

COOPERATIVE RESEARCH (CRAFT) CONTRACT

CONTRACT NO _____

The European Community ("the Community"), represented by the Commission of the European Communities ("the Commission"), itself represented in view of the signature of this contract by [Mr (*name*)] [Ms (*name*)], Director-General for [*name of the DG*] or [his] [her] duly authorised representative,

of the one part

and

- [*name of contractor*] ([*acronym*]) ("the *coordinator*"), established in [*name of State and full address*], represented by its legal/statutory/authorized representative[s], [Mr/Ms [*insert name*], [*function*], [Mr/Ms [*insert name*], [*function*],
- [*name of contractor*] ([*acronym*]), established in [*name of State and full address*], represented by its legal/statutory/authorized representative[s], [Mr/Ms [*insert name*], [*function*], [Mr/Ms [*insert name*], [*function*],
- [*name of contractor*] ([*acronym*]), established in [*name of State and full address*], represented by its legal/statutory/authorized representative[s], [Mr/Ms [*insert name*], [*function*], [Mr/Ms [*insert name*], [*function*],
- [*name of contractor*] ([*acronym*]), established in [*name of State and full address*], represented by its legal/statutory/authorized representative[s], [Mr/Ms [*insert name*], [*function*], [Mr/Ms [*insert name*], [*function*],

(collectively "*the contractors*"),

of the other part,

(collectively "*the contracting parties*")

HAVE AGREED to a project called "[*name of project*]" to be carried out in the framework of the specific research and technological development programme "[*name of specific RTD programme*]" (the "specific programme") according to the following provisions.

Article 1 - Scope

The *contractors*¹ shall carry out the work set out in Annex I to this contract ("*the project*") in accordance with the conditions set out in this contract.

Subject to cases of *force majeure*, the *contractors* shall use reasonable endeavours to achieve the results aimed at by the *project* and shall carry it out jointly and severally vis-à-vis the Community.

¹ The terms in italics are used in accordance with the definition given in Article 1 of Annex II to this contract.

For the realisation of this *project*, the *contractors* must conclude a *subcontract* in accordance with *Model X²* with the *RTD Performers* and take all necessary measures with a view to ensuring that those agreements conform to this contract.

Article 2 - Duration

1. The *duration of the project* shall be [*insert number*] months from [the first day of the month after the last signature of the *contracting parties*] [*insert date*].
2. This contract shall enter into force following its signature by all the *contracting parties*.

This contract shall be completed on the date of the final payment of the Community's financial contribution. However,

- Articles 5, 6 and 8 of this contract,
- Article 2(1), first subparagraph, points (a), (d), (e) and (f), Article 2(2) (c), (d), (h) and (j), Article 3(4) and (5), Article 4(5), Article 6, Articles 9 to 21, Articles 25, 26 and 28 of Annex II to this contract,

shall continue to apply after that date subject to any limitations specified in those Articles.

Article 3 - Estimated costs and maximum financial contribution of the Community

1. The total estimated *eligible costs* of the *project* are EUR [*insert amount*] ([*insert amount in words*] euro).
2. The Community shall fund the *eligible costs* of the *project* to the amount specified in the table of the indicative breakdown of the estimated *eligible costs* which follows the signatures affixed to this contract up to a maximum of EUR [*insert amount*] ([*insert amount in words*] euro).
3. The Community's financial contribution to the *project* shall be paid as specified in Article 3 of Annex II to this contract to the *coordinator's* bank account:

[*Coordinator's bank details*]

The initial advance is fixed at EUR [*insert amount*] ([*insert amount in words*] euro). It is distributed among the *contractors* in accordance with the indications laid down in the table of the indicative breakdown of the estimated *eligible costs*.

The total amount of the initial advance and the periodic payments shall not exceed the maximum amount of the Community's financial contribution referred to in paragraph 2 of this Article, less a guarantee retention. The guarantee retention shall be 15% of the maximum amount of that contribution.

² Other provisions may be added to the model agreement to expand or clarify other aspects, provided that none of them contradicts any of the provisions of that model, or any of the provisions in the present contract. The provisions of the model agreement are the "minimum" required in concluding the agreement between SME *contractors* and the *RTD Performers*.

4. The *coordinator* shall distribute the funds allocated to the *project* to the *contractors* and/or the *RTD Performers*. and, in this regard, shall make sure that the *eligible costs* of the *RTD Performers* in the context of this *project* account for at least 40% of the total *eligible costs*. In addition, at least 50% of the actual number of hours of the *RTD Performers* dedicated to the performance of the *project* should relate to personnel hours carried out by the *RTD Performers*.

Article 4 - Project deliverables and summary statements of transferred amounts to be submitted to the Commission

1. [[*insert number*] copies of the reports and [*insert number*] copies of the cost statements] [[*insert number*] copies of the reports and of the cost statements] required under this contract shall be submitted by the *coordinator* in accordance with Article 4 of Annex II to this contract. The reports shall be in [*insert language*].

Annex I shall determine the number of copies and the language of drafting of the other *project deliverables*.

2. The periodic and final reports, the corresponding cost statements, including each integrated cost statement, as well as each summary statement of amounts transferred to the *contractors* by the *coordinator* shall cover [successive periods of [*insert number*] months from the *date of commencement of the project*] [a first period ending on [*insert date*], and thereafter successive periods of [*insert number*] months].

Where the work is completed before the end of the *duration of the project*, the final report(s) and the corresponding cost statements, including the integrated cost statement, as well as the summary statement of amounts transferred to the *contractors* by the *coordinator* shall cover the period ending on such date.

However, and without prejudice to the first or second subparagraphs of this paragraph, the last cost statement of the *coordinator* and integrated cost statement shall also cover the period necessary for the drafting of the final report(s) within the maximum time-limit of two months as of the end of the *duration of the project*.

The other *project deliverables*, except the *technological implementation plan*, shall cover the periods set out in Annex I to this contract.

The *technological implementation plan* shall cover the results of work performed within the *duration of the project* or until the work is completed if such completion occurs at an earlier date.

Article 5 - Applicable law and jurisdiction

1. The law of [*law of competent authorising officer*] shall govern this contract.
2. The Court of First Instance of the European Communities and, in the case of an appeal, the Court of Justice of the European Communities shall have sole jurisdiction to hear any disputes between the Community, on the one hand, and the *contractors*, on the other hand, as regards the validity, the application or any interpretation of this contract.

Article 6 - Special conditions

[No special condition applies to this contract.]

[The following special conditions apply to this contract:]

[The special conditions applying to this contract are set out in its Annex III.]

[In addition to the special conditions set out in Annex III, the following special conditions shall apply to this contract:]

[The delegation of signature for the contract is authorised via a letter of delegation to the coordinator.]

Article 7 - Amendments

This contract, including the Annexes thereto, may be modified only in writing, by way of an amendment between the authorised representatives of the *contracting parties*. No verbal agreement may be binding on the *contracting parties* for this purpose.

Any request for amendment must be received by the Commission at least two months before the expiry of the *duration of the project*.

Article 8 - Final provisions

1. The following Annexes are an integral part of this contract:

Annex I - Description of work

Annex II - General conditions and *Model X*

[Annex III - Special conditions]

2. In the event of any conflict between Annex I and any other provision of this contract, the latter shall take precedence.

[3. The special conditions set out in [Article 6 of] [Annex III to] [Article 6 of and Annex III to] this contract shall take precedence over any other provisions].

Article 9 - Signature and language of the contract

[*number (minimum two)*] copies of the contract in [*insert language*] shall be signed by the *contracting parties* and only that language version shall be authentic.

