ***scientific and technical,***
> - ***administrative and legal,***
> - ***authorized signatory and***
> - ***financial***.
>
> *You may view your roles or nominate persons in the different projects under the 'My Roles' tab in the Participant Portal after ECAS login.*
>
> *More details can be found in the FAQ section of the Participant Portal or in the online user manual of the Participant Portal http://ec.europa.eu/research/participants/portal/ShowDoc/Participant+Portal/portal_content/help/participant_portal_usermanual_version2.0.pdf.*

Negotiation sessions

Each of the parties involved, the coordinator, the participants and the Commission/REA use NEF during the negotiation. Their communication proceeds in a series of 'negotiation sessions' that make up the negotiation process. Each session is opened by the Project Officer, which triggers an e-mail to the coordinator inviting him/her to provide information through the NEF online forms. The participants of the projects can complete the tables, but only the coordinator will be able to submit a session to the Project Officer.

Repeated logging into and out of NEF to view and modify the data by the coordinator is possible only during an open negotiation session. Submitting the changes terminates the negotiation session and the information entered can no longer be modified. The Project Officer, notified of the submission, verifies the changed data, gives comments and may decide to open a new negotiation session to allow for further corrections if needed. Please note that

[7] A technical manual for using NEF shall be made available to coordinators before the start of the negotiations.

the legal entity related data, which is updated by the LEAR via the Participant Portal (My Organisations' tab) is read only in NEF.

When agreement on all outstanding details has been reached, the Commission/REA closes the negotiations and prepares the draft Grant Agreement and the data becomes read-only
Further details on the NEF system can be read in the user guide: http://212.68.215.215/display/iKnowextern/NEF+Documentation.

Finalising the GPFs

After the closure of the negotiations, the coordinator must print a final version of the GPFs (.pdf file), which can be found under Part A in NEF.
For the GPFs to be finalised and correctly sent to the Commission/REA, three forms have to be **signed** manually:

- One Form A2.5, 'Our Commitment,' per beneficiary has to be signed by the authorised representatives of the coordinator and each participant;
- Form A2.6, 'Data Protection and Coordination Role,' has to be signed by the coordinator's authorised representative;
- Form A4, 'Bank Account,' must bear the bank stamp and the signature of the bank representative (if the account is not already validated by the Commission/REA, which will be checked by the Project Officers) as well as the account holder's signature, with date.

The finalised GPFs are submitted to the Project Officer in one unbound copy on white paper with original signatures. Should any additional supporting documentation be required for specific projects, it has to be provided in one copy, if not advised differently by the Commission/REA.

4. PROJECT MONITORING AND FOLLOW-UP

For the follow-up and monitoring of the project, the Commission/REA shall appoint, if possible, the same person(s) who acted as Project Officer(s) for the project during the negotiations, so as to take advantage of the in-depth knowledge gained during the negotiation phase. In any case, the person(s) in charge of the follow-up and monitoring will be the key link with the Commission/REA throughout the execution of the work.

Certain tasks concerning project management, financial statements or legal and financial matters may be handled by specialist staff members within the Commission/REA who communicate directly with the Project Officer(s) or the coordinator.

IT functions for preparing and submitting financial and scientific reports and other project deliverables are available in the Participant Portal.

Project Fact Sheet

As the FP7 Programmes are funded with public funds, a public database containing basic information about each project in the form of a Project Fact Sheet is maintained. The Project Fact Sheet is composed of strictly non-confidential data already collected through NEF and captured principally in forms A1 and A2 of the finalised GPFs. In particular, the project acronym, objectives, project summary, project beneficiaries, EU funding, etc. as well as the contact details of the project coordinator are made available.
Because the Project Fact Sheet is based on information in NEF, it is prepared by the Commission/REA without requiring additional input from the project participants. However, it is possible to arrange with the negotiating Project Officer to substitute a revised version of the project's A1 and A2 text for the purposes of the Project Fact Sheet. The project fact sheets are accessible via CORDIS.

Deliverables and periodic reports

The Grant Agreement defines when (and if) projects are obliged to submit **periodic reports,** and in any case when they have to submit the final report to the Commission/REA.

Deliverables (other than the periodic and final reports formally required by the model grant agreement) should be limited in number, and be specific and verifiable. A deliverable may be a report of a certain activity or be of a different nature such as a prototype, a demonstrator, the organisation of a conference, the publication of a book, the completion of a specification, etc. Deliverables are agreed during negotiations and introduced via the respective web forms in NEF (linked to work packages). This list of deliverables will serve as a basis for reporting.

The deliverables to be submitted to the Commission/REA are indentified in Annex I to the Grant Agreement, according to article II.4.8.

The list of deliverables is according to article II.4.8 and the delivery date of the reports according to article 4.1 of the Grant Agreement.
ftp://ftp.cordis.europa.eu/pub/fp7/docs/fp7-ga-annex2-v5_en.pdf

Further details on the deliverables and milestones of the projects can be found in the separate **'Templates for the Description of Work' - http://cordis.europa.eu/fp7/find-doc_en.html**

In addition, each project is requested to set up, as appropriate, its own **webpage** and update it on a regular basis. Registering a project webpage on the ".eu" domain is particularly recommended. Technical guidance on obtaining an ".eu" website may be found on http://ec.europa.eu/information_society/policy/doteu/index_en.htm.

Comprehensive details on reporting are provided in the "**Guidance notes on project reporting**" available at ftp://ftp.cordis.europa.eu/pub/fp7/docs/project_reporting_en.pdf.

Technical audits and reviews

Based on the project reports and deliverables, and possibly also with the support of presentations made by Consortium members, the Commission/REA, assisted by independent external experts, may conduct reviews of the progress of the project. These interim assessments are initiated and paid by the Commission/REA and are used to decide whether the EU financial support for the project should be continued. In the event of a negative outcome of a review, the Commission/REA may decide to suspend the project pending corrective action, or to terminate the Grant Agreement.

> Please note that consortium meetings – even with the participation of a Commission/REA staff member – are not considered to be external reviews.

The review may also lead the Consortium, or the Commission/REA, to require changes to the work plan (to reflect evolving circumstances in the marketplace, for example). In these cases, the Consortium will be required to revise Annex I of the GA.

When the need for reviewing the progress at mid-term or at final stage is established *a priori,* already during the negotiations, Special Clause 5 – Project Review – can be added to the Grant Agreement (see for details the List of special clauses applicable to FP7 model Grant Aagreements ftp://ftp.cordis.europa.eu/pub/fp7/docs/fp7-mga-clauses-v3_en.pdf).

A schedule for any planned external reviews - either with or without Special Clause 5 - may be included in Annex I to the Grant Agreement and be encoded in NEF under the 'Project review' section.
Details are provided in the **Guidance notes on project technical review** available at ftp://ftp.cordis.europa.eu/pub/fp7/docs/project_review_en.pdf.

Financial Statements

Beneficiaries, via the coordinator, will be required to submit financial statements (cost claims) as a part of each periodic report. The frequency and format of these (and the cases where they need to be certified by an independent auditor) are defined in the Grant Agreement. The financial statements form the basis for any payments made by the Commission/REA.

Exchange rate

Costs must be reported in EUR. Beneficiaries with accounts in currencies other than EUR must report in EUR on the basis of the exchange rate that would have applied either:

- on the date that the actual costs were incurred or
- on the first day of the month following the end of the reporting period.

Some important points to remember

- An invitation to start negotiations does not, under any circumstance, guarantee the funding of a project or the offer of a Grant Agreement.
- The funding of the proposal may depend on the acceptance by the consortium of the changes requested by the Commission/REA services in the Negotiation Mandate.
- The maximum amount of funding for a project is fixed in the Negotiation Mandate.
- Funding is conditional upon compliance with the Grant Agreement.
- In some cases the Commission/REA may not be able to enter into a Grant Agreement with certain legal entities because of financial insecurity, other limitations imposed by the Financial Regulation or for reasons of irregularity or violation of fundamental ethics principles. In such cases, the Consortium may be offered the possibility to start the project either with a reduced number of participants or to replace an ineligible participant.
- If the Commission/REA cannot obtain reasonable assurance that the project participants have the necessary financial and human resources to carry out the proposed work, it is possible that the negotiations are terminated or that a change in the Consortium is requested.
- The Commission/REA aims at shortening the time to the grant (i.e. the time between the deadline of the call for proposals and the signature of the Grant Agreement). As a result, the letter of invitation to negotiations specifies a time limit for the negotiations. If negotiations are not completed within the given time limit, the Commission/REA may terminate them, for further references see the 'Rules for submission of proposals, and the related evaluation, selection and award procedures'(http://intranet-rtd.rtd.cec.eu.int/politique/ics-docs/8a-2.0-fp7-evrules_en.pdf).

- For projects involving the use or production of 'Classified information' or requiring export licences or where a topic is subject to specific national or European security related legal restrictions, the funding of the proposal may depend on the ability of the Consortium to manage the relevant security issues (please refer to Appendix 4 for more details).

5. FREQUENTLY ASKED QUESTIONS

A regularly updated list of FAQs on participation and Grant Agreement issues is available and beneficiaries should consult it periodically to assist them in their negotiations with the Commission/REA (http://ec.europa.eu/research/faq).

A list of the most common issues that arise during the negotiations is described below.

Validation

Since June 2009, validation is provided by the validation services in the Research Executive Agency (REA).

Legal existence: The Commission/REA can only negotiate with, and offer Grant Agreements to existing legal entities. The legal existence of a participant must pre-date the Grant Agreement signature or accession to the Grant Agreement. This implies that applicants should be legally established by the time of the signature of the Grant Agreement.

Validation of beneficiaries: The Commission/REA can offer Grant Agreements only to FP7 validated legal entities. The validation of legal entities is not part of the negotiations, but is performed in parallel with the negotiation procedure. The validated legal information may be changed during the negotiations, but only through direct communication between the LEAR of the beneficiary and the validation services in the REA. Each legal entity is validated only once for all participations in FP7. A search facility for already validated entities is available on the website of the Participant Portal http://ec.europa.eu/research/participants/portal.

Consortium-related questions

Withdrawing applicants: If one or more of the organisations that participated in the proposal wish to withdraw while the project is under negotiation, the Commission/REA will judge, in light of the evaluators' reports, whether the withdrawing participant(s) was/were not essential to the success of the proposed project (in which case negotiations may continue) or vital to the proposed project (in which case negotiations might be terminated and the proposal rejected, or may be suspended pending the Consortium's finding of an acceptable substitute). If a beneficiary identified in the Grant Agreement does not sign/accede to it, the Commission/REA may stop negotiations, or later terminate the Grant Agreement, unless the other members of the Consortium propose, and the Commission/REA accepts, an alternative solution.

Conflicts within the Consortium: It is expected that during the negotiations any potential conflict between two or more applicants within the Consortium will be resolved internally. If an agreement cannot be reached, the Commission/REA may decide to intervene and consider the termination of the negotiations.

Consortium Agreements: Consortia need to give the highest possible priority to completing the internal Consortium Agreements before signing the Grant Agreement. Certain provisions

relating to intellectual property must also be agreed upon before signing the EC Grant Agreement.

Changes in Consortium/work plan: During the negotiations, a Consortium may find it necessary to propose changes in the work plan or in the composition of the Consortium as a result of events subsequent to the preparation of the proposal. Changes may also be required as a consequence of the evaluation results. The Commission/REA will consider such changes, but the evaluation result must be respected. If the revised work plan or Consortium differs to the extent that the evaluation might have yielded a different result, the Commission/REA will refuse the changes, or, possibly, terminate the negotiations.

