THE "RULES OF THE GAME"

PROTECTRAIL

Project Kick-off meeting

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Who we are?

The main actors

7FP Grant agreement

Project Lifecycle

Financial matters

Consortium evolution

Reference/Guidance documents

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1. REA - the 3 W's

Who ?

Why ?

What ?

Who we are?

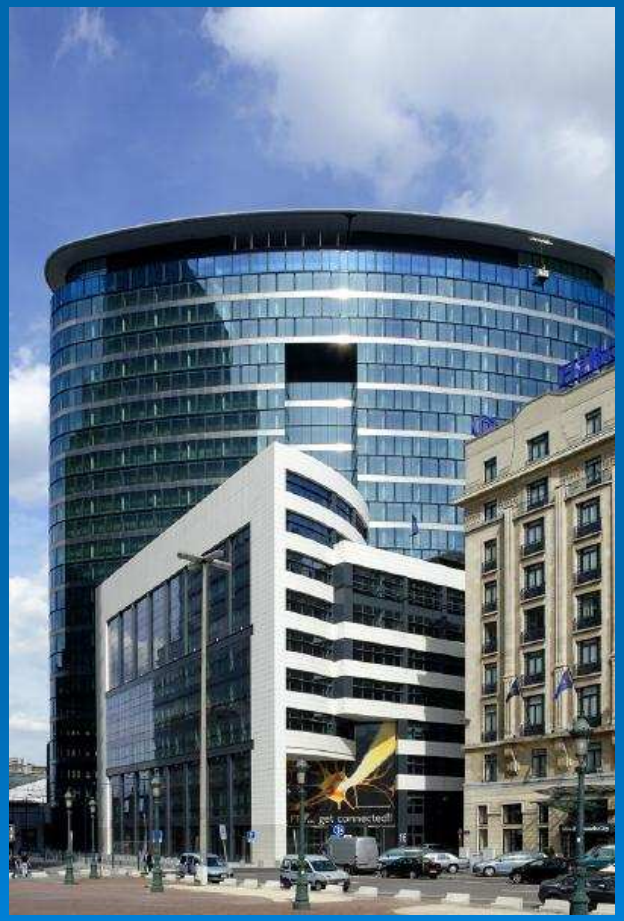
Executive agency

- Created by Commission Decision
- Standard activities:
  - Implement programmes of the Commission
  - Operational tasks only – no policy role
  - Lifetime of the programme concerned only (renewable if the programme is renewed)

Two agencies have been set up on 14 December 2007

- **Research Executive Agency** (**REA**): to support parts of the other indirect actions of FP7
- ERC Executive Agency (ERCEA): to support implementation of the Ideas programme

Who we are? (2)



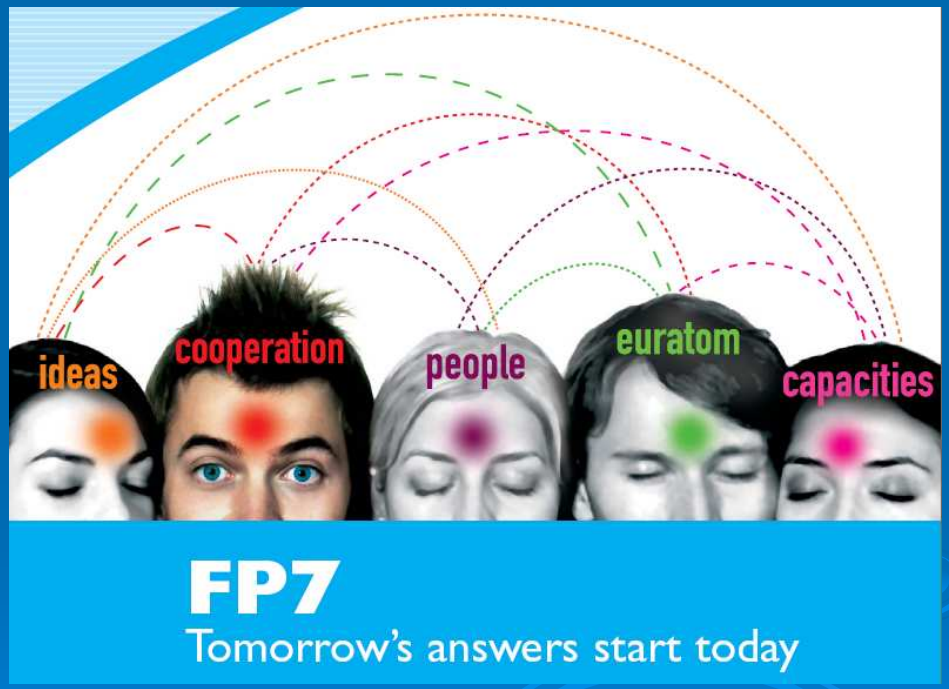
- REA is located in Brussels
- Total budget managed: € 6.5 billion
- 2008 – 2017
  - Lifetime of FP7 (to 2013), then a run down to 2017 of projects under management
  - Reviewed every three years
  - Potential to extend after FP7