Done at Brussels/Luxembourg,

On behalf of [*name and acronym of the coordinator/ contractor*]:

Name: (written out in full)

Title:

Signature:

(stamp of the organisation)

On behalf of the Commission:

Name: (written out in full)

Title:

Signature:

Date:

Table of the indicative breakdown of the estimated eligible costs (EUR)

No of the Contractors [and the RTD Perf.]	Name of the Contractors [and the RTD Perf.]	Number of person/month		Personnel Costs	Travel and Subsistence	Subcontracting		Durable equipment	Consumables	Computing	Other specific project costs	Protection of knowledge	Overhead costs	Total Estimated eligible costs****	Percentage of financial participation (%)	Maximum EC contrib. (EUR)	Advance
		Contr.	RTD Perf.			Coord.**	Other										
COORDINATOR*																	
Coordination costs**																	
No of SME Contractor	Name SME Contractor																
No of SME Contractor	Name SME Contractor																
No of SME Contractor	Name SME Contractor																
No of SME Contractor	Name SME Contractor																
No of RTD Perf.]	[Name of RTD Perf.]		[...]	[.....]	[.....]	[..]	[...]	[....]			[.....]	[.....]	[.....]	[.....]			[...]**
[No of RTD Perf.]	[Name of RTD Perf.]		[...]	[.....]	[.....]	[..]	[...]	[....]			[.....]	[.....]	[.....]	[.....]			[.....]
Subtotal SMEs																	
{Subtotal RTD Performers}																	
Total																	

* Without coordination costs.

** Coordination costs may be charged directly by the coordinator or subcontracted by the coordinator but not both - only the coordinator may charge coordination costs.

*** It is possible to provide an advance to an RTD performer but is not obligatory.

**** RTD Performers' costs must be in accordance with market prices.

GENERAL CONDITIONS and MODEL X

PART A: IMPLEMENTATION OF THE *PROJECT*

- Article 1 - Definitions
- Article 2 - Management of the *project* and role of the *coordinator*
- Article 3 - The Community's financial contribution
- Article 4 - Submission of *project deliverables* and of summary statements of amounts transferred by the *coordinator*
- Article 5 - *Subcontracts*
- Article 6 - Liability
- Article 7 - Termination of the contract and of the participation of a *contractor*

PART B: RULES RELATING TO INTELLECTUAL AND INDUSTRIAL PROPERTY, PUBLICITY AND CONFIDENTIALITY

- Article 8 - Ownership of *knowledge* generated under the *project*
- Article 9 - Protection of *knowledge* generated under the *project*
- Article 10 - *Use of knowledge* generated under the *project*
- Article 11 - General principles relating to *access rights*
- Article 12 - *Access rights* for carrying out of the *project*
- Article 13 - *Access rights* for use
- Article 14 - Conditions governing exclusive *access rights* for *exploitation*
- Article 15 - Refusal to grant *access rights* for *exploitation*
- Article 16 - *Technological implementation plan*
- Article 17 - Content of the *technological implementation plan*
- Article 18 - Publicity and communications concerning the *project* and *knowledge*
- Article 19 - Confidentiality
- Article 20 - Communication of data for evaluation and standardisation purposes
- Article 21 - Incompatible or restrictive commitments

PART C: REIMBURSEMENT OF COSTS

- Article 22 - *Eligible costs* - general principles
- Article 23 - Direct costs
- Article 24 - Indirect costs
- Article 25 - Justification of costs

PART D: AUDITING

- Article 26 - Financial audit
- Article 27 - Technical verification of the *project*
- Article 28 - Technological audit

PART E-1: MODEL COST STATEMENT

PART E-2: MODEL OF INTEGRATED COST STATEMENT

PART E-3: MODEL SUMMARY STATEMENT OF AMOUNTS TRANSFERRED BY THE COORDINATOR

MODEL X

PART A: IMPLEMENTATION OF THE *PROJECT*

Article 1 - Definitions

1. “*Decision*” means Decision 1999/65/EC of 22 December 1998 concerning the rules for the participation of undertakings, research centres and universities and for the dissemination of research results for the implementation of the Fifth Framework Programme of the European Community (1998 to 2002)³.
2. “*Regulation*” means Commission Regulation (EC) No 996/1999 of 11 May 1999 on the implementation of Council Decision 1999/65/EC concerning the rules for the participation of undertakings, research centres and universities and for the dissemination of research results for the implementation of the Fifth Framework Programme of the European Community (1998-2002)⁴.
3. “*Contracting parties*” means the Community and the *contractors*.
4. “*Contractor*” means a small or medium-sized enterprise (SME) which has concluded this contract with the Community.
5. “*Coordinator*” means the *contractor* responsible for carrying out the tasks provided for in Article 2(1) of this Annex.
6. “*Subcontract*” means an agreement to provide services, supplies or goods concluded between a *contractor* and one or more *subcontractors* for the specific needs of the *project*.
7. “*Subcontractor*” means a legal entity, an international organisation or the Joint Research Centre (JRC), which has concluded a *subcontract*.
8. “*RTD Performer*” means any *subcontractor* which carries out RTD work on behalf of *contractors* by virtue of an agreement concluded with them, in accordance with *Model X*.
9. “*Project*” means all the work referred to in Annex I to this contract.
10. “*Project commencement date*” means the date referred to in Article 2(1) of this contract.
11. “*Duration of the project*” means the period of performance of the *project* as referred to in Article 2(1) of this contract.
12. “*Contract completion date*” means the date referred to in Article 2(2), second subparagraph, of this contract.
13. “*Project deliverables*” means the reports and the cost statements referred to in Article 4 of this contract and Article 4 of this Annex as well as any element designated as such in Annex I to this contract.

³ OJ L 26, 1.2.1999, p. 46.

⁴ OJ L 122, 12.5.1999, p. 9.

14. "*Consortium agreement*" means an agreement concluded between *contractors* and, if need be, the *RTD Performers*, in order to specify or supplement, between themselves, the provisions of this contract.
15. "*Model X*" means a subcontracting agreement concluded between the *contractors* and the *RTD Performers*, in order to define the *project* and the financial aspects relating to it.
16. "*Associated State*" means a State party to an international agreement concluded with the Community, in particular on the basis of Article 170 of the Treaty establishing the European Community, under which that State makes a financial contribution to the Fifth Framework Programme.
17. "*Third country*" means a country other than a Member State or an *Associated State*.
18. "*Change of control*" means any change in the control exercised over a *contractor*, within the meaning of Article 5(1), third subparagraph, of the *Regulation*. Such control may result in particular from:
 - direct or indirect holding of a majority of the share capital of the *contractor* or a majority of the voting rights of the latter's shareholders or associates,or
 - direct or indirect holding in fact or in law of decision-making powers in the *contractor*.
19. "*Force majeure*" means any unforeseeable and insuperable event affecting the carrying out of the *project* by one or more *contractors*.
20. The "*interests of the Community*" are to be assessed in particular with regard to:
 - the objective of strengthening the international competitiveness of Community industry, and in particular the SMEs,
 - the objective of providing appropriate incentives for maintaining and creating jobs in the Community,
 - the objective of promoting sustainable development and improving the quality of life in the Community,
 - the needs of other Community policies in support of which indirect RTD actions are carried out,
 - the existence of scientific and technical cooperation agreements between the Community and third countries or international organisations.