Change of coordinator: The applicants have to identify the organisation within the Consortium (and the person from that organisation) that will act as their coordinator and propose this to the Commission/REA. The coordinator will lead the negotiations on behalf of the applicants. Most often this will be the organisation and the person who co-ordinated the writing and submission of the proposal, but another applicant may take on the role if the Consortium members so agree. In any case, the Commission/REA needs to agree to any coordinator chosen by the Consortium. If the Commission/REA has doubt about the management, coordination capabilities or the financial stability of the chosen organisation, the Commission/REA may request the Consortium to choose a different coordinator from within the Consortium.

Financial issues, resources

Bank account: The coordinator should establish a bank account in EUR.

Project preparation/negotiation costs: The Commission/REA does not fund costs related to proposal preparation or to conducting negotiations even if the fixed start date of the project is prior to the date the Grant Agreement enters into force. This also means that the Commission/REA will not reimburse the cost of travel and subsistence of the Consortium members of the negotiation meetings.

Estimation of costs: During the negotiations, the Consortium is required to estimate the essential details of costs over the lifetime of the project in order for the Commission/REA to establish the maximum EU financial contribution and to calculate its pre-financing. Interim and final payments are based on the eligible costs actually incurred and accepted by the Commission/REA; for personnel they can also be based on averages or estimates, as set out in the Grant Agreement.

Cost models: Unlike in previous Framework Programmes, there is no cost reporting model under FP7, but different types of organisations have different reimbursement rates for eligible costs and different possibilities to calculate and present indirect costs. Details on the rates of reimbursement are available in the FP7 Guide to Financial Issues relating to FP7 indirect actions and in the Model Grant Agreement.

Pre-financing: The Commission/REA will make a pre-financing payment within 45 days following the date of entry into force of the Grant Agreement, except where a special clause

provides otherwise. The pre-financing amount will include the 5% contribution to the Participants' Guarantee Fund.

Reduction of human resources: The evaluation result of the proposal is based on a certain level of human resources and the amount of funding is essentially linked to this. If during the negotiations the Consortium changes the human resources requirements (or any other significant cost), the Commission/REA funding offer may change but will not be increased.[8]

ICPC Lump Sum funding: A beneficiary registered in an International Cooperation Partner Country (ICPC) has the option between being reimbursed on the basis of eligible costs or on the basis of lump-sums. This choice can be made (and changed) up to the moment of the signature of the Grant Agreement. Once made, it will apply during the whole duration of the Grant Agreement, without the possibility of changing it. ICPC beneficiaries may opt for a lump sum in a given project and for reimbursement of costs in another. Whatever the final option chosen, the maximum EU contribution for the project will remain fixed. The lump sum rates for the different ICPCs may be found in the Guide to Financial Issues. This amount is all inclusive, covering support towards both the direct and the indirect costs. In other words, the lump sum is deemed to cover all costs of an ICPC participant, including not only the costs of personnel and travel, but also, among others, equipment, consumables, subcontracts and indirect costs. A table per beneficiary specifying the budget to be reimbursed as a lump sum should be provided in Annex I of the Grant Agreement.

The use of Special Clause 30 in the Grant Agreement: A single department, faculty or institute of a legal entity may in some cases have an analytical accounting system which allows using a more precise indirect cost method than that of the legal entity as a whole. In this case the legal entity is registered with the standard flat rate or specific flat rate of 60% indirect cost method, but with this Special Clause a department/Institute of the legal entity may opt for using the actual indirect cost method instead. In such cases, special clause 30 must be included in the Grant Agreement. In these cases, the indirect cost method in NEF will show the value of the main legal entity, but the actual indirect cost amounts should be entered in the budget forms. When this clause has been used once, the department or institute must continue to use the actual indirect cost method for all future FP7 grants.

This possibility has been extended to departments/institutes within third parties identified in special clause 10.

See list of special clauses: ftp://ftp.cordis.europa.eu/pub/fp7/docs//fp7-ga-clauses-v6_en.pdf.

Cost of methodology

Costs of methodology certification for actual or simplified indirect costs and average personnel rate certification: In addition to periodic certificates on financial statements, FP7 allows beneficiaries in multiple projects to submit a certificate on the methodology for the calculation of costs (relating to both personnel and indirect costs). This allows these

[8] For Marie Curie actions financed under the PEOPLE programme, the Negotiation Mandate may have fixed a maximum number of mobility man/months to be financed rather than a maximum budget for the EU contribution. Any changes proposed during the negotiation have to respect the ceilings set in terms of man/months mobility offered.

beneficiaries to submit a certificate on the methodology that they will use for the identification of personnel and indirect costs (not for the other costs) for the whole duration of FP7.

Note that for Marie Curie actions financed under the PEOPLE specific programme, the use of average personnel costs is not allowed.

This certificate on the methodology allows the Commission services to have reasonable assurance on the reliability of the beneficiaries' costing methodology for the preparation of future cost claims with regard to personnel and indirect costs, and the related control systems. As a consequence, those beneficiaries are granted derogations to the periodicity of submission of periodic certificates on financial statements. Beneficiaries using flat rate indirect cost methods (standard or 60% specific) may not request this certificate of methodology.

The FP7 Model Grant Agreement provides that the cost of this methodology certificate, which, unlike periodic certificates on financial statements, is not linked to a specific project as such, is an eligible cost. In order to avoid that these types of costs disproportionately weigh on the available EU funding of individual projects under which they are submitted, it is important that the Consortium partners anticipate their intention to provide such certification and identify already at the proposal stage and again at the negotiation stage the estimated costs. As such, this can be provided for in due time in the project's budget.

Costs of methodology certification for calculation of average personnel costs: All those beneficiaries who intend to use average rates to claim personnel costs are required to submit a certificate on the methodology for calculation of average personnel costs that they will use for the identification of personnel costs (not for the other costs) for the whole duration of FP7.

The use of average personnel costs and the related certificate on methodology are mandatory in the case of SME owners who do not receive a salary registered as such in their accounts (see Guide to Financial Issues ftp://ftp.cordis.europa.eu/pub/fp7/docs/financialguide_en.pdf and Guidance notes for the certificates issued by external auditors ftp://ftp.cordis.europa.eu/pub/fp7/docs/guidelines-audit-certification_en.pdf).

This certificate on the methodology allows the Commission services to have reasonable assurance on the reliability of the beneficiaries' costing methodology for the preparation of future cost claims with regard to personnel costs. As a consequence, those beneficiaries are allowed to use average personnel costs in their financial statements. In absence of this certificate, beneficiaries may only charge actual personnel costs.

The FP7 Model Grant Agreement provides that the cost of this methodology certificate for calculation of average personnel costs is an eligible cost. Here also, in order to avoid that these costs disproportionately weigh on the available EU funding of individual projects under which they are submitted, it is important that the Consortium partners anticipate their intention to provide such certification and identify already at the proposal stage and again at the negotiation stage the estimated costs. As such, this can be provided for in due time in the project budget.

Subcontracting

Subcontracts: Beneficiaries should have the capacity to perform the tasks required by the project. Exceptionally, some limited tasks may be carried out by third parties. Beneficiaries must ensure that subcontracted work does not affect their rights with regard to the use and dissemination of knowledge that is their property and does not violate the rights of the Consortium. In addition, beneficiaries must ensure that the subcontracted work is performed at a reasonable cost and justify the reasons for subcontracting. Based on these elements, the Commission/REA might require that a proposed subcontractor becomes a beneficiary instead of being a subcontractor. In addition, the need for the continued presence of a beneficiary who intends to subcontract significant parts of the work may be questioned by the Commission/REA as this puts into question that beneficiary's capacity to perform the tasks required by the project. Subcontracts must be awarded according to the principles of best value for money, transparency and equal treatment. More details on subcontracting under FP7 are available in Appendix 6 to these guidance notes and in the Guide to Financial Issues.

Subcontracting to RTD performers (Research for the Benefit of SMEs): Subcontracting to RTD performers covers the remuneration of the resources of RTD performers for "research and technological development activities" and/or "demonstration activities". The subcontracting will be considered as eligible costs for the SME participants (and, if relevant, for the other enterprises and end-users) and will be reimbursed at the funding rate applicable for "research and technological development activities" and/or "demonstration activities". However, the total EU financial contribution to the Consortium may not exceed 110% of the total cost of the subcontracted RTD activities.

Third parties

A third party, is, by definition, any legal entity which does not sign the Grant Agreement. A subcontractor is a type of third party, but not the only one.

A third party may contribute to the project in two possible ways:

- By making available its resources to a beneficiary (for the beneficiary to be able to carry out part of the work);
- By carrying out part of the work themselves.

The use of Special Clause 10 in the Grant Agreement:

Exceptionally, certain types of third parties which are not subcontractors may be allowed to carry out part of the work defined in Annex I. In those cases they will be allowed to work under the project and the beneficiaries will be entitled to charge their costs.

In this way the beneficiary to whom the third party is linked can charge the costs incurred by this third party, the latter nevertheless will submit its own costs using its own Form C and certificate on financial statements when needed. Costs shall be reported as described in the document of the List of special clauses: ftp://ftp.cordis.europa.eu/pub/fp7/docs//fp7-ga-clauses-v6_en.pdf. See further explanations in appendix 6 of these guidance notes.

Other

Classified information and export licences: For projects involving the use or production of classified information or requiring export licences or where a topic is subject to specific national or European security related legal restrictions, a Security Aspect Letter will be required in the Grant Agreement (for details, please refer to Appendix 4)

Amendments: The Commission/REA (with the possible assistance of external experts, e.g. in the case of significant changes) will consider requests for reasonable amendments to the Grant Agreement, provided they do not change the essential character of the project. Significant changes to the technical content of the work require the approval of the Commission/REA. Amendments at the request of the Consortium must be made in writing by the coordinator on behalf of the Consortium and be signed by an authorised representative of the coordinator. For information on amendments, please see the Amendments Guide for FP7 Grant Agreements (ftp://ftp.cordis.europa.eu/pub/fp7/docs/amendments-ga_en.pdf).

6. APPENDICES

Appendix 1 – General Layout of Negotiation Mandate

1. Proposal No **……** <funding scheme>

2. Strategic objective /Theme: <number>, <title>, <call x>

3. Project Officer (to whom all documents must be returned):

…….	Tel : 32-2 29……
European Commission	Fax : 32-2 29……..
DG …..-… ……..	E-mail : …….
Office …	
B - 1049 Brussels	

[Administrative Officer (from whom clarifications on grant agreement preparation forms should be requested): ……..

European Commission	Tel : +32-2-29……..
DG …….-……	Fax : +32-2-29…….
Office …	E-mail : ……
B - 1049 Brussels]	
Or[9] …….	Tel : 32-2 29……
Research Executive Agency (REA)	Fax : 32-2 29……..
COV 2 floor/office number …..-… ……..	E-mail : …….
B - 1120 Brussels	

4. EU financial contribution:

Maximum financial EU contribution[10] **……. EUR**

[Suggested breakdown of contribution per partner:
……..…….. ……. EUR
……..…….. ……. EUR]

5. Duration of the project **……. months**

6. Changes in technical content (please redraft the Description of Work on the basis of the specifications provided in the *Negotiation Guidance Notes for coordinators.* If applicable, please take into consideration the recommendations contained in the evaluation summary report and the following additional comments):
…….

7. Timetable for negotiation

<date> Deadline for the first version of the description of work (Annex I) and the GPFs
[<date> Negotiation meeting in Brussels/Luxembourg.]
<date> End of negotiations (including reception of final signed originals of GPFs)

8. [**Date and time of first negotiation meeting** ../..-…. at …..hours
Address for the first negotiation meeting: …..……
…….. ……Brussels/Luxembourg

The meeting is planned to last …. hours and will have the following draft agenda:
……..
……..]
[You will be notified of the date and place of the first negotiation meeting within the coming days.]

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9 Exclusively in the projects managed by Research Executive Agency

10 This is an estimate of the maximum possible funding and does not take into account any possibly required changes (e.g. in form of the grant, detailed consequences of any recommended technical adaptations). For Marie Curie actions this may be replaced by a maximum of man/months mobility.

