

The logo for the Federal Research Fund (FFG) is displayed in the upper right. It consists of the letters 'FFG' in a bold, grey, sans-serif font. To the left of the letters is a grey circle containing a cluster of red dots of varying sizes, with several red streaks extending from the circle towards the left side of the slide.

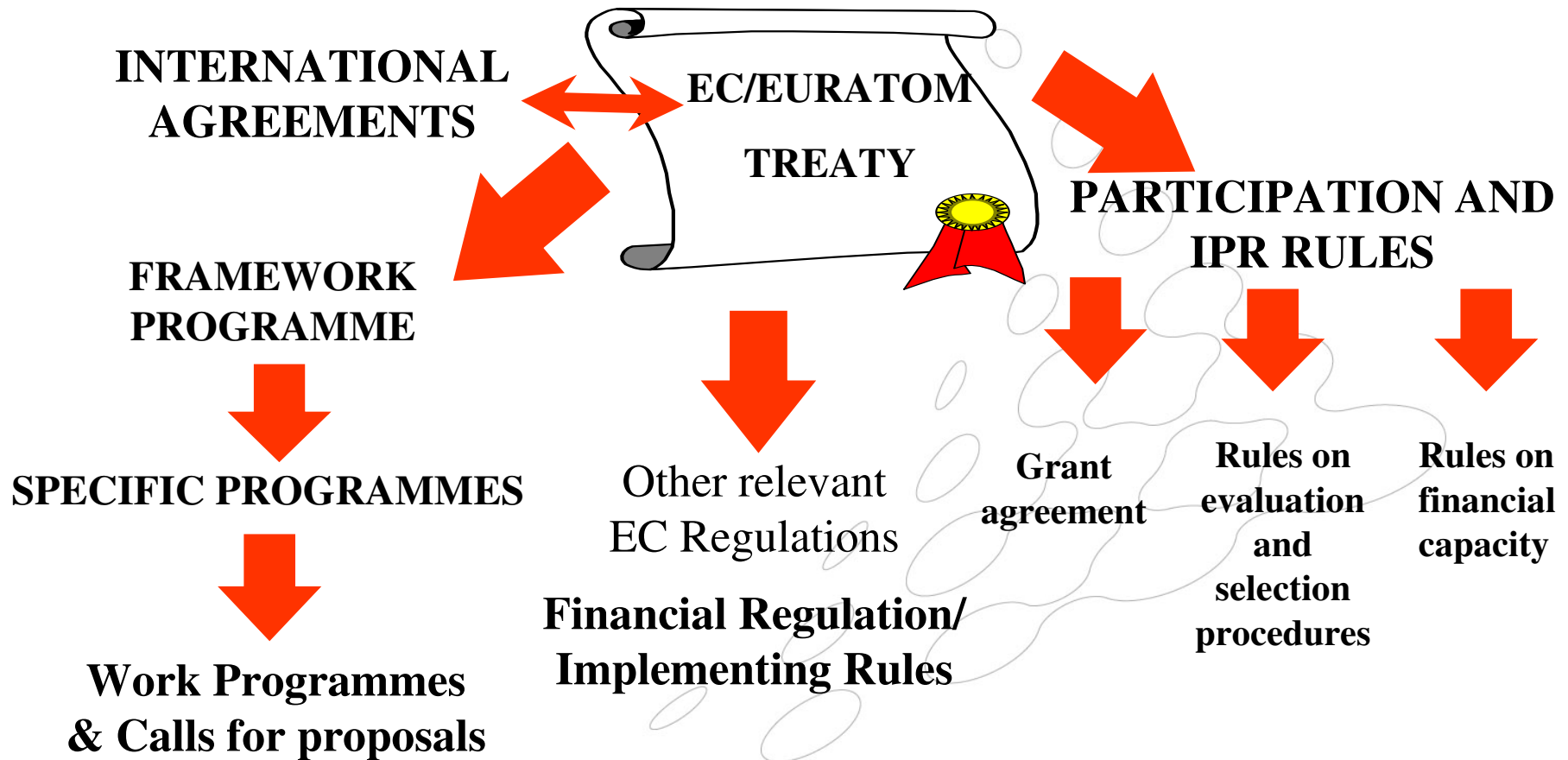
FFG

## **Rules for Participation & Financial Rules**

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# Legal Framework



# Definitions



- **Public body** means any legal entity established as such by national law, and international organisations
- **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
- **International organisation** means an intergovernmental organisation, which has legal personality under international public law, as well as any specialised agency set up by such an international organisation
- **SMEs** mean micro, small and medium-sized enterprises within the meaning of Recommendation 2003/361/EC in the version of 6 May 2003 (**same as in FP6**)