Why the REA?

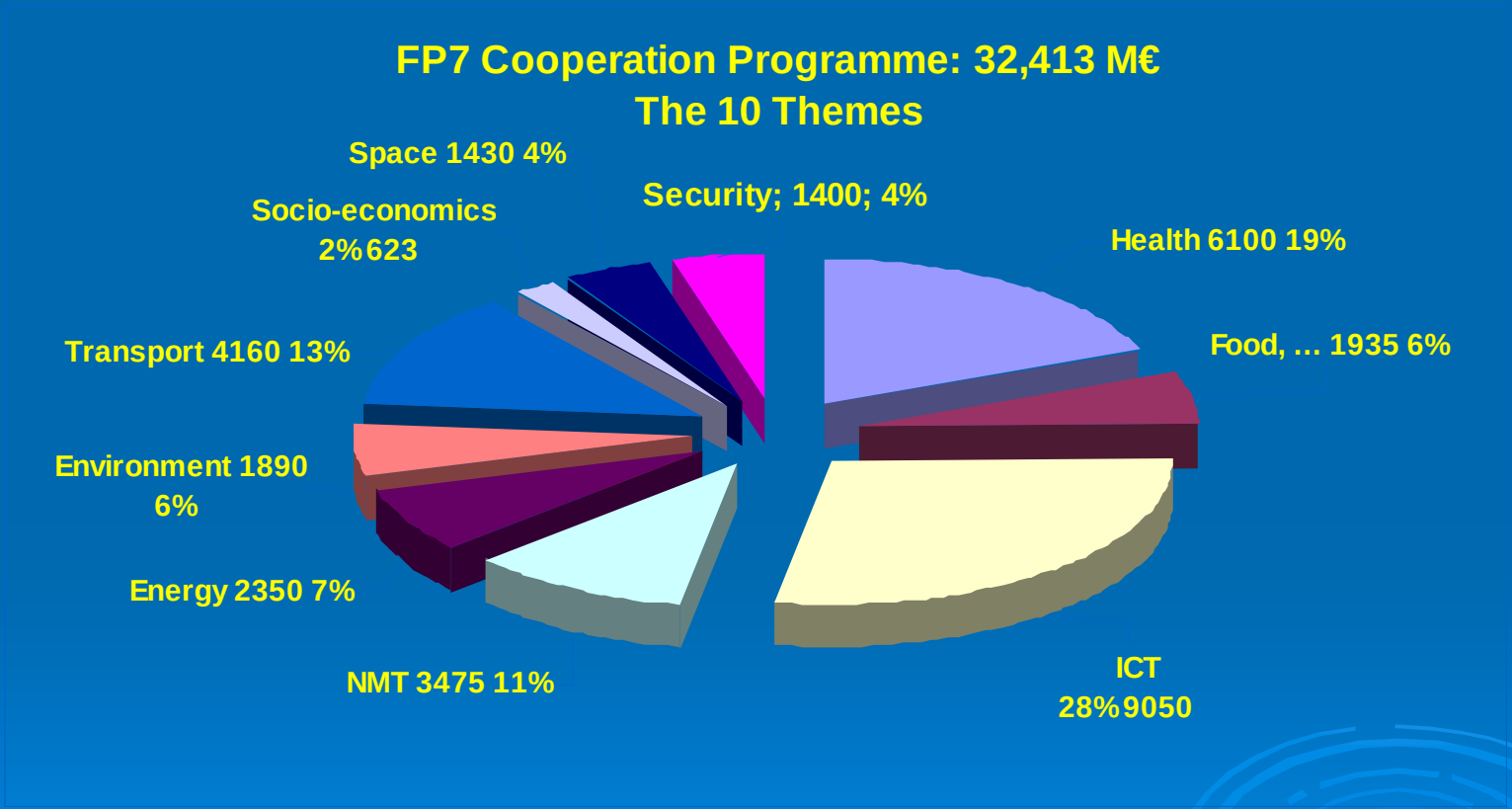
- Constant staff numbers in the financial perspective 2007 to 2013
- Explosion in FP budget after 2010
- New areas to manage within FP7
- Professionalise programme management
- Staffing stability