Appendix 2 – Negotiation of ethics issues

Ethics in FP7 is important throughout the project lifecycle, from the concept and the initial design until the dissemination of results.
If there are ethics issues associated with or raised by a project, the applicants must describe how these will be dealt with in Annex I to Grant Agreement.

Ethics issues are to be addressed by project proposals that involve the collection/experimentation with humans (including clinical trials), and/or human tissue, the collection or processing of personal data, human surveillance and intervention of any kind of experimentation with animals, genetic information, etc.

Proposals that raise research ethics issues or those that do not address them adequately are usually identified by the scientific evaluation as needing additional attention by an Ethics Screening and/or Ethics Review Panel (ethics screening and ethics review are parts of the ethics review process).
If a project has been subject to an Ethics Review process, the grant agreement negotiation can not be concluded without taking full account of the relevant Ethics Screening/Review Report which should also form part of the technical annex, Annex I to the Grant Agreement.

The Ethics Review process within FP7 has two important functions:

1. To ensure that the European Commission does not fund any research that is ethically unsound or questionable.
2. To continuously raise awareness amongst researchers of ethics issues that may be raised by their research and enable them to address these adequately. This is particularly important for new and developing areas of research and technology (eg. genomics, IT, nanotechnology and security technologies), which had not until recently raised any ethics issues but where due to innovative research ethics considerations can become important.

Any project that includes research on human embryos or human embryonic stems cells; or research on non-human primates; or research intervention on human being (unless covered by Directive 2001/20/EC) will automatically be submitted to an Ethics Review organised by the Commission.

Normally an Ethics Review will have been carried out and an Ethics Review Report will be available by the time grant agreement negotiations begin. However, for some proposals requiring an ethics review this may not be the case. Where the approval of the national competent authority and/or a favourable opinion of the relevant ethics committee is/are not obtained before the start of the Grant Agreement, a special clause can be added to the GA requiring the relevant authorization or opinion to be obtained before the start of the corresponding research. (Special Clauses 15 and/or 16)
For further details see on http://ec.europa.eu/research/science-society/page_en.cfm?id=3198.

If the proposal contravenes the fundamental ethics principles of FP7 and this is unable to be resolved, the project may be stopped at any point in the evaluation/negotiation/award procedure[11].

Management
Where ethics issues are addressed by the project proposal, appropriate management of these issues should be guaranteed in the overall project management. This can be done in different ways, such as by involving one or more independent ethics expert in the management board, by creating a separate management board for the ethics issues, by adding a work package to analyse in depth the important ethics issues involved and engage in training activities or by working on an ethics impact assessment of the project. It can be useful to choose a mixture of these measures.

Reporting
The periodic report should devote a section for describing the handling of the ethics aspects of the project.

The Ethics Review Report in Grant Agreement negotiation
The Ethics Review Report contains three elements that have to be taken into account in the negotiation of Annex I to the Grant Agreement.

Requirements:
These conditions have been identified as necessary in order to fulfil FP7 ethics conditions. The requirements refer to the individual work programmes in which they must be incorporated. Annex I to the GA must demonstrate that these conditions are met and followed by the consortium.
Where additional information is required such as the approval of a national authority or the positive opinion of a local ethics committee, **the coordinator** must ensure that these are obtained prior to the start of the relevant research work. In order to avoid 'micro management' and over burdening the Project Officers, the availability of such approvals can be retrospectively verified in each progress report.

When the use of embryo / human embryonic stem cells (hESC) is involved, an additional approval is needed (regulatory procedure laid down in Articles 5 and 7 of Decision 1999/468/EC) prior to the start of any work. A special clause needs to be inserted in the Grant Agreement relating to embryo / hESC use (special clause 14).

If other requirements have been formulated or identified, the periodic report will have to report on these issues.

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[11] Regulation (EC) No 1906/2006 of the European Parliament and of the Council of 18 December 2006 laying down the rules for the participation of undertakings, research centers and universities in actions under the Seventh Framework Programme and for the dissemination of research results (2007-2013) – OJ L391 of 30.12.2006 p.1, Article 15.2.
Council Regulation (EURATOM) No 1908/2006 of 19 December 2006 laying down the rules for the participation of undertakings, research centers and universities in actions under the Seventh Framework Programme of the European Atomic Energy Community and for the dissemination of research results (2007-2011), – OJ L400 of 30.12.2006.p.1, p.4 - Article 14.2

Recommendations: Recommendations from the Ethics Report panel for improving the ethical soundness of the project could be part of the negotiation process.

Follow Up: Identification of any aspects of the project where ethics issues may need to be considered or reconsidered at a later stage.

Appendix 3 – Consortium Agreement

A Consortium Agreement is obligatory in most projects financed under FP7. If a Consortium Agreement is not obligatory this will be indicated in the call for proposals. The Consortium Agreement is a legally binding agreement between the beneficiaries of the project. The consortium must decide on terms and conditions of their consortium agreement (including the applicable law) that suits its members and their interest. The contents are their sole responsibility. The Commission/REA is not party to the Consortium Agreement (unless the Joint Research Centre of the European Commission is a participant in the Consortium) and the Commission/REA does NOT verify or check the content of the Consortium Agreement.

The terms of the Consortium Agreement cannot contradict or attempt to negate the provisions of the Grant Agreement. They may further develop those provisions or clarify details, specify the organisation of the work to be carried out and establish decision-making / technical management of the project, and dispute settlement procedures for the Consortium. In addition, the Consortium agreement is important for determining the provisions for distribution of the EU financial contribution including the pre-financing, and it can be used to identify the particular provisions relating to terms of the Grant Agreement (such as the terms and conditions of: protection or transfer of intellectual property rights; provisions for confidentiality and treatment of information; access rights to background or foreground for carrying out the project or for use of a beneficiary's own foreground; background to be brought to the project including any provisions relating to its limited or temporary exclusion).
A checklist of issues that can be addressed in the Consortium Agreement is available at: ftp://ftp.cordis.europa.eu/pub/fp7/docs/checklist_en.pdf.

Information and guidance on the content of a consortium agreement relating to Intellectual Property Rights (IPR) is also available from the IPR help-desk: http://www.ipr-helpdesk.org.

Appendix 4 – Additional requirements for sensitive projects involving classified information

In FP7, the use or production of classified information in a project is possible[12] but requires additional specific procedures. These procedures are described below. They will apply to all RTD actions under the theme 'Security' in the Specific Programme 'Cooperation'. They apply to other themes if so specified in the relevant call, or as appropriate when the subjects addressed are considered as sensitive.

Security research has certain specificities relating to its sensitive nature and the particular capability gaps that need to be addressed to protect Europe's citizens. Therefore, the classification of information and the application of strict rules on confidentiality can be essential to the success of research activities. In addition, the Commission supported by the Programme Committee needs to ensure that necessary provisions for the exchange of sensitive material subject to transfer- or export-licensing or projects addressing a topic subject to specific national or international legal restrictions are planned by the beneficiaries.

As stated in the documents "Rules on submission of proposals, and the related, evaluation, selection and award procedures" and the "Guide for Applicants", a Security Aspect Letter (SAL)[13], and its annex the Security Classification Guide (SCG)[14] describing all relevant procedures and information has been included in the proposal. A definitive version of the SAL and of the SCG will be annexed to the Description of Work and must be worked out during negotiations. Special clauses will be introduced in the Grant Agreement. National Security Authorities (NSA) will be consulted after the evaluation and before the negotiation through their representatives in the Security Assessment ad-hoc group from the Security Programme Committee. They will have the possibility to make recommendations regarding "Classified information" issues to be taken into account during the negotiation.

For projects based on proposals which did not contain a SAL but that have been subject to Security recommendations following the above procedure, a SAL and its SCG annex may be required during the negotiations.

During the course of the negotiation, the Commission services will check directly with the relevant NSAs that the beneficiaries involved in classified parts of the project have the necessary security clearances (level and period of validity) to undertake the proposed work. The Grant Agreement cannot be signed before NSA's answers are received. The Description of Work may be adapted if a partner is not able to get the appropriate security clearance in reasonable time.

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12 See Commission Decision (2001/844/EC, ECSC, Euratom) on security, amended by Decisions --- (2006/548/EC, Euratom and 2005/94/CE, Euratom)

13 'Security Aspects Letter (SAL)': a set of special contractual conditions, issued by the contracting authority, which forms an integral part of a classified contract involving access to or generation of EU classified information, and that identifies the security requirements or those elements of the classified contract requiring security protection.

14 'Security Classification Guide (SCG)': a document which describes the elements of a programme, contract or grant agreement which are classified, specifying the applicable security classification levels. The SCG may be expanded throughout the life of the programme, contract or grant agreement, and the elements of information may be re-classified or downgraded. The SCG must be part of the SAL.

Export control or transfer licences

Any project requiring export control or transfer licences would be subject to the same procedures as projects involving classified information.

The **Security Aspect Letter (SAL)** covers:

- The level of classification of background and foreground
- Which participant will have access to what information
- A statement on the clearances (or clearance requests)

In addition, a specific section should be added in the DoW if the proposed action involves the need to have export or transfer licences. In this case a copy of export or transfer licences (or requests) and a statement about the compliance with specific national or international legal restrictions should be provided.

Subcontracting:

If the beneficiaries have to negotiate subcontracts they are responsible for ensuring that all subcontracting activities are undertaken in accordance with the common minimum standards contained in the Grant Agreement. However, beneficiaries must not transmit EU classified information or material to a subcontractor without the prior written consent of the originator (in FP7 research actions, the originator is always the Commission).

If any classified subcontract is foreseen, it should be clearly mentioned and a SAL with its SCG annex should be part of the subcontract and submitted to the Commission for approval prior to the signature of the subcontract.

Levels of classification

EU TOP SECRET: This classification shall be applied only to information and material the unauthorised disclosure of which could cause exceptionally grave prejudice to the essential interests of the European Union or of one or more of its Member States. **There will be no EU TOP SECRET classified information in an FP7 action.**

EU SECRET: This classification shall be applied only to information and material the unauthorised disclosure of which could seriously harm the essential interests of the European Union or of one or more of its Member States.

EU CONFIDENTIAL: This classification shall be applied to information and material the unauthorised disclosure of which could harm the essential interests of the European Union or of one or more of its Member States.

EU RESTRICTED: This classification shall be applied to information and material the unauthorised disclosure of which could be disadvantageous to the interests of the European Union or of one or more of its Member States.

In addition, the following template for the list of deliverables has to be used for project involving classified information (including the extended set of deliverables codes):

List of Deliverables – to be submitted for review to EC/REA – including those with 'classified information' -

Del. no. [15]	**Deliverable name**	**WP no.**	**Lead participant**	***Estimated indicative person-months***	**Nature**[16]	**Dissemi-nation level** [17]	**Delivery date**[18] **(project month)**
			TOTAL				

15 Deliverable numbers in order of delivery dates: D1 – Dn

16 Please indicate the nature of the deliverable using one of the following codes:
R = Report, **P** = Prototype, **D** = Demonstrator, **O** = Other

17 Please indicate the dissemination level using one of the following codes:
PU = Public
PP = Restricted to other programme participants (including the Commission Services).
RE = Restricted to a group specified by the consortium (including the Commission Services).
CO = Confidential, only for members of the consortium (including the Commission Services).
Restreint UE = Classified with the classification level "EU Restricted"
Confidentiel UE = Classified with the classification level "EU Confidential"
Secret UE = Classified with the classification level "EU Secret"

18 Month in which the deliverables will be available. Month 1 marking the start date of the project, and all delivery dates being relative to this start date.