# Terminology - What is called what now?



“Contract”	becomes	“Grant Agreement”
“Contractor”	becomes	“Beneficiary”
“Instruments”	become	“Funding Schemes”
“Audit certificate”	becomes	“Certificate on Financial Statement”
“Pre-existing know-how”	becomes	“Background”
“Knowledge”	becomes	“Foreground”
“INCO Countries”	become	“International Cooperation Partner Countries” (ICPC)

# Minimum conditions for participation



## General:

- **3 independent participants** from **3 different Member States** (MS) or Associated Countries (AC)
- **Natural persons** may participate
- **Additional conditions** can be established by the work programme (WP) or specific programme (SP)  
(e.g. specific cooperation activities dedicated to ICPC → 2 + 2)
- **Sole participants** composed of members that meet the criteria above can participate
- **JRC** may participate and is seen to be from a different MS or AC  
(same for international European interest organisations)

# Minimum conditions for participation



## Specific:

- **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)
- Collaborative projects addressing the **participation of ICPC** minimum is **4 participants of which 2 in MS or AC and 2 ICPC countries** unless otherwise stated in work programme
- **Participation of international organisations** and participants from third countries possible if **in addition to minima**

# Implementation and grant agreements



- Participants **implement work jointly** and severally towards the Community and **carry out work of a defaulting partner unless the Commission relieves them** of that obligation
- But: **no more financial collective responsibility** ≠ FP6
- Instead: establishment of a participant **guarantee fund** to cover risks
- If implementation of the project is impossible or **participants fail to implement it**, Commission shall ensure **termination**
- **Consortium agreements** obligatory unless exempted by call for proposals - Commission to publish guidelines on content
- **Changes** in consortium membership **possible**