What we do ?

- The REA implement parts of FP7:
- Cooperation programme
  - Security and Space themes (€ 1.4 billion each)
- People programme
  - Marie-Curie Actions (€ 4 billion)
- Capacities programme
  - Research for the benefit of SMEs (€ 1 billion)



FP7: 2007-2013
Total 50,521 M€



What we do? (2)

The REA provides “horizontal” services across the three specific programmes Cooperation, People, Capacities, i.e.:

- Run the **evaluation facility** in Covent Garden, Place Rogier (“COVE”)
- Provide a **central service for contracting and paying external expert** evaluators
- Provide services for the **URF (unique registration facility)** and legal and financial viability service
- Run the central **FP7 enquiry service**

What we do? (3)

- REA is in charge of the management of the **FP7 security theme**
  (1) organising the evaluation of all proposals
  (2) negotiation of proposals
  (3) management of projects except:
    - Sensitive projects (outcome of the scrutiny procedure)
    - Specific topics identified by DG-ENTR in the WP
- Policy work remains within the Commission

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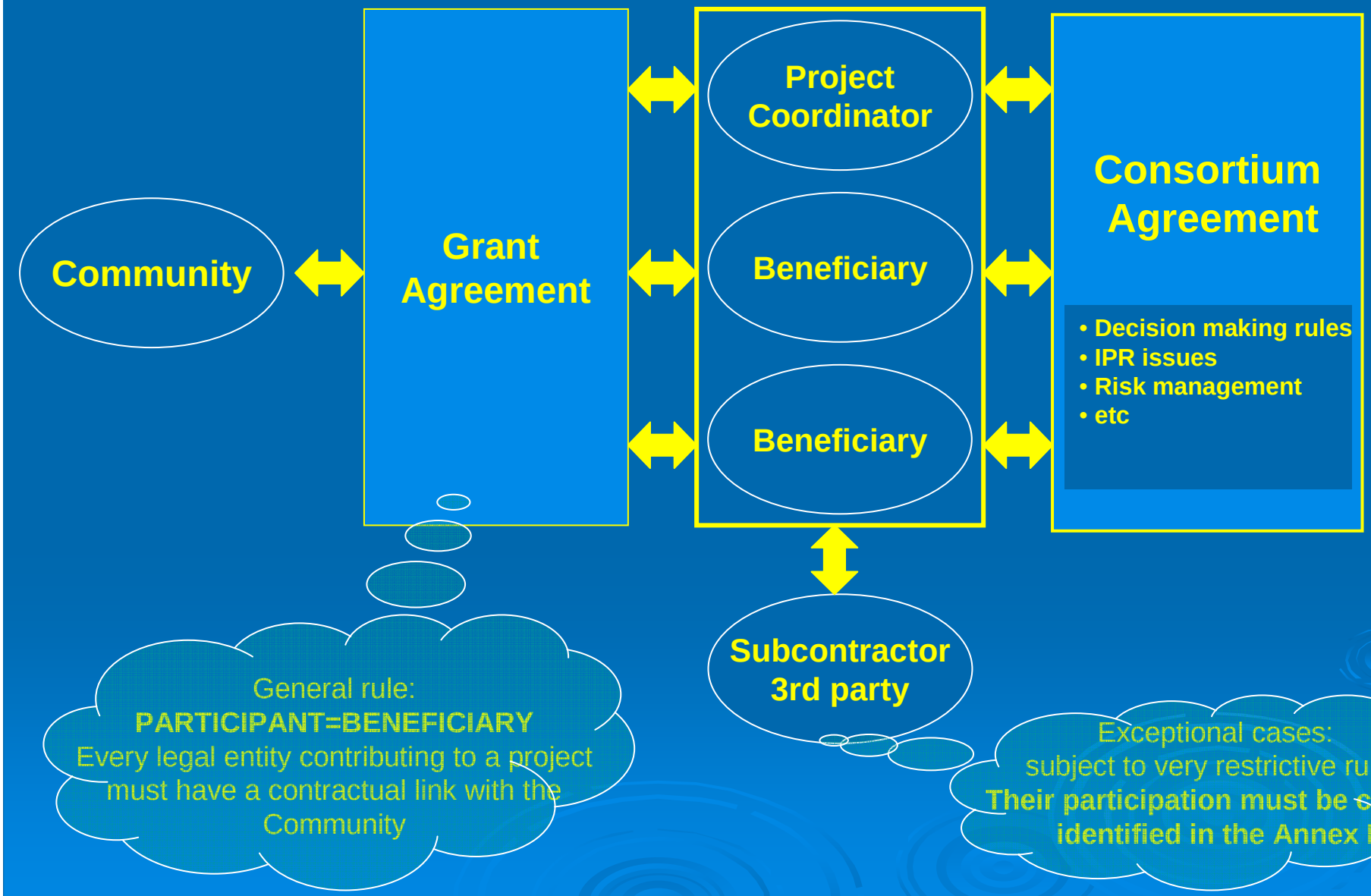
The main actors