SECURITY ASPECT LETTER TEMPLATE

The Commission's provisions on security and the rules on security as laid down in Commission Decision 2001/844/EC, ECSC, Euratom of 29 November 2001 amending its internal Rules of Procedure, and its amendments introduced by Commission Decision 2005/94/EC, Euratom of 3 February 2005, Commission Decision 2006/70/EC, Euratom of 31 January 2006 and Commission Decision 2006/548/EC, Euratom of 2 August 2006, are an integral part of this Grant Agreement.

Special provisions apply and should be added here for Associated Countries in FP7 when they have a Security Agreement with the EU. Check with your project Officer.

This implies that beneficiaries shall make sure to take all appropriate measures to comply with the Commission's provisions on security when handling European Union Classified Information (EUCI).

In particular but not exclusively, the following security requirements must be complied with for handling and storage of the elements and parts of the Grant Agreement that are mentioned in the Security Classification Guide in the annex to this SAL for the Grant Agreement for performing [proposal acronym].

General

The performance of the Grant Agreement will involve classified information EU [maximum level of classification].
A Facility Security Clearance [is] [is not] required.
Persons who need to access EU classified information must [have an EU personal security clearance and] be briefed as to their responsibility concerning security[19].
The beneficiaries concerned shall take all measures prescribed by the National Security Authority/Designated Security Authority (NSA/DSA) for safeguarding EUCI.
The beneficiaries concerned shall appoint a Facility Security Officer (FSO).
The beneficiaries concerned, through the FSO, shall maintain a continuing relationship with his NSA/DSA.
The beneficiaries concerned shall maintain a record of his employees taking part in the project and who have been cleared for access to EUCI.
EU classified information for the purpose of these instructions is to be understood as information classified and marked EU [maximum level of classification] or its equivalent national classification.
Information generated by the beneficiaries concerned will require EU classification and marking.
The beneficiaries concerned must obtain the approval of the Contracting Authority before beginning negotiations with a view to subcontract.
The Commission Security Directorate may - in co-ordination with the responsible NSA/DSA - conduct inspections at beneficiaries' facilities concerned to verify the implementation of the security requirements for the handling of EUCI.

[19] Commission Decision 2001/844/EC, Rules on Security Section 19.1

The beneficiaries concerned shall report all cases of unauthorised disclosure or loss of EUCI to the responsible NSA/DSA, the Commission Security Directorate and the Contracting Authority.
All EUCI provided or generated under this Grant Agreement shall continue to be protected in the event of termination of the Grant Agreement.
The beneficiaries concerned shall undertake not to use the EUCI provided or generated, other than for the specific purpose of the Grant Agreement [proposal acronym].
Handling and storage instructions for information classified EU [maximum level of classification][20]

[20] *Idem above note 1*

Annex to the Security Aspects Letter (SAL)
Security Classification Guide (SCG)

This template should be filled in for all sensitive projects and will be part of the Grant Agreement

USE of classified Background						
Subject	Classification level	Owner *(Name+ country)*	Beneficiaries wanting to access			Comments including purpose of the access and planned use
			Name *(+country)*	Clearance	Date of access	

Production of classified Foreground				
Subject	**Classification level**	**Beneficiaries involved in production or wanting to access**		**Comments including purpose of the access and planned use**
		Responsibility	**Date of production**	
number and name of the deliverable	proposed Classification level	entities name only		
		owner		
		contributor		

		reader		
number and name of the deliverable	proposed Classification level	entities name only		
		owner		
		contributor		
		reader		

Exchange of sensitive material subject to export or transfer licence						
Subject	Type of material	Owner *(Name+ country)*	Beneficiaries requiring access to sensitive material			Comments including purpose of the export or transfer
			Name *(+country)*	Licence ref	Date of transfer	

Topic submitted to legal restrictions						
Subject	Restrictions description	Ref to national or international legislation	Beneficiaries subject to restrictions			Comments
			Name *(+country)*	Action taken	Date of action	

Appendix 5 – Negotiation checklist template

The following template is designed to ensure that all information necessary to issue a Grant Agreement is discussed and delivered to the Commission/REA.

Although the first negotiation meeting (or contact by phone/email, if no meeting is planned) mainly concentrates on Annex I to the Grant Agreement (Description of Work), it may also touch on financial and legal issues. The Consortium should therefore prepare for the discussion of all the issues in the checklist for the first meeting.

CHECK LIST FOR PROJECT NEGOTIATIONS

Prior to first contact	
Agree on the coordinator	
Agree on the other beneficiaries' roles	
(If not already done) Confirm need for subcontracting, or any other third party, competitive calls, etc.	
Establish Consortium Agreement	
Clarify each beneficiary's status for identifying the correct reimbursement rate per legal entity and the method used for determining indirect costs	
Complete first draft of Annex I and any appendices	
Provide necessary bank account information	
Check FP7 validation and PIC for all beneficiaries; provide necessary legal documents to REA if necessary	
Try out working with NEF	

Meeting / Contact	
Confirm agreement on NEF information :	
Proposal abstract	
Budget breakdown summaries (including receipts)	
Management costs	
Beneficiaries' direct/indirect costs	
Subcontracts and other third parties	
Discuss issues in draft Annex I :	
Those addressed by ESR	
Those indicated in Negotiation Mandate and arising during meeting/contact	
Those related to individual headings in Annex I 'table of contents'	
Set/agree date for submission of revised/final Annex I and GPFs	
Check data consistency between NEF data and the narrative part of Annex I.	
Clarify financial/legal issues of the Grant Agreement:	
Acceptability of form of grant used by participants	

Clarify special clauses	
Confirm resources making up the counterpart funding for the project - clarify extent of participants' other involvement in FP7/other EU programmes	
Prepare the documents for the financial viability check, if necessary	
[Set/agree date and time of next meeting/contact, if necessary]	
Estimate costs of methodology certification and/or average personnel rate certification	

Final submission	
Submit agreed final Annex I	
Submit agreed and signed final GPFs	
Submit any annexes	

Appendix 6 – Subcontracting in FP7[21]

What subcontracting may be carried out under FP7 projects and when?

The Model Grant Agreement indicates that the beneficiaries must ensure the work to be performed, as identified in Annex I, can be carried out by them. However, where it is necessary to subcontract certain elements of the work to be carried out, this should be clearly identified in Annex I.

Subcontracting may concern only certain parts of the project, as the implementation of the project lies with the beneficiaries. Therefore, the subcontracted parts should in principle not be "core" parts of the project work. In cases where it is proposed to subcontract substantial/core parts of the work, this question must be carefully discussed with and approved by the Commission/REA and the subcontracted tasks identified in the respective chapter of Annex I. In some cases, it may be necessary that the intended subcontractor becomes a beneficiary instead of being a subcontractor, or that the Consortium is asked to find another beneficiary able to perform that part of the work.

During the implementation of the **project**, beneficiaries may subcontract other minor support services that do not represent core elements of the *project* work. The coordination tasks of the coordinator such as the distribution of funds, the review and collection of reports and others tasks mentioned under Article II.2.3 of the Grant Agreement cannot be subcontracted. Other project management activities could be subcontracted under the conditions established for subcontracting.

The specific tasks to be performed by a subcontractor, including a financial estimation of the costs, should be identified in the relevant part of Annex I. It is not necessary to identify the subcontractor, except where the subcontractor has already been identified following the procedures described below.

What are the conditions under which subcontracting may be carried out under FP7 projects?

Article II.7.2 of the Grant Agreement requires beneficiaries to ensure that transparent bidding procedures are used before selecting a subcontractor.

"Any subcontract, the costs of which are to be claimed as an eligible cost, must be awarded to the bid offering best value for money (best price-quality ratio), under conditions of transparency and equal treatment."

However, this does not mean that a full tendering procedure has to be launched for every subcontract[22]. Many organisations have framework contracts with a third party to carry out

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21 Other than subcontracting to RTD performers (Research for the Benefit of SMEs)

22 **For public entities**, the award procedure must comply with any national legislation applicable to them. For subcontracts exceeding certain amounts, the Directive on public procurement of services applies and the publication of a call for tenders is mandatory. For subcontracts below those thresholds, the beneficiary should follow internal procedures, assuming that they comply with the terms of the EC contract. However, they should in any case comply with the terms of the GA.

routine and repetitive tasks. They have been established before the beginning of the project, and are the usual practice of the beneficiaries for a given type of task. These frameworks contracts can be used to carry out tasks necessary for implementing the EC project provided they have been established on the basis of the principles of best value for money and transparency mentioned above.

Public entities must follow the procurement principles established by their national authorities; however, they should in any case comply with the terms of the Grant Agreement.

Subcontracting can under no condition be used to circumvent the FP7 Rules for participation, that is, to provide financing to a legal entity that would not otherwise have been eligible for funding under the Framework Programme.

The costs of the services to be subcontracted are normally not sufficient to determine whether the conditions above are met. As a general rule, subcontracting does not occur between beneficiaries.

What other conditions does the beneficiary have to meet when subcontracting?

The beneficiary remains responsible for all its rights and obligations under the Grant Agreement, also for the tasks carried out by a subcontractor. The beneficiary must ensure that the intellectual property that may be generated by a subcontractor reverts to the beneficiary so that it can meet its obligations under the Grant Agreement. In addition, the Grant Agreement requires that the beneficiary impose a certain number of conditions in its subcontract with the subcontractor, including aspects relating to audits by the Commission/REA and the European Court of Auditors, etc.

What rights and obligations does a subcontractor have?

A subcontractor is paid in full for the work carried out. The work that a subcontractor carries out under the project belongs to the beneficiary in the Grant Agreement. A subcontractor has no rights or obligations vis-à-vis the Commission/REA or the other beneficiaries to the Grant Agreement as it is a third party. However, as mentioned above, the beneficiary must ensure that the subcontractor can be audited by the Commission/REA and the European Court of Auditors.

For public entities, the award procedure must comply with any national legislation applicable to them. For subcontracts exceeding certain amounts, the Directive on public procurement of services applies and the publication of a call for tenders is mandatory. For subcontracts below those thresholds, the beneficiary should follow internal procedures, assuming that they comply with the terms of the GA

Private legal entities follow their internal rules which they apply for the normal selection of procurement contracts (typically a minimum of three offers). The publication of a call for tenders is normally not necessary for private legal entities.
At the request of the Commission and especially in the event of an audit, beneficiaries must be able to demonstrate that they have respected the conditions of transparency and equal treatment in selecting a subcontractor. The selection criteria must be based on the best value for money given the quality of the service proposed (best price-quality ratio).

Is a freelance expert a subcontractor or a temporary employee?

The use of freelance experts either as in-house consultants or as external consultants may be considered to be subcontracts or a form of personnel costs depending on the terms and conditions of the agreement between the expert and the beneficiary. For more explanations see Article II.14 in the Guide to Financial Issues.

Subcontracting vs. purchase of durable equipment/consumables

Sometimes the purchase of equipment or consumables is associated with the provision of a service. Depending on the nature of the services provided, they may be considered subcontracts or part of the equipment purchase. If the service is part of the "package" of equipment purchase, then it will be considered to be part of the equipment purchase.

Subcontracting can also include the costs for organising a conference such as renting a room, catering, printing conference materials, etc.

Subcontracting certificates

The provisions applying to subcontractors apply also to external auditors. When the beneficiary uses its usual external auditor it is considered that it has been chosen by transparent means according to the provisions of the EC grant agreement (Article II.7).

The cost of a certificate is an eligible cost under the management activities, under subcontract costs. VAT charged by the auditor is not an eligible cost.

A certificate for the subcontractor's costs is not needed. The costs of the subcontractor will be covered by the beneficiary's certificate.

Subcontracting in projects involving the use or production of "Classified information"

Subcontracting in projects involving the use or production of "Classified information" is subject to restrictions as described in Appendix 4 of these guidance notes.