# Eligibility for Funding

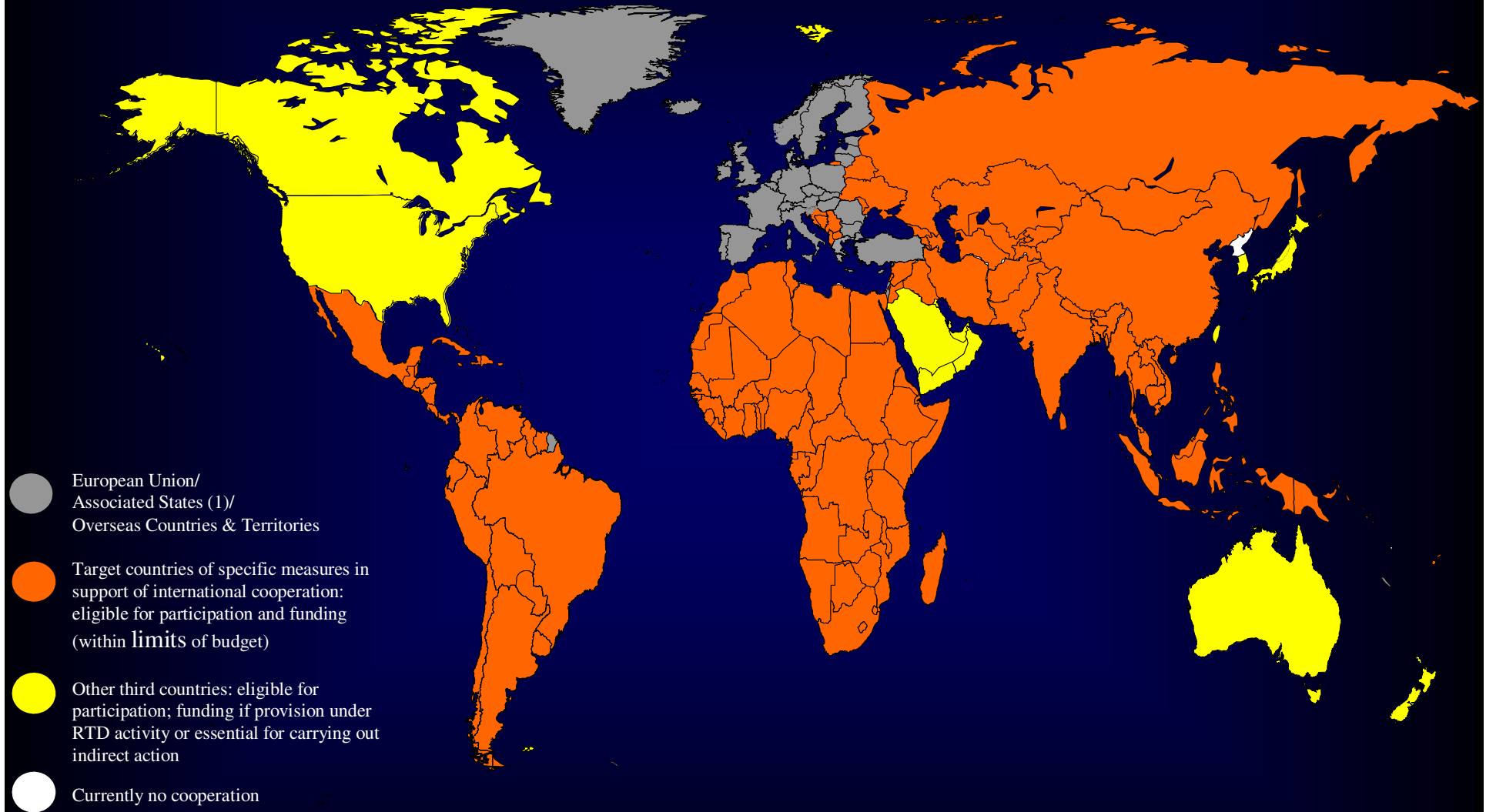


1. Legal entities from **Member States** and **Associated Countries** or created under Community law (e.g. JRC)
2. **International European interest organisations**
3. Legal entities established in **international cooperation partner countries** (ICPC)  
**and**
4. International organisations, **third countries other than ICPC:**  
**if** provided for in SP or WP  
**or** essential for carrying out action  
**or** provision for funding is provided for in a bilateral agreement between Community and the third country.



# 7th Framework Programme

## Participation by legal entities from third countries



# Forms of grants



- **Reimbursement of eligible costs** as the preferred method, particularly at the beginning of FP7
- Flat rates: **a percentage for indirect 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)
- **Determination** of forms of grants to be used **in the work programmes and calls for proposals**

**Principle of co-financing and no profit**

# Maximum Funding Rates



- **Research and technological activities: up to 50% of eligible costs** *except* for:
  - Public bodies: up to 75%
  - Secondary and higher education establishments: up to 75%
  - Research organisations (non-profit): up to 75%
  - SMEs: up to 75%