Beneficiaries

- General rule:

PARTICIPANT=BENEFICIARY

Every legal entity contributing to a project must have a contractual link with the Community

- Exceptional cases : subject to very restrictive rules
  - Third parties
  - Subcontractors

  Their participation must be clearly identified in the Annex I

Third parties

Third parties carrying part of the work

- **Subcontracts: tasks to be indicated in Annex I**
  - ✓ awarded according to best value for money
  - ✓ external support services may be used for assistance in minor tasks (not to be indicated in Annex I)
- **Specific cases: JRU, affiliates carrying out part of the work (special clause)**
- **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 receipts

Collective responsibility

- **No financial collective responsibility in FP7**
- Instead, the establishment of a:
  - **Guarantee Fund** to cover risks
  - **5% of** the total EC contribution to be deducted in favour of the Fund from the pre-financing
- However, there is "**technical responsibility**" to carry out the project jointly and severally vis-à-vis the Commission.

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FP7 Grant agreement

- **Structure:**
  - ✓ Core part: grant agreement terms
  - ✓ Annex I: DoW
  - ✓ Annex II: General conditions
  - ✓ Annex III: Specific provisions for funding schemes
  - ✓ Annex IV, V & VI: Forms A, B & C
  - ✓ Annex VII :
    - a. Form D: terms of reference for the certificate of costs
    - b. Form E: certificate on the methodology (NEW)
- **Consortium agreement mandatory (except if excluded by Call)**

- **Certificate on Financial Statements (CFS)**
  - ✓ Mandatory for beneficiaries when their requested EC funding reaches **375,000 Euro**
  - ✓ Except for:
    - Project of 2 years or less: CFS submitted at the end
    - If a certification on the methodology is provided

Certificate on the methodology (NEW)

- Certification on the methodology of calculating personnel costs (average) and overhead rates
- Valid throughout 7FP, on a voluntary basis, must be accepted by EC
- Particularly aimed at legal entities with multiple participation

Consequences:

- Waives the obligation of providing certificates for interim payments
- Simplified certificate for final payments