Other third parties

A third party, is, by definition, any legal entity which does not sign the Grant Agreement. A subcontractor is a type of third party, but not the only one. As the implementation of the project is the responsibility of the beneficiaries (who **do sign** the Grant Agreement), as a general rule beneficiaries should have the capacity to carry out the work themselves. Therefore the rule is that the costs eligible in a project must be incurred by the beneficiaries (the signatories to the Grant Agreement).

However, in some circumstances the Grant Agreement accepts some third parties whose costs may be eligible.

Third parties may contribute to the project in two possible ways:

- By making available their resources to a beneficiary (for the beneficiary to be able to carry out part of the work);

- By carrying out part of the work themselves.

These costs may be eligible under certain conditions:

- In the case of third parties making their resources available, the third party, the tasks to be performed, and the resources allocated to the project by the third party must be identified during the negotiations and mentioned in the respective part of Annex I (and in some cases also in a special clause in the Grant Agreement).
- In the case of third parties carrying out part of the work which are not subcontractors, the beneficiaries are entitled to charge their costs only in the cases covered by a special clause. It is essential therefore to discuss these cases at an early stage during the negotiations, and if they are accepted, to include the relevant special clause in the Grant Agreement. Third parties involved in a project in this way have to undergo verification of their existence and legal status in the same way as the beneficiaries, i.e. they also have to be registered and validated (see Chapter 1, heading "Validation of existence and legal status). Their budget should be described in details during negotiations.

Appendix 7 – How to consider gender aspects in projects

The European Commission/REA attaches considerable importance to gender equality Articles 19, 153 and 157 of the EU treaty endorse the principles of equal treatment in all activities including research and technological development. Furthermore, in April 2005, the Competitiveness Council invited the Commission to continue improving the participation of women in all areas of research and to further develop the Gender Watch System. The Commission has set targets to have a 40% representation of both sexes on all groups, panels and committees including those associated with the Research Framework programmes.

The lack of women's participation in scientific research, especially at high level, has been documented for many scientific fields. All projects are encouraged to have a balanced participation of women and men in their research activities and to raise awareness on combating gender prejudices and stereotypes.

Sex and / or gender are relevant variables in many research fields and generally referred to as the gender dimension of the research content. When human beings are involved as research subjects or users, and in training or dissemination activities, gender differences may exist. These must be addressed as an integral part of the research to ensure the highest level of scientific quality. The Work Programmes of the different themes may indicate specific topics where gender aspects should be given specific attention. It is easy to understand that sex and gender are variables that must be addressed when considering health research but it might be less easy to understand that gender could also be an important factor in, for example, aeronautical or energy research. As a guideline, wherever human beings are involved in the research, for example as consumers, users and patients, or in trials, gender will be an issue and should be considered and addressed.

The Commission/REA will inform the coordinator, during grant negotiation, of the importance of having a good gender balance within the project. The Commission/REA will also inform the coordinator on whether it considers the gender dimension of the research content an area that should be addressed within the project.

Beneficiaries should note that, in FP7, parental leave costs are eligible costs.

Consideration of Gender Aspects for Collaborative Projects and Networks of Excellence

As indicated in Part B of the Guide for Applicants, beneficiaries will be invited, during grant negotiation, to consider how best to promote gender equality during the lifetime of their projects both in terms of a balanced participation of men and women and in terms of the gender dimension of the scientific research.

Beneficiaries opting to promote gender equality within the project should submit either a dedicated work package or a task within a work package indicating the actions they intend to carry out. These will form part of the grant agreement and will be assessed during subsequent reporting periods, as defined in the Grant Agreement.

The following list gives examples of possible actions that might be considered to promote the higher participation of women in scientific research and FP7 projects. The list is not exhaustive and any other action proposed by the Consortium is welcome.

ACTIONS TO ACHIEVE GENDER BALANCE WITHIN THE WORKFORCE

- Survey the position and the needs of women staff
- Design and implement equal opportunities policy
- Positive actions for women scientists re-entering professional life
- Set targets to achieve gender balance in decision-making positions
- Design and implement mentoring schemes for women
- Promote women's participation in Consortium research activities
- Promote women's participation in committees and working groups
- Design and implement gender awareness training for HR Managers
- Family friendly working conditions

MONITORING ACTIONS

- Appoint gender equality officer
- Create an equal opportunities commission
- Collect sex-disaggregated data on workforce regularly
- Collect data on women's participation in research activities
- Monitor impact of family friendly working conditions
- Disseminate data collection results within workforce
- Studies or analysis of attitudes / priorities of research personnel in the scientific field of the project

ACTIONS TO RAISE GENDER AWARENESS

- Organise conferences, seminars, lectures with gender experts
- Set up a gender awareness group
- Develop information tools (newsletters, websites, etc)
- Network with women's organisations or equal opportunities bodies

ACTIONS TO PROMOTE WOMEN IN SCIENCE

- Organise outreach activities in the school system
- Invite students to visit the research laboratories
- Organise girls' days
- Deliver lectures in universities/higher education institutions
- Offer traineeships to women students

Appendix 9 – Grant Agreement Preparation Forms

The Grant Agreement Preparation Forms (GPFs) are necessary for the production of the Grant Agreement.

Essentially, the forms identify the beneficiaries that will sign/accede to the Grant Agreement, establish the estimated eligible costs and the maximum EU contribution. The forms also include a standard declaration to be signed by each participating organisation.

To assist applicants to complete the GPFs, the Commission/REA have made available:

- Annotations, 'Templates to the Description of Work' available as a separate document
- Pre-filled legal information (see below)
- Online Negotiation Facility tool (NEF) - to be used by the coordinator, the participants and the Project Officer in charge of the project.

Participants can view and change pre-filled data already available from the proposal and from the FP7 participant databases of the Commission/REA. Legal entity related information can be modified by the LEAR of the entity via the Participant Portal. Other project-related information can be modified by the participants themselves in NEF.

Legal information is captured in form A2.1. This information is pre-filled by the Commission/REA using information either taken from the proposal or downloaded from the Participant Portal.

In view of the mandatory validation of the existence and legal status of applicants, legal entities not yet registered must self-register at http://ec.europa.eu/research/participants/portal. They should also appoint a Legal Entity Appointed Representative (LEAR) using the forms available at http://cordis.europa.eu/fp7/urf-lear_en.html. The validation services in the Research Executive Agency (REA) contact the entity before or during the negotiations to request a so called "identification fiche" and supporting legal documents. For instructions on these arrangements, see the annotations to form A2.1.

Third parties involved in the project via **Special Clause 10** to the Model Grant Agreement are subject to the same requirement for validation of existence and legal status as the direct beneficiaries. Therefore, where necessary, third parties covered by Special Clause 10 must undergo the same procedure of self-registration and validation. The third parties linked to an individual participant must be identified in form A2.2 for this particular participant.

Budgetary information is captured in form A3.2. The budget breakdown is also part of Part A of Annex I to the Grant Agreement. The same data appearing in the budget table of form A3.2 has to be used in Part A of Annex I of the Grant Agreement.

The GPFs also include in Appendix I simplified accounts that may be requested as part of the financial viability check. These simplified account sheets have to be provided only if they are required by the Project Officer during negotiations.

EUROPEAN COMMISSION

Community Research

SEVENTH FRAMEWORK PROGRAMME

GRANT AGREEMENT PREPARATION FORMS

FP7 Collaborative Projects, Networks of Excellence, Coordination and Support Actions, Research for the benefit of Specific Groups (in particular SMEs)

Version 10 September 2010

Grant Agreement Preparation Forms

EUROPEAN COMMISSION

7th Framework Programme on Research, Technological Development and Demonstration

All Schemes

A1:

Our Project

Project number[1]		Project acronym[2]	

ONE FORM PER PROJECT

GENERAL INFORMATION			
Project title[3]			
Starting date[4]			
Duration in months[5]			
Call (part) identifier[6]			
Activity code(s) most relevant to your topic[7]			
Free keywords[8]			

Abstract[9] (max. 2000 char.)

Grant agreement Preparation Forms

EUROPEAN COMMISSION

7th Framework Programme on Research, Technological Development and Demonstration

All schemes (except Research for the benefit of SMEs)

A2.1: Who we are

Project number[1]		Project acronym[2]		Participant number in this project[10]		Participant short name[11]	

ONE FORM PER PARTICIPANT

LEGAL DATA

If your organisation has already registered for FP7, enter your Participant Identity Code (PIC)[12]	
Participant legal name[13]	
Participant short name[11]	
Status of validation[14]	

Legal address of the participant			
Street name[15]		Number[15]	
Town[15]			
Postal Code /Cedex[15]			
Country[16]			
Internet homepage (optional)			

Registration data of the participant	
Legal registration number[17]	
Place of registration[17]	
Date of registration[17]	
VAT number[18]	

Legal Entity Appointed Representative (LEAR)[19]			
Family name		First name(s)	
Phone 1[20]		Phone 2[21]	
E-mail		Fax[21]	

If the legal information is not validated or has the status of validated but is incorrect, supporting documents will have to be provided to the Commission/REA. Legal supporting documents include an Identification Fiche and, depending on your legal status, supporting documents as described on http://ec.europa.eu/budget/execution/legal_entities_fr.htm.

Grant Agreement Preparation Forms

EUROPEAN COMMISSION

7th Framework Programme on Research, Technological Development and Demonstration

Research for the benefit of SMEs

A2.1: Who we are

<u>If this is a stage 1 proposal:</u> Each participant should complete their own section A2 and it should be done for at least the number of partners necessary to comply with the eligibility criteria in the Work programme.
<u>If this is a stage 2 proposal:</u> Each participant should complete their own section A2.

Project number[1]		Project acronym[2]		Participant number in this project[10]		Participant short name[11]	

ONE FORM PER PARTICIPANT

LEGAL DATA

If your organisation has already registered for FP7, enter your Participant Identity Code (PIC)[12]	
Participant legal name[13]	
Type of participant: SME Participant (SME-P), SME Association/Grouping (SME-AG), Other enterprises or end-users (OTH), RTD Performer (RTD)	

Legal address of the participant			
Street name[15]		Number[15]	
Town[15]			
Postal Code /Cedex[15]			
Country[16]			
Internet homepage (optional)			

IF YOU ARE AN ENTERPRISE[28]

Total data of your enterprise for the latest closed accounting period					
Staff headcount		Annual turnover		Annual balance sheet	

Based on the figures above, do you meet the following additional criteria:	
1. You have less than 250 Employees?	YES/NO
2. Your turnover is less than 50 mill euro or your annual balance sheet total is less than 43 mill euro?	YES/NO
3. You are autonomous, and if not after having taken into account the data of your partner and/or linked enterprises, you are still in conformity with questions 1 and 2 above?	YES/NO
Following this can **you confirm that you are an SME according to the Recommendation 2003/361/EC in the version of 6th May 2003:**	YES/NO

IF YOU ARE AN SME ASSOCIATION/GROUPING

How many EU Member States or Associated Countries are represented in your association/grouping?					
Percentage of SME members		Percentage of other enterprises members		Percentage of other SME-AG members	
Number of SME members		Number of other enterprise members		Number of other SME-AG members	

Grant Agreement Preparation Forms

EUROPEAN COMMISSION

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All Schemes

A2.2: Who we are

Project number[1]		Project acronym[2]		Participant number in this project[10]		Participant short name[11]	

ONE FORM PER PARTICIPANT

STATUS OF YOUR ORGANISATION

Certain types of organisations benefit from special conditions under FP7 participation rules. If you are one of these, please tick the appropriate box(es) below.[21]

Your organisation is:

❒	Natural person[22]
❒	Legal person[22]
❒	Non-profit
❒	Research Organisation[23]
❒	Public body[24]
❒	International organisation[25]
❒	International organisation of European interest[26]
❒	Secondary and higher education establishment[27]
❒	Enterprise[28]
❒	SME[29]