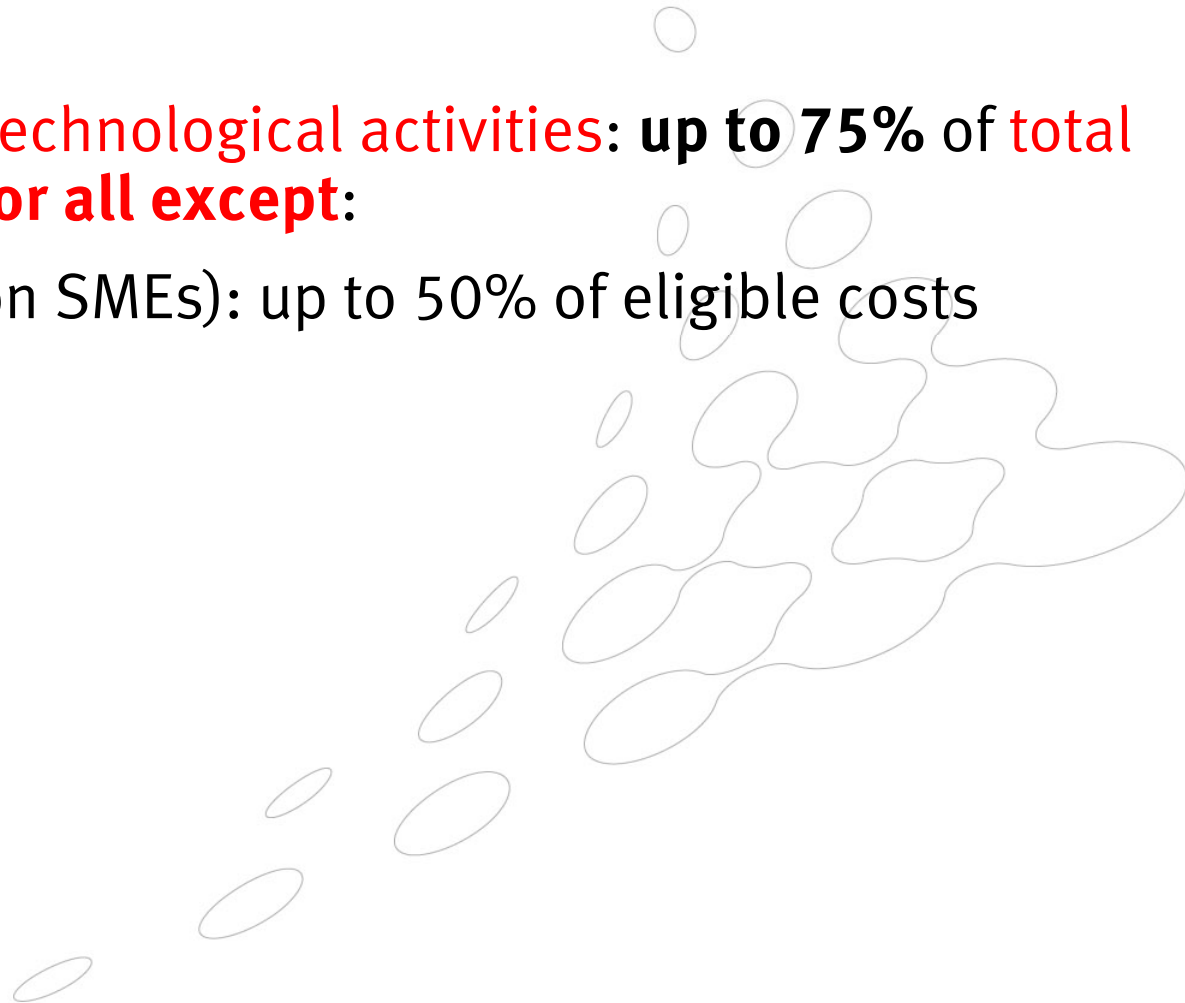
*Or you can see it this way....*

# Maximum Funding Rates



*... looking it the other way round...*

- **Research and technological activities: up to 75% of total eligible costs for all except:**
  - Industry (non SMEs): up to 50% of eligible costs



# Maximum Funding Rates



- **Demonstration activities: up to 50%**
- **Other activities: up to 100%** including e.g. Management

## For following Funding Schemes:

- **Coordination and support actions: up to 100%**
- **Frontier research actions (IDEAS): up to 100%**
- **Training and career development of researchers actions (PEOPLE): up to 100%**

Receipts are taken into account to determine the final Community financial contribution.

Maximum reimbursement rates of eligible costs	Research and technological development (*)	Demonstration activities	Training activities	Management of the consortium activities	Other activities (**)
Network of excellence				100%	100%
Collaborative project	50% 75% (***)	50%	100%	100%	100%
Research project for the benefit of specific groups (SMEs)	50% 75% (***)	50%	100%	100%	100%
Coordination and support action			100% (****)	100% (****)	100% (****)

(\*) Research and technological development includes operational activities directly related to the protection of foreground and coordination of research activities.

(\*\*) Other activities means any "specific activity" covered by Annex I.

(\*\*\*) For *beneficiaries* that are non profit public bodies, secondary and higher education establishments, research organisations and SMEs

(\*\*\*\*) The reimbursement of indirect eligible costs, in the case of coordination and support actions, may reach a maximum 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.

# Grant Agreement (GA)

*(previously known as “Contract”)*



**Model grant agreement to be drawn up in close cooperation with MS:**

- to **establish rights and obligations** of participants (including submission of reports, termination etc)
- to **identify** whether and what part of EC financial contribution is based on reimbursement of eligible costs, **lump sums** or **flat rates**
- to **identify** which **changes in the consortium require** prior publication of **competitive call**

# Grant Agreement (GA)

*(previously known as “Contract”)*



**Model **grant agreement** to be drawn up in close cooperation with MS:**

- shall **reflect general principles** of the European Charter for Researchers and the Code of Conduct for the Recruitment of Researchers
- **specific provisions** for certain types of actions (IPR particularly)
- grant agreement comes into force upon **signature by coordinator and Commission** and applies to each participant that accedes
- future significant **modifications** to be **reviewed with MS**



# Grant Agreement:

## Similarities with FP6 contract



- **Signature** by coordinator & Commission
- Accession of beneficiaries via **“Form A”**
- **Later accession** of beneficiaries via **“Form B”**
- **Entry into force** upon signature by coordinator & Commission