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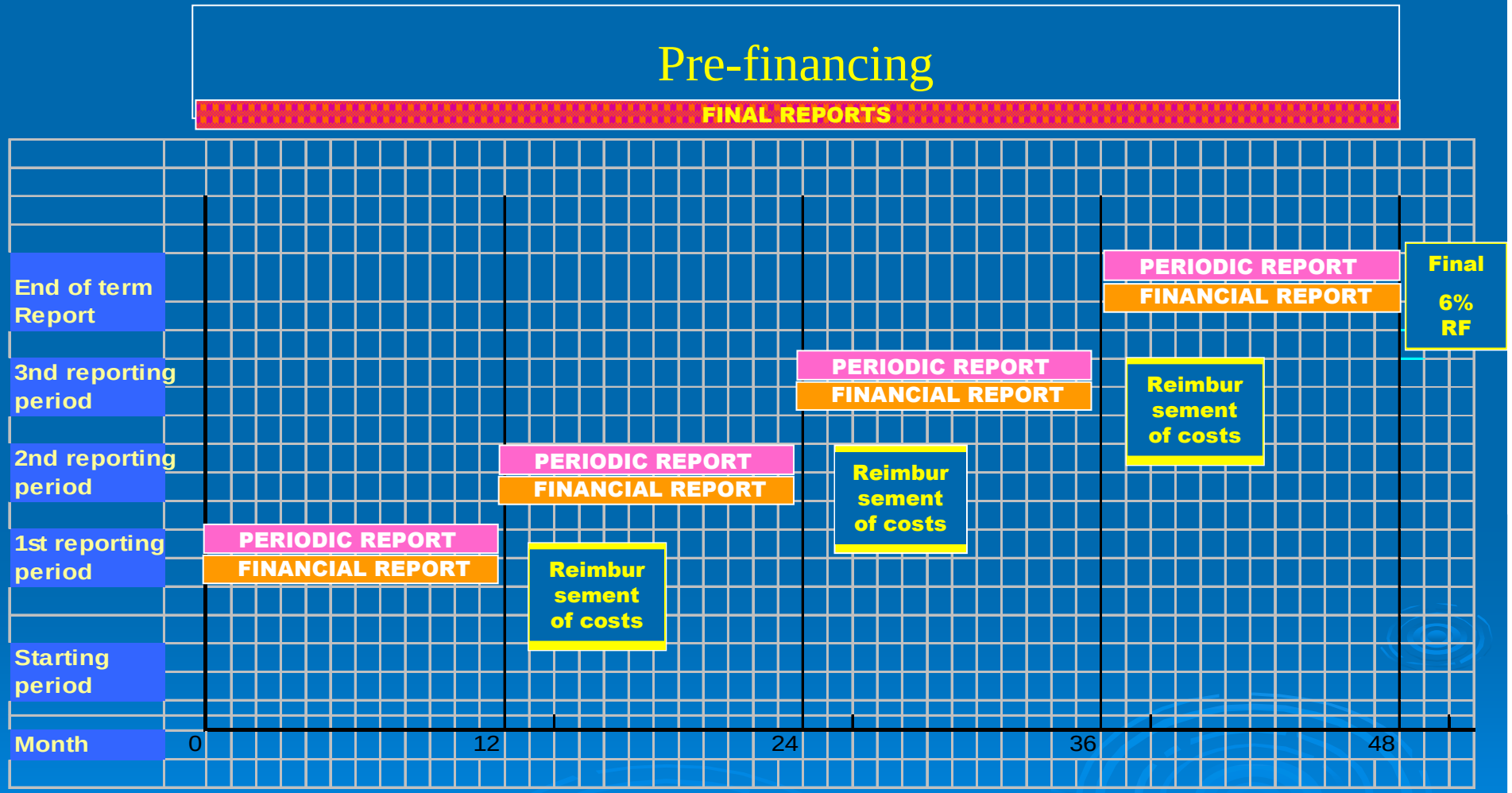
Project Lifecycle

- Overall view
- Payment modalities
- Periodic reports
- Final report
- Analysis and approval of reports