THIRD PARTIES LINKED TO THIS PARTICIPANT FOR THIS PROJECT VIA SPECIAL CLAUSE 10

Legal name	PIC

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All Schemes

A2.3: Authorised Representatives

Project number[1]		Project acronym[2]		Participant number in this project[10]		Participant short name[11]	

ONE FORM PER PARTICIPANT

AUTHORISED REPRESENTATIVES FOR THIS PROJECT

Authorised representative to sign the Grant Agreement or to commit the organisation for this project			
Family name		First name(s)	
Title[30]		Gender[31] (Female – F / Male – M)	
Position in the organisation[32]			
Department/Faculty/Institute/Laboratory name/…[33]			
Address (if different from the legal address)			
Street name[15]		Number[15]	
Town[15]			
Postal Code /Cedex[15]			
Country[16]			
Phone 1[20]		Phone 2[20]	
E-mail		Fax[20]	

Authorised representative to sign the Grant Agreement or to commit the organisation for this project			
Family name		First name(s)	
Title[30]		Gender[31] (Female – F / Male – M)	
Position in the organisation[32]			
Department/Faculty/Institute/Laboratory name/…[33]			
Address (if different from the legal address)			
Street name[15]		Number[15]	
Town[15]			
Postal Code /Cedex[15]			
Country[16]			
Phone 1[20]		Phone 2[20]	
E-mail		Fax[20]	

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All Schemes

A2.4: How to contact us

Project number[1]		Project acronym[2]		Participant number in this project[10]		Participant short name[11]	

ONE FORM PER PARTICIPANT

CONTACT PERSONS FOR THIS PROJECT

Person in charge of administrative, legal and financial aspects in this project			
Family name		First name(s)	
Title[30]		Gender[31] (Female – F / Male – M)	
Position in the organisation[32]			
Department/Faculty/Institute/Laboratory name/…[33]			
Address (if different from the legal address)			
Street name[15]		Number[15]	
Town[15]			
Postal Code /Cedex[15]			
Country[16]			
Phone 1[20]		Phone 2[20]	
E-mail		Fax[20]	

Person in charge of scientific and technical/technological aspects in the project			
Family name		First name(s)	
Title[30]		Gender[31] (Female – F / Male – M)	
Position in the organisation[32]			
Department/Faculty/Institute/Laboratory name/…[33]			
Address (if different from the legal address)			
Street name[15]		Number[15]	
Town[15]			
Postal Code /Cedex[15]			
Country[16]			
Phone 1[20]		Phone 2[20]	
E-mail		Fax[20]	

Grant Agreement Preparation Forms

EUROPEAN COMMISSION

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All Schemes

A2.5: Our commitment

Project number[1]		Project acronym[2]		Participant number in this project[10]		Participant short name[11]	

ONE FORM PER PARTICIPANT

CERTIFIED DECLARATION

1- As an authorised representative to sign the grant agreement or to commit the abovementioned organisation, I am fully aware that a grant agreement may not be awarded to an applicant who is, at the time of a grant award procedure, in one of the situations referred to in Articles 93(1), 94 and 96(2)(a) of the EU Financial Regulation applicable to the general budget of the European Communities [Council Regulation (EC, Euratom) No 1605/2002 of 25 June 2002, as last amended by Council Regulation (EC, Euratom) No 1995/2006].

As a consequence, I certify that:

- In compliance with article 93(1) of the abovementioned Regulation, none of the following cases apply to our organisation:
  a) it is bankrupt or being wound up, is having its affairs administered by the courts, has entered into an arrangement with creditors, has suspended business activities, is the subject of proceedings concerning those matters, or is in any analogous situation arising from a similar procedure provided for in national legislation or regulations;
  b) it has been convicted of an offence concerning its professional conduct by a judgment which has the force of *res judicata*;
  c) it has been guilty of grave professional misconduct proven by any means which the contracting authority can justify;
  d) it has not fulfilled obligations relating to the payment of social security contributions or the payment of taxes in accordance with the legal provisions of the country in which it is established or with those of the country of the contracting authority or those of the country where the contract is to be performed;
  e) it has been the subject of a judgment which has the force of *res judicata* for fraud, corruption, involvement in a criminal organisation or any other illegal activity detrimental to the EU's financial interests;
  f) it is currently subject to an administrative penalty referred to in Article 96(1) of the above-mentioned Regulation.

- In compliance with Article 94 of the abovementioned Regulation, and as far as the current grant award procedure is concerned, our organisation:
  g) is not subject to a conflict of interest;
  h) has not made false declarations in supplying the information required by the Commission/REA as a condition of participation in the grant award procedure or does not fail to supply this information;
  i) is not in one of the situations of exclusion, referred to in the abovementioned points a) to f).

2- As an authorised representative to sign the grant agreement or to commit the abovementioned organisation, I also certify that our organisation:

- is committed to participate in the abovementioned project;
- has stable and sufficient sources of funding to maintain its activity throughout its participation in the abovementioned project and to provide any counterpart funding necessary;
- has or will have the necessary resources as and when needed to carry out its involvement in the abovementioned project.

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All Schemes

A2.5: Our commitment

Project number[1]		Project acronym[2]		Participant number in this project[10]		Participant short name[11]	

ONE FORM PER PARTICIPANT

CERTIFIED DECLARATION

3- As an authorised representative to sign the Grant Agreement or to commit the abovementioned organisation, I finally certify that all the information relating to our organisation set out in the different Grant Agreement Preparation Forms is complete, accurate and correct; and that the estimated costs meet the criteria for eligible costs for FP7 projects – as established by the EC model grant agreement – are notably based on our usual accounting and management principles and practices, and reflect the costs expected to be incurred in carrying out the planed work described in Annex I (Description of Work).

4- Our organisation is fully aware that the Commission/REA may impose administrative or financial penalties on legal entities who are guilty of misrepresentation in supplying the information required by the Commission/REA as a condition of participation in the grant award procedure or who fail to supply this information; have been declared to be in serious breach of their obligations under any contract/Grant Agreement covered by the budget of the EU. Such penalties shall be proportionate to the importance of the contract/Grant Agreement and the seriousness of the misconduct, and may consist in their exclusion from the contracts and grants financed by the budget of the Commission/REA for a maximum period of ten years and payment of financial penalties.

5- As an authorised representative I certify that the information given in the form A2.2 is correct.

Participant legal name[13]			
Family name of authorised representative		First name(s)	
Date DD/MM/YYYY		Signature of the authorised representative to sign the Grant Agreement or to commit the organisation[34]	
Family name of authorised representative		First name(s)	
Date DD/MM/YYYY		Signature of the authorised representative to sign the Grant Agreement or to commit the organisation[34]	

Grant Agreement Preparation Forms

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All Schemes

A2.6: Data Protection & coordination role

Project number[1]		Project acronym[2]		Participant number in this project[10]		Participant short name[11]	

SIGNED ONLY BY THE COORDINATOR – PARTICIPANT NO. 1

CERTIFIED DECLARATION

As coordinator on behalf of all applicants I take note of the following statement:

"All personal data (such as names, addresses, CVs, etc.) will be processed in accordance with Regulation (EC) No. 45/2001 of the European Parliament and of the Council of 18 December 2000 on the protection of individuals with regard to the processing of personal data by the EU institutions and bodies and on the free movement of such data (Official Journal L 8, 12.01.2001). Such data will be processed solely in connection with the assessment of the project by the Commission/REA department responsible for FP7. On request, proposers may obtain access to their personal data and correct or complete them. Any questions relating to the processing of these data can be addressed to the project officer. Proposers may lodge a complaint against the processing of their personal data with the European Data Protection Supervisor at any time."

Any sensitive information or material used as background or produced as foreground in this project is covered by a Security Aspect Letter (SAL)[35] which is provided. If sensitive information or material is found to be required at a later stage of the project, an amendment to the Grant Agreement will be requested and a SAL will be provided.

I also certify that our organisation is committed to act as the coordinator of this project.

Participant legal name[13]			
Family name of authorised representative		First name(s)	
Date DD/MM/YYYY		Signature of the authorised representative to sign the Grant Agreement or to commit the organisation[34]	
Family name of authorised representative		First name(s)	
Date DD/MM/YYYY		Signature of the authorised representative to sign the Grant Agreement or to commit the organisation[34]	

Grant Agreement Preparation Forms

EUROPEAN COMMISSION

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Collaborative Project

A3.1: What it costs

Project number[1]		Project acronym[2]		Participant number in this project[10]		Participant short name[11]	

ONE FORM PER PARTICIPANT

Funding % for RTD/Innovation activities (A)[36]	50% or 75%

Indirect costs[37]

Actual indirect costs[38] ❒
Simplified method[39] ❒
Standard flat rate[40] ❒
Special transitional flat rate[41] ❒

My legal entity is established in an ICPC[42] and I shall use the lump sum funding method. **YES / NO**
Different from the indirect cost method of my legal entity, my department/faculty/etc. uses actual indirect costs (Special Clause 30).**YES / NO**

	Type of Activity				
	RTD / Innovation (A)	Demonstration (B)	Management (C)	Other (D)	TOTAL A+B+C+D
Personnel costs					
Subcontracting					
Other direct costs					
Indirect costs					
Lump sum, flat-rate or scale-of-unit (option only for ICPC)					
Total costs					
Maximum allowable EU contribution					
Requested EU contribution					
Receipts					

Grant Agreement Preparation Forms

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Collaborative Project

A3.2:
What it costs

Project number[1]		Project acronym[2]	

ONE FORM PER PROJECT

Participant number in this project	Participant short name	Estimated eligible costs (whole duration of the project)					Total receipts	Requested EU contribution
		RTD / Innovation (A)	Demonstration (B)	Management (C)	Other (D)	TOTAL A+B+C+D		
Total								

Grant Agreement Preparation Forms

EUROPEAN COMMISSION

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Coordination and Support Action

A3.1:
What it costs

Project number[1]		Project acronym[2]		Participant number in this project[10]		Participant short name[11]	

ONE FORM PER PARTICIPANT

Indirect costs[37]

Actual indirect costs[38] ❒ Simplified method[39] ❒
Standard flat rate[40] ❒ Special transitional flat rate[41] ❒

My legal entity is established in an ICPC[42] and I shall use the lump sum funding method. **YES / NO**
Different from the indirect cost method of my legal entity, my department/faculty/etc. uses actual indirect costs (Special Clause 30).**YES / NO**

	Type of Activity			
	Coordination/ Support (A)	Management (B)	Other (C)	TOTAL A+B+C
Personnel costs				
Subcontracting				
Other direct costs				
Indirect costs				
Maximum reimbursement indirect costs[43]				
Lump sum, flat-rate or scale-of-unit (option only for ICPC)				
Total costs				
Maximum allowable EU contribution				
Requested EU contribution				
Receipts				

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Coordination and Support Action

A3.2:
What it costs

Project number[1]		Project acronym[2]	

ONE FORM PER PROJECT

Participant number in this project	Participant short name	Estimated eligible costs (whole duration of the project)				Total receipts	Requested EU contribution
		Coordination/ Support (A)	Management (B)	Other (C)	TOTAL A+B+C		
Total							

Grant Agreement Preparation Forms

EUROPEAN COMMISSION

7th Framework Programme for Research, Technological Development and Demonstration

Network of Excellence

A3.1:
What it costs

Project number[1]		Project acronym[2]		Participant number in this project[10]		Participant short name[11]	

ONE FORM PER PARTICIPANT

Funding % for RTD[44]	50% or 75%

Indirect costs[37]

Actual indirect costs[38] ❒ Simplified method[39] ❒
Standard flat rate[40] ❒ Special transitional flat rate[41] ❒

