



National Documentation Center  
(EKT/NHRF)

## FP7 Rules of Participation and Financial Issues

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# Minimum conditions for participation

- 3 independent participants from 3 different Member States (MS) or Associated countries (Ac)
  - ❖ *Member States (MS): EU 27*
  - ❖ *Associated countries (Ac): EU non member countries associated to FP7, ie, Iceland, Liechtenstein, Norway, Switzerland, Israel, Turkey, Croatia and Serbia\**

Provided this minimum has been achieved, **any number of additional participants from other countries can be included**

- Natural persons may participate
- Sole participants composed of members that meet the criteria above can participate
- JRC may participate and is deemed to be from a different MS or Ac (same principles for **international European interest organisations**; and entities established under Community law, eg, a European Economic Interest Grouping)
- **Additional conditions** can be established by the work programme (WP) or specific programme (SP) (e.g. specific cooperation activities dedicated to ICPC)

\* list regularly updated at : [http://cordis.europa.eu/inco/agreements\\_fp7\\_en.html](http://cordis.europa.eu/inco/agreements_fp7_en.html)

# Minimum conditions for participation

- Collaborative projects for specific international cooperation actions (SICA) dedicated to international cooperation partner countries (ICPC) identified in WP – minimum is 4 participants of which 2 in different MS or Ac and 2 in different ICPC countries unless otherwise foreseen in work programme

***The list of ICPC countries is given in annex 1 of the work programme***

- **Frontier research actions (ERC):** at least **1 legal entity** established in a MS or AC
- **Coordination and support actions** and actions in favour of training and career development of researchers: **minimum of 1 legal entity** (except actions to coordinate research activities)
- Participation of international organisations and participants from third countries possible if in addition to minima

# Collaborative Projects

## ✓ **Activities in a large-scale (Integrating) Collaborative Project may cover**

- ✓ Research and technological development
- ✓ Demonstration
- ✓ Training activities
- ✓ Innovation linked activities
- ✓ Management of the consortium

## ✓ **Activities in a small and medium-scale (Focused) Collaborative Project may cover**

- ✓ Research and technological development
- ✓ Demonstration
- ✓ Management of the consortium

# Networks of Excellence (NoEs)

- **Activities in an NoE may cover**
  - ✓ Joint programme of activities (JPA)
  - ✓ Integrating activities
  - ✓ Joint research programme
  - ✓ Spreading of excellence
  - ✓ Management of the consortium

# Coordination and Support actions

- ✓ **Activities in a Coordination action may cover**
  - ✓ Networking, coordination and dissemination activities
  - ✓ Management of the consortium
  - ✓ *Coordination actions do not conduct S&T research !*
- ✓ **Activities in a Support action may cover**
  - ✓ Conferences, seminars, working groups and expert groups; Studies, analysis;
  - ✓ Fact findings and monitoring; Preparatory technical work, including feasibility studies; Development of research or innovation strategies;
  - ✓ High level scientific awards and competitions;
  - ✓ Operational support, data access and dissemination, information and communication activities
  - ✓ Management of the consortium (*Support actions do not conduct S&T research !*)

# Forms of grants

- ✓ **Reimbursement of eligible costs as the preferred method**, particularly at the beginning of FP7
- ✓ **Flat rates**: a percentage for indirect costs or scales of unit costs
- ✓ **Lump sum amounts**: in particular as option for participants from ICPC and, if provided for by work programme, for NoEs
- ✓ Combination possible (will be used for ERANET-PLUS)
- ✓ *Forms of grants to be used are specified in WP/calls for proposals*
- ✓ *ICPC participants may opt for lump sum financing*

# Reimbursement of eligible costs

- ✓ **Cost reporting models eliminated**
  - ✓ Participants charge direct and indirect eligible costs
- ✓ **Average personnel costs accepted if: (new)**
  - ✓ Consistent with the management principles and accounting practices
    - ✓ and
  - ✓ they do not significantly differ from actual personnel costs= if identified according to a methodology approved by the Commission
- ✓ **Receipts** taken into account at the end of the project
- ✓ **Interest from pre-financing**

# Indirect Costs

- ✓ For all beneficiaries:

Either on

- ✓ **real overheads**
- ✓ **simplified method**: only if **lack of analytical accounting** or legal requirements to use a form **cash-based accounting** prevents detailed cost allocation; in accordance with usual accounting and management principles (certification of methodology possible)
- ✓ **flat rate of 20%** of direct costs minus subcontracting and 3rd parties not used on the premises of the beneficiary

But:

- ✓ Non profit Public Bodies, Secondary and Higher Education establishments, Research Organisations and SMEs **unable to identify real indirect costs**, may apply for **a flat rate of 60% for funding schemes with RTD**.
- ✓ For Coordination and Support Actions limit of **7% of direct eligible costs** (minus subcontracting and costs made available by 3rd parties which are not used on the premises of the beneficiary).

**Source: European Commission**

# Maximum funding rates

- **Research and technological development activities** – up to **50%** of eligible costs except for: Public bodies, Secondary and higher education establishments, Research organisations (non-profit), SMEs– up to **75%**
- **Demonstration activities** – up to **50%** of eligible costs
- **Other activities (management, etc)** – up to **100%**
- **Coordination and support actions** – up to **100%** (Flat rate indirect costs: 7%)
- **Frontier research actions (IDEAS): up to 100%**
- **Training and career development of researchers actions (PEOPLE): up to 100%**

# No financial collective responsibility

## Guarantee Fund

The financial **responsibility** of each participant shall be **limited to its own debt**.

However, there is “technical responsibility” to carry out the project jointly and severally *vis-a-vis* the Commission

In order to manage the **risk associated with non-recovery of sums** due to the Community, the Commission will establish and operate a participant **Guarantee Fund**.

# Guarantee Fund

- The **contribution to the Fund by a participant** to an indirect action shall **not exceed 5 %** of the Community financial contribution due to the participant

At the **end of the action** the amount contributed to the Fund **shall be returned to the participant**

- **Unless:** the interest generated by the Fund is insufficient to cover sums due to the Community, the **Commission may deduct\* from the amount to be returned to a participant a maximum of 1%** of the Community financial contribution.

\* **not for public bodies**, legal entities whose participation is guaranteed by a MS or an AC, and **higher and secondary education establishments**

# Guarantee Fund

The **Commission will offset**, from the **initial pre-financing**, that it will pay to the consortium, the participants' contribution, **and pay it on their behalf to the Fund**.

**Where amounts are due** to the Community **by a participant**, the Commission may, either:

- (a) order the depositary bank to **directly transfer the amount from the Fund to the coordinator** (if project is still on-going and **the remaining participants agree to implement it** to the identical regarding its objectives), or
- (b) **recover** effectively the said **amount from the Fund** (should the **indirect action be terminated or already completed**).

# Payment modalities

- One **pre-financing** (upon entry into force) for the whole duration will be agreed during negotiations (for projects with more than 2 periods = around 160 % of average funding per period;  
Average = total EC contribution/nr of periods)
- **Interim payments** based on financial statements (*EC contribution = amounts justified & accepted \* funding rate*)
- **Retention** (10%- released with final payment)
- **Final payment**

*Thank you for your attention*