Project Lifecycle

Pre-financing



Payment modalities

- One pre-financing for the whole duration of the project upon its entry into force (usually 160% of the result of the average of the total EC contribution divided per reporting period)
- Interim payments based on reports and financial statements (EC contribution= amounts justified & accepted * funding rate)
- Retention (10%)
- Final payment

Payment modalities

Project duration: ***3 years***
Maximum EC contribution: ***EUR 3,000,000***
Ceiling: ***EUR 2,700,000 (= 90%)***

			Cumulative payments
P0	*Pre-financing:*	*€ 1,600,000*	*€ 1,600,000*
	Interest generated	*€ 20,000*	
P1 Funding: € 1,0 M	*Interim payment*	*€ 980,000*	*€ 2,600,000*
P2 Funding: € 0,8 M	*Interim payment*	*€ 100,000*	*€ 2,700,000 (ceiling)*
P3 Funding: € 1,2 M	*Final Payment*	*€ 300,000*	*€ 3,000,000 maximum*

5% of EC contribution (€ 150.000) are deducted for the Garanty fund

Periodic Reports

➡ To be submitted within 60 days

- A periodic report containing:
  - ✓ an overview of the progress of the work towards the objectives of the project, including a publishable summary report
  - ✓ An explanation of the use of resources
  - ✓ A financial statement (FORM C) from each beneficiary
- A Certificate on the financial statement when the reimbursement of costs is equal or superior to 375,000€ (cumulated with all previous payments)
- Any supplementary reports required by any Annex I to the Grant.

Final reports

Final reports to be submitted by coordinator 60 days after end of project:

- publishable summary report,
  results, conclusions and socioeconomic impact.
- report covering wider societal implications, including gender actions, ethical issues, efforts to involve other actors and a plan on use and dissemination of foreground.
- distribution of the EC contributions (30 days after reception of final payment)

Analysis and approval of reports

- After reception of reports Commission may:
  - ✓ Approve
  - ✓ Suspend the time-limit requesting revision/completion
  - ✓ Reject them giving justification, possible termination
  - ✓ Suspend the payment

- Commission has 105 days to evaluate and execute the corresponding payment
  - ✓ No tacit approval of reports
  - ✓ Automatic payment of interests (NEW)

Comparison FP6 / FP7 Reporting (1/2)

TYPE	FP6	FP7
PERIODIC REPORTS	Periodic activity report	Combined in one simplified single report.
	Periodic management report	
	Periodic report on the distribution of the Community's contribution	
	Interim science and society reporting questionnaire	Not requested in the periodic report
	Interim reporting on the implementation of the gender action plan	
	Interim reporting questionnaire on workforce statistics	
	Interim socio-economic reporting questionnaire	
INTERIM	Activity reports (only if specified in Annex 1)	Not envisaged in FP7
DELIVERABLES	Project deliverables	As for FP6, according to Description of work

Comparison FP6 / FP7 Reporting (2/2)

Comparison FP6 / FP7 Reporting (2/2)

TYPE	FP6	FP7
FINAL REPORTS	Publishable final activity report	As for FP6 guidelines
	Final plan for using and disseminating the knowledge	Simplified
	Final management report	Covered by report of last period
	Final report on the distribution of the Community's contribution	As for FP6, updated report
	Final science and society reporting questionnaire	Combined in one single and simplified questionnaire
	Final reporting on the implementation of the gender action plan	
	Final reporting questionnaire on workforce statistics	
	Final socio-economic reporting questionnaire	

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Financial matters

a. Eligible costs

b. Indirect costs

c. Receipts to the project

d. Upper funding limits

a) Eligible costs (1/2)

- Eligible
  - actual (*)
  - during duration of project
  - in accordance with its usual accounting and management principles
  - recorded in the accounts of beneficiary
  - used for the sole purpose of achieving the objectives of the project
- Non-eligible
  - identifiable indirect taxes including VAT…

a) Eligible costs (2/2)

(*) Average personnel costs accepted if :