My legal entity is established in an ICPC[42] and I shall use the lump sum funding method. **YES / NO**
Different from the indirect cost method of my legal entity, my department/faculty/etc. uses actual indirect costs (Special Clause 30).**YES / NO**

	Type of Activity			
	RTD (A)	**Management (B)**	**Other (C)**	**TOTAL A+B+C**
Personnel costs				
Subcontracting				
Other direct costs				
Indirect costs				
Lump sum, flat-rate or scale-of-unit (option only for ICPC)				
Total costs				
Maximum allowable EU contribution				
Requested EU contribution				
Receipts				

Grant Agreement Preparation Forms

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Network of Excellence

A3.2:
What it costs

Project number[1]		Project acronym[2]	

ONE FORM PER PROJECT

Participant number in this project	Participant short name	Estimated eligible costs (whole duration of the project)				Total receipts	Requested EU contribution
		RTD (A)	Management (B)	Other (C)	TOTAL A+B+C		
Total							

Grant Agreement Preparation Forms

EUROPEAN COMMISSION

7th Framework Programme for Research, Technological Development and Demonstration

Combination of Collaborative Project and Coordination and Support Actions

A3.1:

What it costs

Project number[1]		Project acronym[2]		Participant number in this project[10]		Participant short name[11]	

ONE FORM PER PARTICIPANT

Funding % for RTD	50% or 75%

Indirect costs[37]

Actual indirect costs[38] ❒ Simplified method[39] ❒
Standard flat rate[40] ❒ Special transitional flat rate[41] ❒

My legal entity is established in an ICPC[42] and I shall use the lump sum funding method. **YES / NO**
Different from the indirect cost method of my legal entity, my department/faculty/etc. uses actual indirect costs (Special Clause 30).**YES / NO**

	Type of Activity					
	RTD (A)	**Coordination (B)**	**Support (C)**	**Management (D)**	**Other (E)**	**TOTAL A+B+C+D+E**
Personnel costs						
Subcontracting						
Other direct costs						
Indirect costs						
Access costs						
Lump sum, flat-rate or scale-of-unit (option only for ICPC)						
Total costs						
Maximum allowable EU contribution						
Requested EU contribution						
Receipts						

Grant Agreement Preparation Forms

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Combination of Collaborative Project and Coordination and Support Actions

A3.2:

What it costs

Project number[1]		Project acronym[2]	

ONE FORM PER PROJECT

Participant number in this project	Participant short name	Estimated eligible costs (whole duration of the project)						Total receipts	Requested EU contribution
		RTD (A)	Coordi-nation (B)	Support (C)	Management (D)	Other (E)	TOTAL A+B+C+D+E		
Total									

Grant Agreement Preparation Forms

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Research for the benefit of SMEs

A3.1:
What it costs

Project number[1]		Project acronym[2]		Participant number in this project[10]		Participant short name[11]	

Indirect costs[37]

Actual indirect costs[38] ❒ Simplified method[39] ❒
Standard flat rate[40] ❒ Special transitional flat rate[41] ❒

My legal entity is established in an ICPC[42] and I shall use the lump sum funding method. **YES / NO**
Different from the indirect cost method of my legal entity, my department/faculty/etc. uses actual indirect costs (Special Clause 30).**YES / NO**

	Type of Activity				
	RTD / Innovation*	Demonstration*	Management	Other	TOTAL
Personnel costs					
Subcontracting to RTD performers					
Other Subcontracting					
Other direct costs					
Indirect costs					
Lump sum, flat rate or scale-of-unit (option only for ICPC)					
Total costs					
Requested EU Contribution					
Total Receipts					

** These columns should not be filled in by RTD performers as they are covered by the subcontracting of SME-AGs*

Please use as many copies of form A3.1 as necessary for the number of partners	***Form A3.1 page***		***of***		

Grant Agreement Preparation Forms

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Research for the benefit of SMEs

A3.2:
What it costs

[Comment: Only the columns applicable to the chosen funding scheme will appear in the EPSS]

Project number[1]		Project acronym[2]	

Number of participants (total):		Number of SME-AG:		Number of RTD:		Number of OTH:	

The participants should be grouped by category and the coordinator is always number one/

Participant number in this proposal	Organisation short name	Type	Estimated eligible costs (whole duration of the project)					Total Receipts	Requested EU contribution
			RTD / Innovation	Demonstration	Management	Other	TOTAL		
.									
TOTAL									

Total amount of subcontracting to RTD performers, excl. VAT:	
Maximum EU contribution = 110 % of subcontracting of RTD performers excl. VAT:	
The FINAL requested EU contribution will be either the "total requested EU contribution" or the "maximum EU contribution equal to 110 % of subcontracting of RTD performers excl. VAT ", which ever is the lowest.	

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All Schemes

Bank account

Project number[1]		Project acronym[2]	

COORDINATOR'S BANKING INFORMATION			
Account name[45]			
Full address of account			
PO Box[15]		Postal Code/Cedex[15]	
Street name and number[15]			
Town		Country[16]	
VAT number			
Contact person for the account			
Name		First name(s)	
Phone[20]		Fax[20]	
E-mail			

Bank name			
Branch address (full address – PO Box not accepted)			
Postal Code/Cedex[15]			
Street name and number[15]			
Town		Country[16]	

Details of bank account	
IBAN[46]	
or	
ACCOUNT NUMBER	

Remarks	

We certify that above information declared is complete and true.

BANK STAMP + SIGNATURE BANK REPRESENTATIVE[47]	**DATE + SIGNATURE ACCOUNT HOLDER**
(both obligatory)	**(both obligatory)**

Grant Agreement Preparation Forms

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All Schemes

A5:

Reporting Periods

Project number[1]		Project acronym[2]	

ONE FORM PER PROJECT

Reporting Period	From month	To month	Total estimated eligible cost	Total requested EU contribution

Appendix 1 to the grant agreement preparation forms

Information for financial capacity check
Simplified accounts

In FP7, only a part of the beneficiaries are subject to an ex-ante check of their financial capacity. Financial capacity checks are obligatory for coordinators, for beneficiaries requesting more than € 500 000 EU contribution and for cases where there are justified grounds of doubt (e.g. from previous audits). Public bodies, higher and secondary education establishments, international organisations and beneficiaries whose participation is guaranteed by a Member State or by an Associated Country are exempt from financial capacity checks.
Therefore only those beneficiaries, who are required, have to complete the forms in appendix 1.

In addition to the simplified accounts, the potential beneficiary must in general provide its audited accounts or other supporting documents in accordance with the Rules to ensure consistent verification of the existence and legal status of participants, as well as their financial capacity to be downloaded from CORDIS or from the Participant Portal (ftp://ftp.cordis.europa.eu/pub/fp7/docs/rules-verif_en.pdf) and the **Guide to Financial Issues** (ftp://ftp.cordis.europa.eu/pub/fp7/docs/financialguide_en.pdf).

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Grant Agreement Preparation Forms

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Appendix 1:
Simplified accounts

Project number[1]		Project acronym[2]		Participant number in this project[10]		Participant short name[11]	

RESTRUCTURED SIMPLIFIED ACCOUNTING BALANCE SHEETS & PROFIT AND LOSS ACCOUNTS

	Year N	Year N-1
Closing date (dd/mm/yyyy)		
Duration (in months)		
Currency		

Accounting Balance Sheet(s)

		Year N	Year N-1
ASSETS	**1- Subscribed capital unpaid**		
	2- Fixed assets *(2.1+2.2+2.3)*	0,00	0,00
	2.1- Intangible fixed assets		
	2.2- Tangible fixed assets		
	2.3- Financial assets		
	3- Current assets *(3.1+3.2.1+3.2.2+3.3+3.4)*	0,00	0,00
	3.1- Stocks		
	3.2.1- Debtors due within one year		
	3.2.2- Debtors due after one year		
	3.3- Cash at bank and in hand		
	3.4- Other current assets		
	Total assets *(1+2+3)*	0,00	0,00

		Year N	Year N-1
LIABILITIES	**4. Capital and reserves *(4.1+4.2+4.3+4.4)***	0,00	0,00
	4.1- Subscribed capital		
	4.2- Reserves		
	4.3- Profit and loss brought forward from the previous years		
	4.4- Profit and loss brought forward for the financial year		
	5. Creditors *(5.1.1+5.1.2+5.2.1+5.2.2)*	0,00	0,00
	5.1.1- Long term non-bank debt		
	5.1.2- Long term bank debt		
	5.2.1- Short term non-bank debt		
	5.2.2- Short term bank debt		
	Total liabilities *(4+5)*	0,00	0,00

Profit and Loss Account(s)

EUROPEAN COMMISSION

7th Framework Programme for Research, Technological Development and Demonstration

Appendix 1:
Simplified accounts

		Year N	Year N-1
	Turnover		
+	Variation in stocks[(1)]		
+	Other operating income		
=	**Operating income (OI)**	**0,00**	**0,00**
-	Cost of materials and consumables		
-	Other operating charges		
-	Remuneration and charges *(staff costs)*		
=	**Gross Operating Profit or Loss (GOP/GOL)**	**0,00**	**0,00**
-	Depreciation and value adjustments on non-financial assets		
=	**Net Operating Profit or Loss (NOP/NOL)**	**0,00**	**0,00**
+	Financial income and value adjustments on financial assets		
-	Interest paid		
-	Similar charges		
=	**Profit or Loss on ordinary activities**	**0,00**	**0,00**
+	Extraordinary income		
-	Extraordinary charges		
-	Taxes on profits		
=	**Profit or Loss for the financial year (Net result)**	**0,00**	**0,00**

(1) Positive or negative amount

22 Main categories of applicants/beneficiaries and their key rights and obligations

				Automatic right to be funded				Maximum level of EC financial contribution for RTD activities = 75% [1]	Verification of the financial capacity	Possibility to use a competent public officer to establish a certificate on financial statement(s)	Possibility of deduction on the return amount initially paid to the Participants' Guarantee Fund [5]
				MS	AC	ICPC	Other				
Natural person				Yes	Yes	Yes if the minimum participation of MS and/or AC is reached	No, except particular cases[7]	No	No[2] / Yes[3]	No	Yes
Legal person	Public body							Yes / No	No	Yes	No
		Profit	Non profit public body					Yes	No	Yes	No
			Profit public body					No	No	Yes	No
		International organisation	Of European interest				Yes	Yes	No	Yes	No
			Other					Yes	No	Yes	No
	Secondary and higher education establishment			Yes	Yes	Yes if the minimum participation of MS and/or AC is reached	No, except particular cases[7]	Yes	No	Yes	No
	Research organisation[6]							Yes	No[4] / Yes[3]	Yes	Yes
	Enterprises	SME						Yes	No[4] / Yes[3]	No	Yes
		Non-SME						No	No[4] / Yes[3]	No	Yes
	Legal entity guaranteed by a Member State or an Associated Country							No	No	No	No
	Other							No	No[4] / Yes[3]	No	Yes

(1)- For security-related research and technological development activities, it may reach a maximum of 75 % for any type of legal entities (natural and legal persons) in the case of the development of capabilities in domains with very limited market size and a risk of "market failure" and for accelerated equipment development in response to new threats.

(2)- If it is in receipt of a scholarship ; or if it applies for a Community financial contribution in the relating FP7 indirect action inferior or equal EUR 500,000, and it is not the coordinator, and according to information already available to the Commission services, there are not justified grounds to doubt the financial capacity of this participant.

(3)- If it applies for a Community financial contribution in the relating FP7 indirect action superior to EUR 500,000; or if it is the coordinator ; or, in exceptional circumstances, if, according to information already available to the Commission services, there are justified grounds to doubt the financial capacity of this participant.

(4)- If it applies for a Community financial contribution in the relating FP7 indirect action inferior or equal EUR 500,000, and it is not the coordinator, and according to information already available to the Commission services, there are not justified grounds to doubt the financial capacity of this participant.