21. "*Knowledge*" means the results, including information, arising from any *project* covered by Decision No 182/1999/EC of the European Parliament and of the Council of 22 December 1998 concerning the Fifth Framework Programme of the European Community for research, technological development and demonstration activities (1998 to 2002)⁵ (hereinafter referred to as the "Fifth Framework Programme"), as well as copyright or rights attaching to the results following applications for, or the issue or registration of, patents, designs and models, plant varieties, additional certificates or other similar forms of protection.
22. "*Pre-existing know-how*" means information, other than *knowledge*, held by the *contractors*, or the *RTD Performers*, prior to the conclusion of the contract or acquired in parallel with it and necessary for carrying out the *project*, as well as copyright or rights attaching to such information following applications for, or the issue or registration of, patents, designs and models, plant varieties, additional certificates or other similar forms of protection.
23. "*Access rights*" means licences and user rights in respect of *knowledge* or *pre-existing know-how*.
24. "*Complementary contract*" means a contract concluded with the Community in respect of work technically related to the *project*, including for *use* purposes, and recognised in writing by the *contractors* to each contract as being complementary.
25. "*Complementary contractor*" means a legal entity or an international organisation or the JRC, which has concluded a *complementary contract*.
26. "*Principal contractor under the same specific programme*" means a legal entity or an international organisation or the JRC, which has concluded, as *principal contractor*, a research contract with the Community under the specific programme to which this contract relates.
27. "*Use*" means the direct or indirect use of *knowledge* in research activities or for *exploitation* purposes.
28. "*Exploitation*" means the direct or indirect use of knowledge for creating and marketing a product or process or for creating and providing a service.
29. "*Dissemination*" means the disclosure of *knowledge* by any appropriate means other than the publication resulting from the formalities for protecting the *knowledge* for the purpose of promoting scientific and technical progress.
30. "*Dissemination and use plan*" means the intentions of the *contractors* regarding in particular the *exploitation* of possible *knowledge*, as set out in Annex I.
31. "*Technological implementation plan*" means the report the content of which is defined in Article 17 of this Annex.

⁵ OJ L 26, 1.2.1999, p. 1.

32. “*Legitimate interest*” means any interest, in particular commercial interest, of a *contractor* which may be put forward in the cases provided for in this Annex provided that he demonstrates that the damage to that interest is likely, given the circumstances, to cause a specific prejudice that is disproportionate, considering the objectives of the provision on account of which it is invoked.
33. “*Eligible costs*” means the costs referred to in Articles 23 and 24 of this Annex, in compliance with the conditions set out in Article 22(1), (2) and (3) thereof.

Article 2 - Management of the *project* and role of the *coordinator*

1. Without prejudice to paragraph 2 of this Article, the *coordinator* shall be in charge of the scientific, financial and administrative coordination of the *project*. In this respect,
- (a) he shall be the intermediary between the *contractors*, the *RTD Performers* and the Commission. In particular, he shall be responsible for transmitting to the Commission all documents and correspondence relating to the *project*;
 - (b) he shall inform the Commission of the actual date of commencement of the work and of the person designated by each *contractor* in accordance with paragraph 2(a) of this Article;
 - (c) he shall submit to the Commission:
 - the cost statements provided for in Article 4 of this contract and Article 4 of this Annex, and
 - the periodic, final and supplementary reports provided for in Article 4 of this contract and Article 4 of this Annex after incorporating the content of data provided by the *contractors* and verifying their consistency with any corresponding cost statements,
 - the summary of the *technological implementation plan* referred to in Article 17(2) of this Annex, as well as any other *project deliverable* except where Annex I to this contract provides otherwise;
 - (d) in his capacity as representative of the *contractors* he shall receive, subject to the special conditions set out in Article 6 of this contract, all the payments made by the Commission to the account referred to in Article 3(3), first subparagraph, of this contract;
 - (e) not being the beneficiary of payments intended for other *contractors* pursuant to this contract, he shall transfer to the *contractor* and/or to the *RTD Performers* the amount owing to them within 30 days⁶ of receipt of the funds paid by the Commission, up to the maximum provided under Article 3(3), third subparagraph, of this contract.

⁶ Note: this period could, exceptionally, be extended for reasons pertaining to internal operational rules of the *coordinator*, pursuant to a special condition.

He shall inform the Commission of the distribution of the funds and of the date of transfer by means of the form in part E-3;

- (f) he shall inform the other *contracting parties* of any event liable to substantially affect the *project* of which he is aware, including any change of a person mentioned in paragraph 2(a) of this Article, any *change of control* at the level of a *contractor* (or of an *RTD Performer*), and any circumstance affecting the conditions of participation referred to in Articles 3 to 12 of the *Decision*;
- (g) he shall inform the Commission of transfers in the budget laid out in the table of the indicative breakdown of the estimated *eligible costs*, between *contractors* and between categories carried out in compliance with Article 22(4) of this Annex upon notification by those concerned.
- (h) he should oversee in particular the work executed by the *RTD Performers*.

Without prejudice to Article 7(3)(b) of this Annex, if the *coordinator* fails to perform his obligations, the Commission may, in agreement with the other *contractors*, designate another *coordinator* from among the *contractors*.

2. The *contractors*:

- (a) shall agree upon appropriate arrangements for the proper performance of the work incumbent upon them pursuant to Annex I to this contract. To this end, they shall designate one or more persons among those referred to in Article 23(1) of this Annex who shall direct their work and ensure that the tasks assigned are correctly performed;
- (b) shall conclude, if necessary, amongst themselves a *consortium agreement* in accordance with the provisions of this contract and the competition rules. Such agreement may, *inter alia*, specify the organisation of the work and supplement the provisions concerning the *access rights* referred to in Articles 12 to 15 of this Annex. The *RTD Performers* may be part of this *consortium agreement*;
- (c) shall inform the *coordinator* of any event liable substantially to affect the *project*, including any change of a person mentioned at point (a) of this paragraph, any *change of control* at their level and any circumstance affecting the conditions of participation referred to in Articles 3 to 12 of the *Decision*;
- (d) shall keep duly signed original copies of *subcontracts*, including the agreements signed with the *RTD Performers*, if any have been concluded;
- (e) shall forward to the *coordinator* the data needed to draw up the reports provided for in Article 4 of this contract and Article 4 of this Annex, and forward the corresponding cost statements, if any. With the exception of the individual part of the *technological implementation plan* referred to under (g), they shall do likewise in respect of any other *project deliverable*, except where Annex I provides otherwise;

- (f) shall inform the *coordinator* of transfers in the budget laid out in the table of the indicative breakdown of the estimated *eligible costs*, between them and between categories as soon as they have carried out such transfers in compliance with the conditions set out in Article 22(5) of this Annex;
 - (g) shall each submit to the Commission the individual part of the *technological implementation plan* referred to in Article 17(3) of this Annex;
 - (h) shall each notify the Commission of the measures taken to implement the *technological implementation plan* and of any significant changes thereto, in accordance with Article 16(3) of this Annex;
 - (i) shall take part in meetings concerning the supervision, monitoring and evaluation of the *project* which are relevant to them;
 - (j) shall provide all detailed data requested by the Commission for the purposes of the proper administration of this contract. They shall communicate such data for the approval of the *technological implementation plan*, in accordance with Article 16(2) of this Annex, in so far as they consider them relevant.
3. The table of the indicative breakdown of estimated *eligible costs* following the signatures on this contract determines the relations of technical supervision between the *contractors* and the *RTD Performers*.
 4. The Commission may be assisted by independent experts in the framework of the meetings referred to under paragraph 2(i) of this Article. It shall take appropriate steps to ensure that such experts treat confidentially the data that are communicated to them. Prior to such meetings, it shall disclose the identity of the experts who are intended to assist it. It shall take account of any objection on the part of *contractors* based on *legitimate interests*.

Article 3 - The Community's financial contribution

1. The Community's financial contribution shall be paid in accordance with the following principles:
 - (a) An initial advance shall be paid within a maximum period of 60 days running from the date of the last signature of the *contracting parties*⁷. The *coordinator* allocates the advance in accordance with the table of the indicative breakdown of estimated *eligible costs* following the signatures on this contract.