- They are 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 (NEW)

b) Indirect costs

- **Actual overheads, or**
- **A simplified method (certificate on the methodology), or**
- **A 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.
- **For CSA limit of 7% of direct costs**

c) Receipts of the project

Principle: EU contract can not provide profits

- **Three kinds of receipts must be taken into consideration in order to avoid any possibility of profit:**
  - ✓ Financial transfers or their equivalent to the contractor from third parties ;
  - ✓ Contributions in kind from third parties;
  - ✓ Income generated by the project.

d) Upper funding limits

Maximum reimbursement rates of eligible costs	Research and technological development(*)	Demonstration activities	Other activities (**)
Network of excellence	50% 75% (***)		100%
Collaborative *project*	50% 75% (***)	50%	100%
Coordination and support action			100% (****)

(*) Research and technological development includes scientific coordination.
(**) 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*.

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Consortium evolution

- Amendments
- Grant suspension / termination
- Audits, controls and sanctions

Amendments

Amendments shall be in writing

- Request made by the coordinator on behalf of all beneficiaries
- Proof of the agreement by the consortium
- When: changes of consortium, Annex I, etc
- Commission may reject the request

Grant suspension / termination

- **The Commission can:**
  - ✓ Suspend or terminate the grant
  - ✓ Terminate the participation of a beneficiary
- **The Consortium can (ask for):**
  - ✓ Suspend or terminate the grant
  - ✓ Terminate the participation of a beneficiary
- **A beneficiary can (with the agreement of the Consortium and the Commission) :**
  - ✓ Terminate his participation to the contractor

➡ **<u>The grant defines clear rules for all these events</u>**

Reviews, audits and sanctions

Audits and Reviews:

- **Technical audits & Reviews**
  - ✓ to verify that the project is being or has been carried out in accordance with the conditions indicated by the beneficiaries
- **Financial audits**
  - ✓ to verify any aspect of the financial implementation of the project

Sanctions:

- **Financial penalties, Liquidated damages**
  - ✓ In case of overstatement of amounts, false declarations

Technical audits and reviews (1/2)

- At any time during the project or up to 5 years after the end of the project
- Measure of the proper execution of the Grant Agreement
- Ethical audits may also be undertaken
- The Commission may appoint external reviewers to carry out the review or audit
- The Commission decides on the actions to be taken following the reviewers' recommendations

Technical audits and reviews (2/2)

The reviewer's task is to give advice to the Commission on the project on the following issues:

- Degree of **fulfilment of the project work plan**
- Continued **relevance of the objectives** and breakthrough potential with respect to the scientific and industrial state of the art
- **Resources** planned and utilised in relation to the achieved **progress**, in a manner consistent with the principles of **economy**, **efficiency** and **effectiveness**
- **Management procedures** and **methods** of the project
- Beneficiaries' **contributions** and **integration** within the project
- **Expected potential impact** and the plans for the **use and dissemination of results**.

Technical audits and reviews (3)

When? What? How?

- Generally, a **mid term review** is carried out for all projects
- Sometimes a **final review** or an **ex-post review / audit** may also take place
- **Beneficiaries** have the **right to refuse a particular expert** on grounds of commercial confidentiality
- Commission sends a letter to initiate the review
- Review can take place **remotely** or at the **locations** where the work is being carried out or during a meeting
- Beneficiaries have **to make available all requested information** in accordance with the grant agreement
- A **report** shall be produced by the reviewers and submitted for comments to the Commission and to the beneficiaries

Technical audits and reviews (4)

The documents to be reviewed should normally include the following:

- **Annex I** (contractual Description of Work)
- **Progress report** for the period under review
- **Deliverables** necessary for the assessment of the work, due in this period, according to the deliverable table in Annex I

For a **final technical review**, the following additional documents should also be part of the material to review:

- The **final publishable summary** report
- The **report** covering the wider **societal implications** of the project, including gender equality actions, ethical issues, efforts to involve other actors and spread awareness as well as the **plan for use and dissemination of foreground**

Good practices (1)

- Only coordinators should contact project officer; exceptions should be clearly justified
- Keep your project officer informed of progress, delays, problems
- Do not hesitate to ask questions
- Do not hide problems
- Do not overload your report with information not requested (if you want to provide additional information, put it in annex)
- Prepare carefully any review and/or audit