# Grant Agreement:

## Similarities with FP6 contract



- **Structure:**
  - Core part: GA parameters (e.g. duration of project),
  - Annex I: Description of work (DoW),
  - Annex II: General Conditions,
  - Annex III: Specific provisions for funding schemes
  - **Annex VII: Form D** terms of reference for the certification of costs and **Form E** certification on the methodology (**NEW**)
- **Consortium Agreement mandatory** (except if excluded by Call)

# Grant Agreement: Differences & Improvements

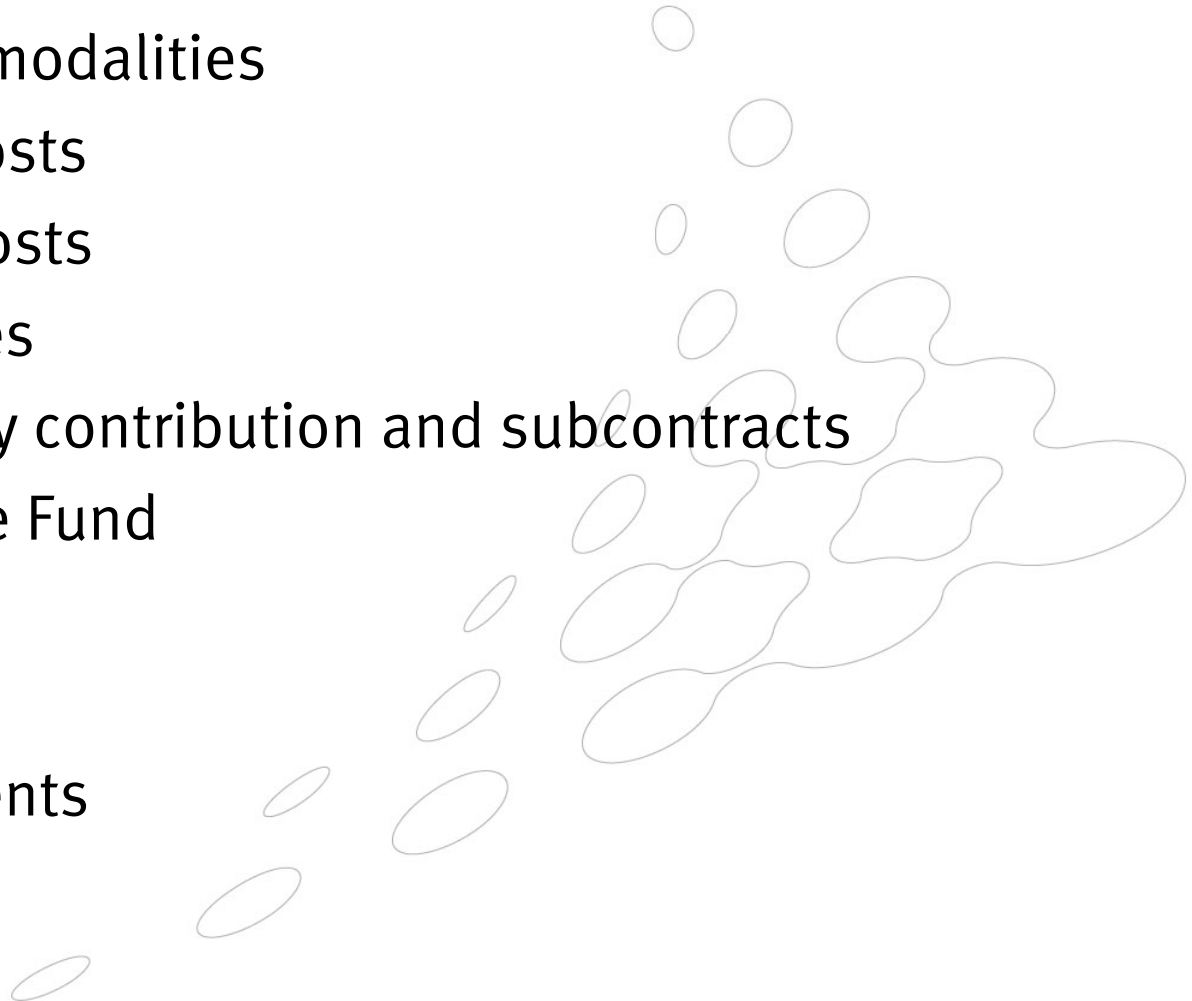


## Financial provisions

1. Payment modalities
2. Eligible costs
3. Indirect costs
4. Certificates
5. Third party contribution and subcontracts
6. Guarantee Fund