⁷ Note: where the project starts at a later date, the Commission shall pay the advance at the latest 60 days before the starting date of the project (by way of a special condition).

If the *project* has not effectively commenced within three months of the payment of the initial advance, the Commission may:

- (i) either terminate the contract pursuant to Article 7(3)(a) of this Annex, or
 - (ii) decide to add interest to the initial advance from the date of payment until the effective date of commencement of the work at the rate applied by the European Central Bank for its main refinancing operations applicable on the first day of the month during which the three months time-limit has expired. Such interest shall be deducted from the subsequent payment made by the Commission.
- (b) Periodic payments shall be made within a maximum period of 60 days from the date on which the Commission approves or is deemed, in accordance with Article 4(3), fourth subparagraph, of this Annex, to have approved the periodic reports and the corresponding cost statements or other *project deliverables*.

The amounts of the periodic payments shall be calculated on the basis of the *eligible costs* approved by the Commission. On each periodic payment, an amount corresponding to a part of the initial advance shall be recovered, which amount is calculated on the basis of the relation between the *eligible costs* approved by the Commission and the forecast expenses for the period considered.

- (c) The final payment of the Community's financial contribution shall be made within a maximum period of 60 days from the date on which the Commission approves or is deemed, in accordance with Article 4(3), fourth and fifth subparagraphs, of this Annex, to have approved the last *project deliverable*.

The final payment shall correspond to the difference between the amount owed by the Commission on the basis of the *eligible costs* which it has approved and the amount of the initial advance and the periodic payments. However, the Community's total financial contribution may not exceed the maximum amount provided for in Article 3(2) of this contract.

The payments referred to at points (a) to (c) of the first subparagraph of this paragraph shall be regarded as having been effected on the date on which the Commission's account is debited.

The Commission may suspend the period of 60 days referred to under (b) and (c) of the first subparagraph of this paragraph at any time by notifying the *contractors* concerned that it considers that additional checks should be carried out. The period shall continue to run once the Commission has completed the additional checks.

On expiry of the period provided for and without prejudice to the third subparagraph of this paragraph, the *contractors* concerned, or the *coordinator* on behalf of all *contractors*, may claim, at the latest within two months of receiving the late payment, interest at the monthly rate applied by the European Central Bank for its main refinancing operations, applicable on the first day of the month during which the payment period has expired, plus one and a half percentage points. The interests shall

cover the period running from the day after the time-limit for payment until the date of actual payment.

2. The Commission may, in case of suspected fraud or major financial irregularity on the part of a *contractor*, suspend payments and/or instruct the *coordinator* not to make any payment to such *contractor*. The latter shall remain bound by his contractual obligations.
3. Subject to Article 26 of this Annex, all payments shall be treated as advances until the last *project deliverable* is approved.
4. Where the total financial contribution due from the Community, taking into account any adjustments, including as a result of a financial audit as referred to in Article 26 of this Annex, is less than the total amount of the payments referred to in paragraph 1, first subparagraph, of this Article, the *contractors* concerned shall reimburse the difference, in euro, within the time-limit set by the Commission in its request sent by registered letter with acknowledgment of receipt.

In the event of non-reimbursement by the *contractor* within the time-limit set by the Commission, the latter shall add interest to the sums due at the rate applied, on the first day of the month during which the time-limit set by the Commission has expired, by the European Central Bank for its main refinancing operations, plus one and a half percentage points, unless interest is due pursuant to another provision of this contract. The interest shall cover the period starting on the day after the expiry of the time-limit until the date of receipt of the funds to be reimbursed.

Bank charges resulting from any reimbursement of sums due to the Community shall be borne exclusively by the *contractor* concerned.

The recovery order regarding payments made by the Commission drawn up by the latter and transmitted to a *contractor* who owes an amount to be reimbursed shall be enforceable within the meaning of Article 256 of the Treaty establishing the European Community.

The Commission may decide to proceed with the reimbursement of sums owed to the Community by way of set-off against sums of any kind due to the *contractor* concerned.

5. After the *contract completion date*, or the termination of the contract or of the participation of a *contractor* the Commission may or shall, as relevant, where fraud or serious financial irregularities have been discovered during a financial audit, claim from the *contractor* the repayment of all the Community's financial contribution paid to him. Interest at the rate applied, on the first day of the month during which the *contractor* concerned has received the funds, by the European Central Bank for its main refinancing operations, plus two percentage points, covering the period between the receipt of the funds and their repayment, shall be added to the amount to be repaid.

Article 4 - Submission of *project deliverables* and of summary statements of amounts transferred by the *coordinator*

1. As regards reports:

- (a) The following reports shall be submitted to the Commission for approval:
 - (i) periodic reports containing information about the progress of work, resources employed, departures from the work schedule, and results,
 - (ii) supplementary reports containing information required by Annex I to this contract,
 - (iii) a final report covering all the work, objectives, results and conclusions, including a summary of all the latter,
 - (iv) where the reports referred to in point (iii) cannot be published in full, they shall, in addition, be presented in a suitable form for publication by the *contracting parties*. The publishable final report shall include sufficient information on new developments to enable third parties established in the Member States or in *Associated States* to be informed of opportunities to request licences in respect of *knowledge*,
 - (v) a *technological implementation plan*.
- (b) The layout of the reports shall conform to the rules communicated by the Commission. The reports for publication should be of a suitable quality to enable direct reproduction. The layout of the *technological implementation plan* shall comply with the conditions provided in Article 17 of this Annex.

2. As regards cost statements:

- (a) Cost statements shall be expressed in euro and in the currency used in the accounting of the *contractor*. The euro conversion and exchange rates for cost statements and related payments shall be the rates published by the Commission for the implementation of the budget and in force on the first working day of the month following the period covered by the cost statement concerned. No account shall be taken of exchange rate gains or losses between the time of establishment of the cost statement and the receipt of the corresponding payment.
- (b) *Contractors* shall submit their cost statements to the Commission through the *coordinator* in the format specified in part E-1. In addition, the *coordinator* shall submit the corresponding integrated cost statements in euro in the format specified in part E-2.

Contractors that do not benefit from a financial contribution from the Community are required to submit statements of efforts made and resources used in order to carry out the *project* rather than cost statements.

3. Each periodic report and the corresponding cost statements, including the integrated cost statement, as well as each supplementary report shall be submitted to the Commission within two months of the end of the period covered by the report.

The final report(s) and the cost statements for the final period, including the integrated cost statement, shall be submitted to the Commission within two months of the end of the *duration of the project*.

The other *project deliverables*, except the *technological implementation plan*, shall be submitted by the deadlines specified in Annex I to this contract.

In the absence of observations by the Commission, the reports, cost statements, including each integrated cost statement and the other *project deliverables*, except the *technological implementation plan*, shall be deemed to be approved within two months of their receipt.

The *technological implementation plan* shall be submitted and approved within the time-limit set out in Article 16 of this Annex.

4. The Commission reserves the right to withhold part or, exceptionally, all of the payment of the Community's financial contribution until the period covered by the next cost statement in case of failure to submit, within the time-limit set out in paragraph 3 of this Article or in Annex I as relevant, a cost statement or a periodic report or other *project deliverable*.

The Commission may decide not to make the payment corresponding to the costs incurred during the final period in case of failure to submit, within the time-limit set out in paragraph 3 of this Article:

- the cost statements for the final period,
- the final report(s) or other *project deliverable*,
- the *technological implementation plan*

subject to one month's written notice of non-receipt of that document.

5. The *coordinator* shall attach to the cost statements the summary statements referred to in Article 2(1), first subparagraph, point (e), second sentence, of this Annex. However, where they concern the transfer of the final payment of the Community's financial contribution, the *coordinator* shall submit them to the Commission immediately following such transfer.