(5)- Provided the amount of eligible costs and relating EC contribution is sufficient.

(6)- "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.

(7)- In the case of a participating international organisation, other than an international European interest organisation, or a legal entity established in a third country other than an associated country or international cooperation partner country, a Community financial contribution may be granted provided that at least one of the following conditions is satisfied:

(a) provision is made to that effect in the specific programmes or in the relevant work programme;

(b) the contribution is essential for carrying out the indirect action;

(c) such funding is provided for in a bilateral scientific and technological agreement or any other arrangement between the Community and the country in which the legal entity is established.

End notes to grant agreement preparation forms

1 Project number

The project number has been assigned by the Commission as the unique identifier for your project. It cannot be changed. The project number should appear on each page of the grant agreement preparation documents (part A and part B) to prevent errors during its handling.

2 Project acronym

Use the project acronym as given in the submitted proposal. It cannot be changed unless agreed so during the negotiations. The same acronym should appear on each page of the grant agreement preparation documents (part A and part B) to prevent errors during its handling.

3 Project title

Use the title (no longer than 200 characters) as given in the submitted proposal. Minor corrections are possible if agreed during the negotiations. The title should be understandable to the non-specialist.

4 Starting date

In case a specific starting date is requested, insert this starting date of the project. During the negotiations the coordinator should present a written justification for the requested starting date. This starting date must be after the submission of the proposal and normally two months after the end of the negotiations.

5 Duration

Insert the estimated duration of the project in full months. Deviations from the duration in the original proposal must be justified in part B.

6 Call (part) identifier

The Call (part) identifier is the reference number given in the call or part of the call you were addressing, as indicated in the publication of the call in the Official Journal of the European Union. You have to use the identifier given by the Commission in the letter opening the negotiation.

7 Activity code(s) most relevant to your topic

Use as the first activity code the one set out in the letter opening the negotiation followed by the code(s) given in your proposal – if any. Changes are possible in case of material errors

8 Free keywords

Use the free keywords from your original proposal; changes and additions are possible. (maximum 100 characters including spaces, commas etc.).

9 Abstract

Use the abstract from your original proposal and amend it to take account of several considerations. Use no more than 2,000 characters. The abstract should, at a glance, provide the reader with a clear understanding of the objectives of the project and how they will be achieved. The relevance of your project's objectives in the context of the objectives of the specific programme and the work programme should be spelled out. This abstract will be used as the short description of the project for the public following signature of the grant agreement as well as in communications to the programme management committees and other interested parties. It must therefore be

short and precise. It should not contain confidential information. Please use plain typed text, avoiding formulae and other special characters. If the project is written in a language other than English, please include an English version of the abstract in part B.

10 Participant number

The number allocated by the Consortium to the participant for this project. The coordinator of a project is always number one. For third parties, the number of the participant to whom they are connected should be inserted.

11 Participant short name

The short name chosen by the participant. This should normally not be more than 20 characters. The same short name should be used for the participant in all documents relating to the project. For third parties, the short name of the participant to whom they are connected [plus "/"] plus the short name of the third party should be inserted.

12 Participant Identification Code (PIC)

The nine-digit code provided for each FP7 validated legal entity stored in the central Commission/REA database that can be searched from the Participant Portal (http://ec.europa.eu/research/participants/portal) . The Legal Entity Appointed Representative (LEAR) of the legal entity will distribute this code to participants within the entity. If your organisation has not yet appointed a LEAR, the PIC will be communicated to contacts known to the Commission/REA in previously signed grant agreements .

13 Participant legal name

The official name of the participant organisation. If applicable, the name under which the participant is registered in the official trade registers. This name is prefilled and non-editable.

14 Status of validation

If the status of validation of the participant is FP7 validated, this means the data provided in A2.1 has been validated by the Commission/REA and this validated information is prefilled in the A2.1 form.

If the information that is provided is FP7 validated but is incorrect you should contact the Legal Entity Appointed Representative (LEAR) of your organisation and ask her/him to correct the data via the Participant Portal.

If the status of validation is NOT FP7 validated, and a Legal Entity Appointed Representative (LEAR) of your organisation has not yet been appointed, you should self-register online in the Participant Portal under 'My Organisations' tab(http://ec.europa.eu/research/participants/portal) and introduce a separate request for appointment of a LEAR. Forms for the appointment of LEARs are available at http://cordis.europa.eu/fp7/urf-lear_en.html.

15 Address data

Only the fields forming the complete postal address need to be completed. For the legal address of the participant, these data are prefilled and non-editable. If necessary, requests for changes have to be introduced via the Participant Portal 'My Organisation' tab.

16 Country

The name of the country as commonly used. For the legal address of the participant, these data are prefilled and non-editable. If necessary, requests for changes have to be introduced via the Participant Portal 'My Organisation' tab.

17 Legal registration number, place and date of registration

These data are prefilled and non-editable. If necessary, requests for changes have to be introduced via the Participant Portal 'My Organisation' tab.

18 VAT number

These data are prefilled and non-editable. If necessary, requests for changes have to be introduced via the Participant Portal 'My Organisation' tab.

19 Legal Entity Appointed Representative (LEAR)

The contact person for legal information appointed by the legal entity and communicated to the Commission/REA. These data are prefilled and non-editable. If no LEAR has been appointed, you should introduce a separate request for appointment of a LEAR. Forms for the appointment of LEARs are available at http://cordis.europa.eu/fp7/urf-lear_en.html.

20 Phone and fax numbers

Please insert the full numbers including country and city/area code. Example +32-2-2991111.

21 Main categories of applicants/beneficiaries and their key rights and obligations

See table before endnotes

22 Legal person or natural person

Natural person refers to a physical person. The place of establishment refers in this case to the habitual residence of the person. These data are prefilled and non-editable. If necessary, requests for changes have to be introduced via the Unique Registration Facility.

23 Research organisation

Research organisation means a legal entity established as a non-profit organisation that carries out research or technological development as one of its main objectives. These data are prefilled and non-editable. If necessary, requests for changes have to be introduced via the Participant Portal.

24 Public body

Public body means any legal entity established as such by national law and international organizations. These data are prefilled and non-editable. If necessary, requests for changes have to be introduced via the Participant Portal.

25 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. These data are prefilled and non-editable. If necessary, requests for changes have to be introduced via the Participant Portal.

26 International organisation of European interest

An international organisation, the majority of whose members are Member States or Associated Countries and whose principal objective is to promote scientific and technological cooperation in Europe. These data are prefilled and non-editable. If necessary, requests for changes have to be introduced via the Participant Portal.

27 Secondary and higher education establishment

Organisations that deliver diplomas recognised by a country (typically universities). These data are prefilled and non-editable. If necessary, requests for changes have to be introduced via the Participant Portal.

28 Enterprise

Any entity engaged in an economic activity, irrespective of its legal form. These data are prefilled and non-editable. If necessary, requests for changes have to be introduced via the Participant Portal.

29 SME

SME means micro, small and medium sized enterprise within the meaning of Recommendation 2003/361/EC in the version of 6 May 2003 (see http://ec.europa.eu/enterprise/enterprise_policy/sme_definition/index_en.htm).

An enterprise is considered as an SME, taking into account its partner enterprises and/or linked enterprises (please see the above mentioned recommendation for an explanation of these notions and their impact on the definition), if it:

- employs fewer than 250 persons
- has an annual turnover not exceeding EUR 50 million, and/or
- an annual balance sheet total not exceeding EUR 43 million
- is autonomous

The headcount corresponds to the number of annual work units (AWU), i.e. the number of persons who worked full-time within the enterprise in question or on its behalf during the entire reference year under consideration. The work of persons who have not worked the full year, the work of those who have worked part-time, regardless of duration, and the work of seasonal workers are counted as fractions of AWU. The staff consists of:

- employees;
- persons working for the enterprise being subordinated to it and deemed to be employees under national law;
- owner-managers;
- partners engaging in a regular activity in the enterprise and benefiting from financial advantages from the enterprise.

ATTENTION: Apprentices or students engaged in vocational training with an apprenticeship or vocational training contract can not be included as staff. The duration of maternity or parental leaves is also not counted.

The data to apply to the financial amounts (e.g. turnover and balance sheet), as well as to the headcount of staff, are those relating to the latest approved accounting period and calculated on an annual basis. They are taken into account from the date of closure of the accounts. The amount selected for the turnover is calculated excluding value added tax (VAT) and other indirect taxes.

In the case of newly-established enterprises whose accounts have not yet been approved, the data to apply is to be derived from a bona fide estimate made in the course of the financial year. These organisations must insert "N/A" for the two questions relating to the duration and the closing date of their last approved accounting period.

30 Title

Please choose one of the following: Prof., Dr., Mr., Ms.

31 Gender

This information is required for statistical purposes. Please indicate with an F for female or an M for male, as appropriate.

32 Position

Please indicate the position in your organisation, e.g. Rector, President, Chief Executive Officer, Director, etc.

33 Department/faculty/institute/laboratory name

Please indicate the postal address for contact purposes

34 Signature

The A2.5-form needs to be signed by at least one of the authorised representatives indicated in the A2.3-form.

35 Security Aspect Letter

See Appendix 4 of the Negotiation Guidance Notes.

36 Funding % for RTD/Innovation activities

For research and technological development activities, the Community financial contribution may reach a maximum of 50% of the total eligible costs.

However, for beneficiaries that are non-profit public bodies, secondary and higher education establishments, research organisations and SMEs, the rate may reach a maximum of 75% of the total eligible costs. Even if these beneficiaries change their status during the life of the project, this flat rate shall be applicable during the life of the project.

37 Indirect costs

Indirect costs are all those eligible costs which cannot be identified by the beneficiary as being directly attributed to the project, but which can be identified and justified by its accounting system as being incurred in direct relationship with the eligible direct costs attributed to the project. They may not include any eligible costs.

38 Actual indirect costs

Beneficiaries who have an analytical accounting system to identify their indirect costs are allowed to claim actual indirect costs.

39 Simplified method

If it is in accordance with its usual accounting and management principles and practices, a beneficiary is allowed to use a simplified method of calculation of its full indirect eligible cost at the level of its legal entity. 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.

40 Standard flat rate

A beneficiary may opt for a flat rate of 20% of its total eligible costs excluding the costs for subcontracting and the costs of reimbursement of resources made available by third parties that are not used on the premises of the beneficiary.

41 Special transitional flat rate / specific flat rate of 60 %

Non-profit public bodies, secondary and higher education establishments, and research organisations and SMEs, which are – due to the lack of analytical accounting – 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, as referred to in the table of Article II.16 of the grant agreement, may opt for a flat-rate of 60% of the total direct eligible costs excluding costs for subcontracting and the costs of reimbursement of resources made available by third parties which are not used on the premises of the beneficiary. Even if these beneficiaries change their status during the life of the project, this flat rate shall be applicable during the life of the project. The new terminology to be used is specific flat rate of 60 %.

42 International Cooperation Partner Country (ICPC)

If you are participating from an ICPC, you can opt for lump sum funding instead of reimbursement of eligible costs.

43 Maximum reimbursement of indirect costs

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

44 Funding % for RTD

For research and technological development activities, the Community financial contribution may reach a maximum of 50% of the total eligible costs.

However, for beneficiaries that are non-profit public bodies, secondary and higher education establishments, research organisations and SMEs, the rate may reach a maximum of 75% of the total eligible costs. Even if these beneficiaries change their status during the life of the project, this reimbursement rate shall be applicable during the life of the project.

45 Account name

The name or title under which the account has been opened and not the name of the authorised agent.

46 International Bank Account Number (IBAN)

If the IBAN code (International Bank Account Number) is applied in the country where your bank is situated.

47 Bank stamp + signature bank representative

The bank stamp and signature of its representative are not required if this for is accompanied by a copy of a bank statement.