## Other provisions

7. Reporting
8. Amendments



# 1. Payment modalities



- **One pre-financing** (upon entry into force) for the whole duration (150% of average annual budget of beneficiary)
- **Interim payments** based on financial statements (payment = cost accepted \* funding rate)
- **Retention (10%)** (released with final payment)
- Final payment

## 2. Eligible Costs



- **Eligible**

- actual\*
- during duration of project
- in accordance with its usual accounting and management principles
- recorded in the accounts of beneficiary

- **non-eligible**

- (identifiable indirect taxes including **VAT...**)

\* Average personnel costs accepted if:

- **Consistent with the management principles** and accounting practices
- they **do not** significantly **differ from actual** personnel costs =  
if identified according to **a methodology approved** by the Commission (NEW)

### 3. Indirect Cost



#### For all:

- either **actual overhead** or **simplified method\***
- **flat rate of 20%\*\*** of direct costs minus subcontracting and 3rd parties not used on the premises of the beneficiary.

For **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**

\* Principles to be followed shall be set out in the model grant agreement.

\*\* **For “Coordination and Support Actions” in any case max. 7% of direct eligible costs**

## Indirect Costs - Decision Tree

Has your organisation an analytical accounting system, or will you declare overhead rates using a simplified method ?

YES

Real indirect costs or costs calculated using a simplified method

or

20% of total direct eligible costs (1)

No

or

60% of total direct eligible costs (1)(2), for :

- Non-profit public bodies, secondary and higher education establishments, research organisations and SMEs
- When participating in funding schemes which include research and technological development

**Coordination and support actions :**  
In any case Maximum 7% of the direct eligible costs (1)

(1) excluding 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

(2): This flat rate can be used for any proposal submitted under calls for proposals closing before 1 January 2010. The Commission shall establish for grants awarded under calls closing after 31 December 2009, an appropriate level of flat rate which should

## 4. Certification



- Certification will be provided on the basis of “Agreed Upon Procedure” (AUP)
- AUP the auditor provides information according to a specific format specified via agreed terms of reference (ToR)
- ToR is annexed to the grant agreement (Annex VII)
- AUP is derived from common practice in audits and corresponds to international audit standards
- 2 types of AUP: Report of factual findings on:
  - expenditure verification
  - system verification (NEW)



## 4. Certification



### Certificate on financial statements (CFS) = AUP for expenditure verification

- Mandatory when requested **funding reaches 375,000 Euro** (except for project of 2 years or less: the CFS is submitted at the end)
- Mandatory for **every beneficiary, except if a certification on the methodology** is provided



If EC funding for a participant does not reach € 375,000 **no Certificate** on financial statement **is need.**

## 4. Certification



### **Certificate on the methodology = AUP for system verification**

- aims at certifying the methodology of calculating (average) personnel costs and overhead rates
- Valid throughout FP7, on a voluntary basis, must be accepted by EC
- Particularly aimed at legal entities with multiple participation
- **Waives obligation of certificates for interim payments**
- Simplified certificate for final payments

## 4. Certification



### Advantages of system certification :

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

## 5. Third party contribution and subcontracts



### Third parties carrying part of the work

- **Subcontracts:** tasks have to be indicated in Annex I
  - awarded according to best value for money
  - External support services may be used for assistance in minor tasks (not to be indicated in Annex I)

### Third parties making available resources

- **“Third parties”:** to be indicated in Annex I,
  - Costs may be claimed by the beneficiary
  - Resources “free of charge” may be considered as receipts

## 6. Guarantee Fund



⚠️ No financial collective responsibility, no bank guarantees!

- The financial **responsibility** of each participant shall be **limited to its own debt**.
- In order to manage the **risk associated with non-recovery of sums** due to the Community, the Commission shall establish and operate a participant **Guarantee Fund**.

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

## 6. 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 due from the Fund to the coordinator of the indirect action if it 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.

## 7. Reporting



- **Periodic reports** to be submitted by coordinator **60 days after end of period**:
  - progress of the work
  - use of the resources and
  - **Financial Statement** (Form C)
- **Final reports** to be submitted by coordinator **60 days after end of project**:
  - publishable summary report, conclusions and socioeconomic impact
  - covering wider societal implications and a plan on use and dissemination of results



## 7. Reporting



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

## 8. Amendments



- **Coordinator requests** amendments **on behalf** of the consortium
- **Coordinator can accept an amendment proposed by the Commission** (with the proven agreement of the consortium)
- For **addition/withdrawal: tacit approval** after 45 days
- For **request of amendment of activities: tacit rejection** after 45 days

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**Vielen Dank für Ihre Aufmerksamkeit!**

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