Article 5 - Subcontracts

1. *Contractors* may conclude *subcontracts* where this proves necessary for the performance of their work. Where such *subcontracts* are concluded with the *RTD Performers*, they must conform to *Model X* and must be sent to the Commission once signed.

Unless Annex I to this contract contains sufficient detailed data, the Commission's prior written approval is required.

- (a) where the cumulative amount of the *subcontracts* for the *contractor* exceeds:
 - 20% of his estimated *eligible costs*,
 - EUR 100 000,whichever amount is the lower;
- (b) where the *subcontractor* is established in a *third country*, unless the *contractor* concerned is established there;
- (c) where the *subcontract* is concluded for the execution of coordination tasks.

In the absence of observations within one month of receipt of the request made by the *coordinator*, the Commission's approval shall be deemed to be granted.

- 2. The *contractors* shall ensure that all *subcontracts* include an obligation for the *subcontractors*:
 - to submit invoices making reference to the *project* and providing a detailed description of the tasks or supply concerned,
 - to submit to the controls provided for in Articles 26 and 27 of this Annex.

Article 6 - Liability

- 1. The liability of the *contracting parties* amongst themselves with regard to any losses, damages or injuries suffered in the context of the performance of this contract shall be governed by the law designated in Article 5(1) of the contract.
- 2. The *contractors* shall take all necessary and reasonable measures to carry out the work incumbent on a defaulting *contractor*. However, they shall not be required to reimburse amounts owed by a *contractor* unless they have contributed to his defaulting.

The measures to be taken in the event of *force majeure* shall be agreed between the *contracting parties*. The *contracting parties* expressly agree that any default of a product or service used in the performance of this contract and affecting such performance, including, for example, anomalies in the functioning or performance of such product or service resulting from, or linked to the millennium date change (year-2000 problem), does not constitute *force majeure*.

- 3. The Community cannot be held liable for acts or omissions of the *contractors* in performing this contract. It shall not be liable for any defects in respect of any products or services created on the basis of *knowledge* resulting from the *project*, including, for example, anomalies in the functioning or performance thereof resulting from, or linked to the millennium date change (year-2000 problem).

Contractors shall fully guarantee the Community, and shall undertake to indemnify it in the event of any action, complaint or proceeding brought by a third party against it as a result of damage caused, either by any act or omission of the *contractors* in performing this contract, or on account of any products or services created on the basis of *knowledge* resulting from the *project*, only to the extent that the *contractors* have contributed to or are responsible for the loss or damage concerned.

In the event of any action brought by a third party against the Community in connection with the performance of this contract, *contractors* which may bear responsibility shall be required to assist the Community.

4. In the event of any action brought by a third party against a *contractor* in connection with the performance of this contract, the Commission may, without prejudice to paragraph 1 of this Article, assist the latter upon written request. The costs incurred by the Commission in this connection shall be borne by the *contractor* concerned.

Article 7 - Termination of the contract or of the participation of a *contractor*

1. The Commission may terminate the contract or the participation of a *contractor*
 - (a) for major technical or economic reasons substantially affecting the *project* (including where the resumption of the performance of the contract following its suspension on account of *force majeure* proves impossible),
 - (b) if the *use* potential of the results of the *project* diminishes to a considerable extent.

The Commission shall determine, in the registered letter with acknowledgment of receipt, the notice period, which shall not exceed one month from the date of receipt of such letter.

2. The Commission shall not object
 - (a) to the termination of the contract, at the written request of the *coordinator* in agreement with all the other *contractors*, on the grounds mentioned in paragraph 1 of this Article,
 - (b) to the withdrawal of a *contractor* from the *project* where all the other *contractors* have given their prior agreement in writing, unless this withdrawal substantially affects the carrying out of the *project*.

The termination of the contract or the withdrawal of the *contractor* shall be effective:

- on the date of the letter of acceptance by the Commission notified by registered letter with acknowledgment of receipt,
- at the latest one month following receipt of notification by the interested part(y)(ies) in the absence of written observations by the Commission within that time-limit.

3. The Commission may immediately terminate this contract or the participation of a *contractor* from the date of receipt of the registered letter with acknowledgment of receipt:
 - (a) where the *project* has not effectively commenced within three months of the payment of the initial advance and the new date proposed is considered unacceptable by the Commission,
 - (b) where the *contractor* has not fully performed his contractual obligations, upon a written request from the Commission, or the *coordinator* in agreement with the other *contractors*, to remedy a failure to comply with such obligations within a period not exceeding one month,
 - (c) where a *change of control* over a *contractor* is likely substantially to affect the *project* or the *interests of the Community*,
 - (d) in the event of bankruptcy, of winding up, of cessation of trading, of winding up by court order or composition, suspension of activities of a *contractor* or any similar proceeding provided for by national laws or regulations and leading to a similar result,
 - (e) in the event of a serious financial irregularity.
4. The Commission shall immediately terminate this contract or the participation of a *contractor* from the date of receipt of the registered letter with acknowledgment of receipt:
 - (a) where the conditions for participation in the *project* mentioned in Articles 3 to 12 of the *Decision* are no longer satisfied, unless the *project* is essential to the implementation of the specific programme,
 - (b) where the *contractor* has made false declarations for which he may be held responsible or has deliberately withheld information in order to obtain from the Community's financial contribution or any other advantage provided for in the contract,
 - (c) where the *contractor* has not submitted the individual part of the *technological implementation plan* referred to in Article 17(3) of this Annex by the deadline provided for in Article 16(1) of this Annex and has not remedied the default within a period not exceeding one month from the receipt of the Commission's request.
5. Any letter of the Commission serving to terminate the participation of a *contractor* (including in the event of its withdrawal) or to terminate the contract shall be addressed in the first case to the party concerned and in the second case to the *coordinator* in accordance with the procedures set out in paragraphs 1 to 4 of this Article. A copy of the letter shall be sent in the first case to the *coordinator* and in the second case to the other *contractors*.

6. *Contractors* shall take appropriate action to cancel or reduce their commitments, upon receipt of the letter from the Commission notifying them of the termination of the contract or of their participation or upon the dispatch of their request for termination or withdrawal, as the case may be.

In the event of termination of the contract or of the participation of a *contractor* pursuant to paragraph 1 or paragraph 2, first subparagraph, point (a), of this Article, the Community's financial contribution shall cover *eligible costs* relating to *project deliverables* approved by the Commission and also *eligible costs* subsequently incurred in good faith before the date mentioned in the first subparagraph of this paragraph.

In the event of termination of the contract or of the participation of a *contractor*:

- (a) pursuant to paragraph 2, first subparagraph, point (b), paragraph 3(b) or (d) or paragraph 4(c) of this Article, the Commission may require reimbursement of all or part of the Community's financial contribution, taking into account the nature and results of the work carried out and its usefulness to the Community in the context of the specific programme concerned,
 - (b) pursuant to paragraph 3(c) or paragraph 4(a) of this Article, the Commission shall only reimburse the *eligible costs* relating to approved *project deliverables* and incurred before the event which caused the termination of the contract or of the participation of a *contractor*, and also *eligible costs* subsequently incurred in good faith before the date mentioned in the first subparagraph of this paragraph,
 - (c) pursuant to paragraph 3(a) or (e) or paragraph 4(b) of this Article, the Commission may require repayment of all or part of the Community's financial contribution. Interest at the rate applied, on the first day of the month during which the *contractor* concerned has received the funds, by the European Central Bank to its main refinancing operations, plus two percentage points, shall be added to the amount to be repaid. The interest shall cover the period between the receipt of the funds and their repayment.
7. The termination of the participation of a *contractor* shall not prejudice the *access rights* for the carrying out of the *project* which he granted before that date, pursuant to Articles 11 and 12 of this Annex. He shall grant such *access rights* to any *contractor* taking over all or part of the work incumbent on him:
 - on a royalty-free basis, if his participation is terminated pursuant to paragraph 3(b) or (e), or paragraph 4(b) of this Article,
 - in accordance with the conditions laid down in Articles 11 and 12 of this Annex, in other cases.