Good practices (2)

- All publications or any other dissemination relating to foreground shall include the following statement to indicate that said foreground was generated with the assistance of financial support from the Community:

  "The research leading to these results has received funding from the European Community's Seventh Framework Programme (FP7/2007-2013) under grant agreement n° [xxxxxx]. "

- This statement will be translated into the language of the dissemination

Reference/Guidance documents

- Guide for beneficiaries
- Guide to financial issues
- Guide for IPR
- Amendments Guide for FP7 Grant Agreements
- Checklist for the Consortium Agreement
- Guidance notes on project reporting

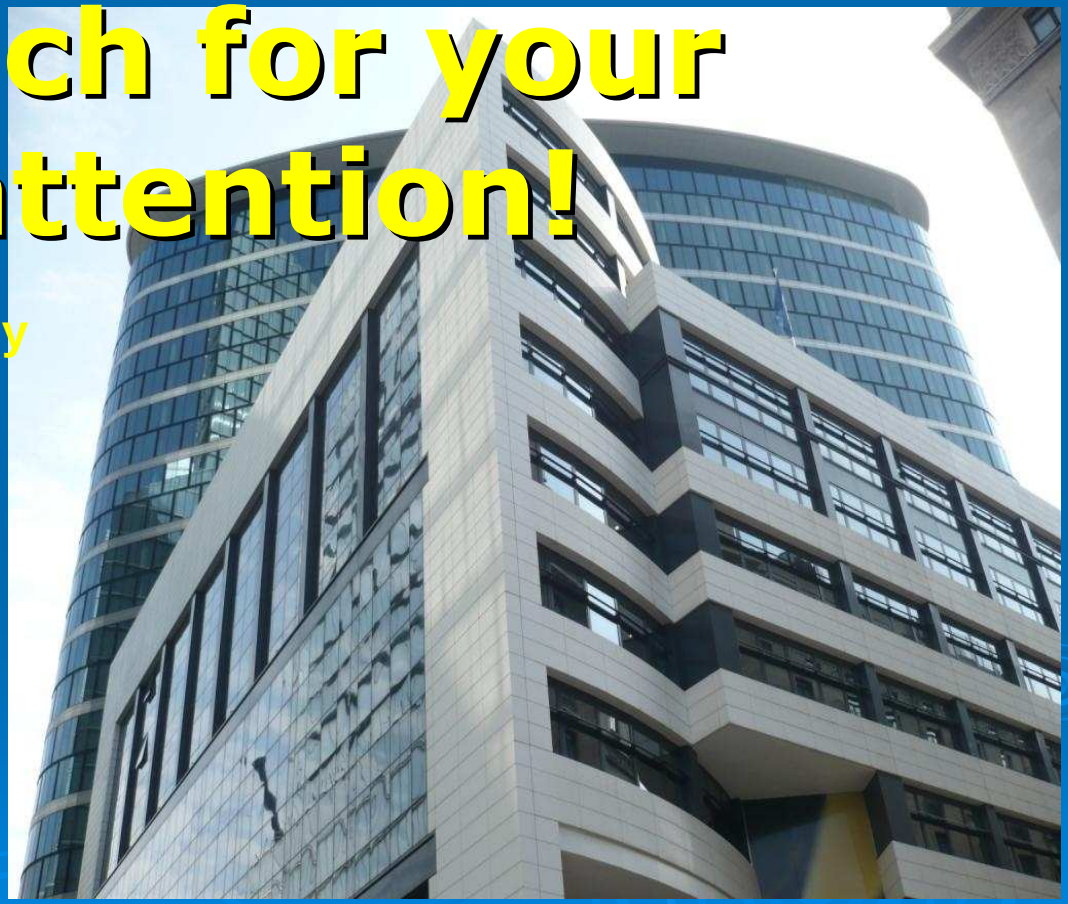
More information

Find a document -> http://cordis.europa.eu/fp7/find-doc_en.html

EU Security research websites:

- http://ec.europa.eu/enterprise/security
- http://cordis.europa.eu/fp7/calls/

Thank you very much for your attention!



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