Access rights for use shall be granted by *contractors*, in accordance with Articles 11, 13, 14 and 15 of this Annex, in so far as necessary for the *use* of new *knowledge* generated before the participation of the *contractor* terminated. Where *use* is contemplated, the *contractors*, including the one whose participation terminates, shall submit a *technological implementation plan* which complies with Articles 16

and 17 of this Annex. However, a *contractor* whose participation terminates pursuant to paragraph 3(b), (c) or (e), or paragraph 4(b) or (c) of this Article shall not have *access rights* for use.

8. Notwithstanding the termination of the contract or of the participation of a *contractor*, the following provisions shall continue to apply after that date subject to the limits specified therein, as the case may be:
 - Articles 5, 6 and 8 of this contract,
 - Article 2(1), first subparagraph, points (a), (d), (e) and (f), Article 2(2) (c), (d), (h) and (j), Article 3(4) and (5), Article 4(5), Article 6, Articles 9 to 21, Articles 25, 26 and 28 of this Annex.

The *contractors* shall submit the *project deliverables* relating to the work performed until the date of termination of the contract or when their participation ends.

PART B: RULES RELATING TO INTELLECTUAL AND INDUSTRIAL PROPERTY, PUBLICITY AND CONFIDENTIALITY

Article 8 - Ownership of *knowledge* generated under the *project*

1. *Knowledge* generated under the *project* shall be jointly owned by the *contractors*.

RTD Performers shall make available to the *contractors*, free of charge, the necessary data, other than *pre-existing know-how*, to enable or facilitate the exercise of ownership of the *knowledge*. Conditions governing the granting of *access rights*, in particular to *pre-existing know-how*, are set out in Articles 12 and 13.

2. The *contractors* shall agree among themselves on the terms of exercising and dissolution of joint ownership of the *knowledge* in accordance with the provisions of this contract.

In the event of dissolution of joint ownership, each *contractor* must comply with paragraphs 3 and 4 of this Article and Articles 9 to 21 of this Annex as regards *knowledge* which they own.

3. If persons hired, and in particular employed, by a *contractor* or a *RTD Performer* may claim rights to *knowledge* generated under the *project*, that *contractor* or *RTD Performer* shall take steps or reach appropriate agreements to ensure that these rights are exercised in a manner compatible with its obligations under this contract, or as the case may be, under the arrangement concluded with the *contractors*.
4. Where the *contractors* transfer ownership of *knowledge* generated under the *project*, they shall take steps or conclude agreements to pass on their obligations under this contract to the assignee, in order to take account, *inter alia*, of the *interests of the Community* and in compliance with international agreements concluded by the Community.

The *contractors* shall inform the other contracting parties in advance of the conditions of the assignment.

Article 9 - Protection of *knowledge* generated under the *project*

1. *Contractors* shall provide adequate and effective protection for *knowledge* generated under the *project* that is capable of *exploitation*.

The terms of the protection, including protection periods, shall be defined in the *technological implementation plan*, which must be in conformity with the principles set out in Articles 16 and 17 of this Annex.

2. Where the *contractors* do not intend to protect the *knowledge* generated under the *project* in a country specified by the Commission or where they waive such protection, the Commission may take measures to that end in agreement with them. The agreement of the *contractors* may not refuse without good reason.

In such cases the Community shall assume the obligations referred to in Articles 10 to 14 of this Annex instead of the *contractors*.

The *contractors* shall, on request, be entitled to *access rights* in the country in question on a royalty-free basis, and may grant sublicences on the *knowledge*.

3. The *contractors* may publish, or allow the publication of data, on whatever medium, concerning *knowledge* generated under the *project* provided that this does not affect the protection of that *knowledge*.

When a *contractor* wishes to publish or allow the publication of data in conformity with the first subparagraph, the other *contractors* shall be given, in good time, prior notice of any planned publication and the scheduled date thereof. A copy of the medium containing these data shall be communicated to them if they so request within 30 days after receipt of such notice. They may object to such publication, provided that due reasons for the objections are given, within a new period of 30 days after receipt of such data where, from their point of view, it would adversely affect the protection of the *knowledge* referred to in paragraph 1 of this Article.

The *consortium agreement* may specify the details of such a right to object and the measures necessary to ensure a speedy publication without prejudicing the protection.

Article 10 - Use of *knowledge* generated under the *project*

1. The *use of knowledge* generated under the *project* shall give priority to *exploitation* of such *knowledge*, taking account of the *legitimate interests* of the *contractors*.

The *contractors* shall exploit or cause to be exploited the *knowledge* generated under the *project* within a reasonable time-limit, and at least within two years following the end of the *duration of the project*, in accordance with the *interests of the Community* and in compliance with international agreements concluded with the Community.

The terms of *exploitation*, including a reasonable time-limit within which it must take place, shall be set out in the *technological implementation plan* referred to in Articles 16 and 17 of this Annex, taking account, in particular of the area of activity concerned.

2. If the *knowledge* is not exploited in accordance with the terms and time-limits referred to in paragraph 1, second and third subparagraphs, of this Article, the *contractors* shall disseminate such knowledge, in accordance with:
 - the need to safeguard intellectual and industrial property rights,
 - confidentiality,

and taking into account the benefits of swift *dissemination* and their *legitimate interests*.

Should the *contractors* fail to do so, the Community shall disseminate the *knowledge* itself under the same conditions.

Article 11 - General principles relating to *access rights*

1. *Access rights* shall be granted by *contractors* or *RTD Performers* on request on the conditions provided for in Articles 12 to 15 of this Annex. *Access rights* shall be granted to *pre-existing know-how* provided that the grantor concerned is free to grant such rights.
2. *Access rights* shall be granted, depending on the case:
 - free of charge and subject to no other condition than those specified in this Annex (on a royalty-free basis),
 - on conditions that are more favourable than the market conditions, as a result of the granting of any kind of rebate (favourable conditions),
 - on market conditions.

Access rights may be granted on financial conditions that are more favourable for the requester.

3. The granting of *access rights*, notably to the *RTD Performers*, may be made conditional upon the conclusion of specific agreements aimed at ensuring that they are used only for the intended purpose, and appropriate confidentiality agreements.
4. Except where the *contractors* or the *RTD Performers* granting *access rights* so agree, *access rights* shall not confer any entitlement to grant sublicences.
5. The essential transfer costs for the granting of *access rights* shall be borne by the beneficiary.

6. A *consortium agreement* with the purpose, in particular of granting additional *access rights* or supplementing the requirements of this Annex applicable to *access rights*, but not conflicting with the latter, may be concluded between the contractors and, as the case may be, the *RTD Performers*.

Any agreement of this type must comply with competition policy as defined in the Treaty.

Article 12 - Access rights for the carrying out of the project

1. *RTD Performers* shall enjoy *access rights* to the *knowledge* needed to carry out their own work under the *project*. They shall be granted on a royalty-free basis.

In the case of dissolution of the joint ownership of the *knowledge* as referred to in Article 8(2), the *contractors* shall enjoy *access rights* to the *knowledge* needed to carry out their own work under the *project*. They shall be granted on a royalty-free basis.

2. *RTD Performers* shall enjoy *access rights* to the *pre-existing know-how* needed to carry out their own work under the *project*. They shall be granted on royalty-free basis.

The *contractors* shall enjoy *access rights* on the *pre-existing knowledge* needed to carry out their own work under the *project*. They shall be granted on a royalty-free basis.

3. Where *contractors* designate a contract under the framework programme as being a *complementary contract*, they shall determine the arrangements for the granting of *access rights*, the period during which they may be claimed, and the financial conditions attaching thereto.
4. *Access rights* for the carrying out of the *project*, as referred to in paragraphs 1 and 2 of this Article, shall be granted until the end of the *duration of the project*.

Article 13 - Access rights for exploitation

1. In the case of dissolution of the joint ownership of the *knowledge* as referred to in Article 8(2), the *contractors* shall enjoy *access rights* to all *knowledge* generated under the *project* in order to exploit this *knowledge* or *knowledge* generated under the *project* that they owned. They shall be granted on a royalty-free basis.
2. The *contractors* shall enjoy *access rights* to *pre-existing know-how* and *knowledge* other than that generated in the framework of the *project* to the extent necessary to exploit *knowledge* generated under the *project*. These *access rights* shall be granted on favourable conditions.
3. Where *contractors* designate a contract under the framework programme as being a *complementary contract*, they shall determine the arrangements for the granting of *access rights*, the period during which they may be claimed, and the financial conditions attaching thereto.

4. *Access rights for exploitation*, as referred to in paragraphs 1 and 2 of this Article, may be requested until two years after the end of the *duration of the project*.
5. Only the *contractors* may decide on their own to grant *access rights* to the *RTD Performers*, notably for the purpose of subsequent research activities, on conditions they determine.

Article 14 - Conditions governing exclusive *access rights for exploitation*

1. As a rule, *access rights* shall be granted on a non-exclusive basis.

Contractors may, exceptionally, grant exclusive *access rights* to their *knowledge* resulting from the *project for exploitation* purposes:

- in compliance with competition policy, and in particular the Community rules adopted pursuant to Article 81(3) of the Treaty establishing the European Community,

and

- provided that they are economically indispensable, taking into account in particular the market, the risks involved and the investments required.

They must be granted on market conditions.

The granting of such exclusive rights shall not affect the obligation, in accordance with Article 13(1) of this Annex, to grant *access rights* to the requester for the *exploitation* of his own *knowledge* resulting from the *project*.

2. A *contractor* who intends to grant *access rights* to his *knowledge* resulting from the *project* on an exclusive basis shall inform the other *contractors* in good time of the identity of the requester and of the arrangements for granting such rights.

Those other *contractors* may, within 30 days after receipt of this information, indicate their commitment to exploit such *knowledge* on the basis of non-exclusive *access rights*. In that case, the *access rights* may not be granted on an exclusive basis pursuant to paragraph 1, first subparagraph, of this Article.

Article 15 - Refusal to grant *access rights for exploitation*

In the case of dissolution of the joint ownership of the *knowledge* as referred to in Article 8(2), a *contractor* may refuse to grant *access rights* for the *exploitation* of *knowledge* resulting from the *project* if he is exploiting it himself. The details thereof may be defined in the *consortium agreement*. Such refusal shall only be justified, however, when it is economically indispensable in view, in particular, of the market, the risks involved and the investment required to exploit the *knowledge*.

Such refusal shall not affect the obligation, in accordance with Article 13(1) of this Annex, to grant *access rights* to a requester for the *exploitation* of his own *knowledge* generated under the *project*.

Article 16 - *Technological implementation plan*

1. A *technological implementation plan* drawn up in accordance with the principles set out in Article 17 of this Annex shall be submitted to the Commission no later than two months after the end of the *duration of the project*. It shall reflect, except in particular circumstances, the broad outlines of the *dissemination and use plan*.
2. The *technological implementation plan* shall be approved by the Commission taking into account compliance with the *interests of the Community* and international agreements concluded with the Community, as well as the interests of the *contractors*. To this end, the *contractors* shall submit to the Commission on request the documentation they consider relevant in the light of Article 17 of this Annex, whatever its medium, and in an appropriate form.

Approval of the *technological implementation plan* by the Commission shall be limited to verification of compliance with the obligations set out in the contract. It shall be without prejudice to compliance with Articles 14 and 15 of this Annex.

In the absence of observations by the Commission, the *technological implementation plan* shall be deemed to be approved within two months of its receipt.

3. *Contractors* shall inform the Commission of the arrangements for implementing the *technological implementation plan* at the latest on the expiry of the time-limits laid down in it.

They shall give proper justification for any change made to the *technological implementation plan* that significantly alters the conditions of *exploitation*. In the absence of observations within one month of its receipt, such change shall be deemed to be approved by the Commission.

Article 17 - Content of the *technological implementation plan*

1. The *technological implementation plan* shall include a summary of the project and a forecast of the intentions of the *contractors*, as well as a description of their achievements regarding the *exploitation* of the *knowledge*.
2. The summary of the project shall be submitted to the Commission through the *coordinator* for the purpose of *dissemination* and shall contain a description of the *project* and its results as well as, in the case of dissolution of the joint ownership of the *knowledge* generated under the *project*, the names of the *contractors* owning the results.
3. The forecast of the intentions of the *contractors* regarding *exploitation* of the *knowledge* as well as their achievements in that field shall be sent to the Commission by the *coordinator* or by each *contractor* individually and shall contain, in particular, the following data:

- (a) protection measures obtained or planned and steps taken to that effect,
- (b) data necessary to ascertain the terms of *exploitation* as described in Article 10(1) of this Annex, including an indicative timetable and an outline of the resources contemplated for that purpose,
- (c) any other data necessary to ascertain the extent of the Community added-value,
- (d) differences compared with the *dissemination and use plan*.

The Commission shall keep confidential any data, *knowledge* and document expressly communicated to it as confidential.

Article 18 - Publicity and communications concerning the *project* and *knowledge*

1. Without prejudice to Article 9(3) of this Annex concerning the publication of data on the *knowledge* and taking into account their *legitimate interests*, *contractors* shall, throughout the *duration of the project*, take appropriate measures to ensure suitable publicity for the *project* in order to highlight the support provided by the Community. The Commission may agree on such measures with the *contractors*.

Contractors shall give the Commission general data in advance concerning the proposed publicity.

2. The Commission may disseminate, by any appropriate means and for as long as necessary, general data relating in particular to the objectives, the estimated total cost, the duration and the state of progress of the *project*, to the Community's financial contribution and to the *knowledge*, as described in the final report. The legal designation of *contractors* and *RTD Performers* and the names of the laboratories carrying out the work shall also be published unless they object to this in advance on the basis of essential *legitimate interests*.

Where the measures referred to in the first subparagraph of this paragraph presuppose access by the Commission or its duly authorised representatives to the premises of *contractors* or *RTD Performers*, the latter may refuse such access on the basis of *legitimate interests*.

On request and where he is free to do so, each *contractor* shall grant the Commission an irrevocable non-exclusive right, on a royalty-free basis, to translate, reproduce and distribute Articles for scientific and technical journals, conference papers and other documents drawn up in the framework of the *project* and published by the *contractor*.

3. In the case of the reports referred to in Article 4 of this Annex which cannot be published, the Commission may, on request, transmit these documents to other Community institutions on a confidential basis and subject to the limits of such requests.

4. Any communication or publication, whatever the form or medium (including the Internet), concerning the state of progress of the *project* or concerning the *knowledge*:

- shall mention the relevant specific programme and the support provided by the Community,

and

- shall, where it is made by the *contractor*, state that the author is solely responsible for it and that it does not represent the opinion of the Community, and that the Community is not responsible for any use that might be made of data appearing therein.

Where use of the European emblem is envisaged, prior approval shall be required from the Commission. Standards, in particular with regard to graphics, in force within the Commission must be complied with.

Article 19 - Confidentiality

1. Without prejudice to Article 18 of this Annex and any other obligation contained in this contract, the Commission, the *contractors* and the *RTD Performers* shall be required to keep confidential any data, *knowledge*, documents and *pre-existing know-how* communicated to them on a confidential basis or the disclosure of which may be prejudicial to one of them.

This obligation shall no longer apply:

- where the content of those data, *knowledge*, documents and *pre-existing know-how* becomes publicly available through work or actions lawfully performed outside this contract and not based on activities under it,
 - where those data, *knowledge*, documents and *pre-existing know-how* have been communicated without any confidentiality restrictions or where the party communicating them subsequently waives their confidentiality.
2. Where this contract provides for the communication of any data, *knowledge*, *pre-existing know-how* or document referred to in paragraph 1 of this Article, the Commission and the *contractors* shall first satisfy themselves that the recipient will keep it confidential and use it only for the purpose for which it is to be communicated.

Article 20 - Communication of data for evaluation and standardisation purposes

1. Without prejudice to Article 19 of this Annex, *contractors* shall be required to provide, at the request of the Commission or its authorised representatives, data necessary for:

- the continuous review of the specific programme concerned and the fifth framework programme,

and

- the evaluation of Community activities over the five years preceding that evaluation.

Such a request may be made throughout the duration of the contract and up to five years after the *contract completion date*.

The data collected shall be used exclusively in a statistical form.

2. Without prejudice to the provisions regarding the protection and use of *knowledge*, and confidentiality, set out respectively in Articles 9, 10 and 19 of this Annex, *contractors* must inform the Commission and the standardisation bodies without delay of *knowledge* resulting from the *project* which may contribute to the preparation of European or, where appropriate, international standards, or to an industrial consensus on technical issues. To this end, they shall communicate appropriate data on such *knowledge* to the Commission and to the standardisation bodies during the entire duration of the contract and the two years following the *contract completion date*.

The provisions of this contract shall be without prejudice to the rules applicable, within the standardisation bodies, to data submitted to them.

Article 21 - Incompatible or restrictive commitments

1. The *contractors* and the *RTD Performers* shall take all necessary steps to avoid commitments that are incompatible with the obligations provided for in Articles 10 to 20 of this Annex.
2. Without prejudice to paragraph 1 of this Article, *contractors* and *RTD Performers* shall be informed, as soon as possible, by the grantor required to grant *access rights*, as referred to in Articles 12 and 13 of this Annex, as the case may be, of any limitations on the granting of *access rights* to *pre-existing know-how*, obligations to grant rights to *knowledge* or any restriction which might substantially affect the granting of *access rights*.

PART C: REIMBURSEMENT OF COSTS

Article 22 - Eligible costs - general principles

1. *Eligible costs* are the costs defined in Articles 23 and 24 of this Annex. They shall fulfil the following conditions:
 - be necessary for the *project*,
 - be incurred during the *duration of the project*,

- be determined in accordance with the accounting principle based on historic costs and the usual internal rules of the *contractor*, provided that they are regarded as acceptable by the Commission,
- be recorded in the accounts no later than the *contract completion date* or in the tax documents,

and

- exclude any profit margin.

Without prejudice to the provisions of the first subparagraph,

- the costs for drawing up the final report shall be eligible when incurred by the *coordinator* within a maximum period of two months from the end of the *duration of the project*,
- the durable equipment may have been purchased or leased with option to buy before the *project commencement date*, within the limits specified in Article 23(2), fifth subparagraph.

2. Non-eligible costs are in particular the following:

- costs related to capital employed,
- provisions for possible future losses or charges,
- interest owed,
- provisions for doubtful debts,
- resources made available to a *contractor* free of charge,
- value of contributions in kind,
- unnecessary or ill-considered expenses,
- marketing, sales and distribution costs for products and services,
- indirect taxes and duties, including VAT,
- entertainment or hospitality expenses, except such reasonable expenses accepted by the Commission as being absolutely necessary for carrying out the contract,
- any cost incurred or reimbursed, in particular in respect of another Community, international or national project, subject to the provisions of Article 23(2), fifth subparagraph, second indent.

3. A cost of a *contractor* shall only be charged to one of the eligible cost categories set out in Articles 23 and 24 of this Annex.

4. *Contractors* shall be authorised to transfer between themselves the budget set out in the table of the indicative breakdown of estimated *eligible costs*, provided that:

- they inform the Commission of such transfer upon signing an agreement confirming that the scope of the *project* and the conditions of participation referred to in Articles 3 to 12 of the *Decision* are not fundamentally altered,

and

- the total of the amounts successively transferred does not exceed by more than 20% the amount allocated to the beneficiary in the table of the indicative breakdown of estimated *eligible costs*.

Any other properly substantiated transfer approved by all the *contractors* shall require prior written approval by the Commission.

In the absence of observations within one month of receipt of the request made by the *coordinator*, the approval of the Commission shall be deemed to have been given.

Each *contractor* shall be authorised to transfer the budget set out in the table of the indicative breakdown of estimated *eligible costs* between categories of costs, in compliance with the first and second subparagraphs. However, he shall not be required to obtain the agreement of the other *contractors*.

The budget for the costs for the protection of *knowledge* may not be the subject of a transfer to other categories of *eligible costs*.

Article 23 - Direct costs

1. Personnel

With regard to personnel costs,

- (a) Only the costs of the actual hours worked by the persons directly carrying out the scientific and technical work under the *project* may be charged to the contract.

In compliance with Article 8(3) of this Annex, such persons must:

- be directly hired by the *contractor* in accordance with his national legislation,
- be under the sole technical supervision of the latter,

and

- be remunerated in accordance with the normal practices of the *contractor*, provided that these are regarded as acceptable by the Commission.

All the working time charged to the contract must be recorded throughout the *duration of the project*, or, in the case of the *coordinator*, no later than two months after the end of the *duration of the project*, and be certified at least once a month by the person in charge of the work designated by the *contractor* in accordance with Article 2(2)(a) of this Annex or by the duly authorised responsible financial officer of the *contractor*.

(b) For *contractors* using the full costs system, personnel costs shall comprise:

- the actual costs (gross remuneration and related charges),
- average employment costs, where these correspond to the normal practices of the *contractor* concerned, provided that such costs do not differ significantly from the actual costs and that such practices are regarded as acceptable by the Commission.

2. Durable equipment

Costs relating to the purchase or leasing with option to buy of durable equipment shall be charged to the contract pursuant to this paragraph.

Hire costs shall be charged to the contract pursuant to paragraph 3 of this Article.

The *eligible costs* for durable equipment leased with option to buy shall not exceed the costs that would have been incurred in case of purchase of equipment, taking account of the formula below.

The costs to be charged to the contract shall be calculated according to the following formula:

$$A/B \times C \times D$$

A = the period in months during which the durable equipment is used for the *project* after invoicing,

B = the depreciation period for the durable equipment: 36 months for computer equipment costing less than EUR 25 000 or 60 months for other equipment,

C = the actual cost of the durable equipment,

D = the percentage of usage of the durable equipment for the *project*.

The durable equipment may have been purchased or leased with option to buy:

- within the six months preceding the *project commencement date*,
- for a previous contract concluded with the Community, provided that the depreciation period has not been exceeded. Only the costs relating to the unexpired depreciation period may be charged.

3. Subcontracting

With the exception of costs charged to the contract pursuant to paragraph 1 of this Article, the actual costs of *subcontracts* may be charged to the contract if:

- they are incurred in compliance with the conditions set out in Article 5 of this Annex,
- the *subcontracts* are awarded and concluded in accordance with the usual procedures of the *contractors*, and if those concluded with the *RTD Performers* conform to *Model X*,
- they are in accordance with market prices,

and

- the copies of the relevant invoices, certified by the *contractors* concerned, are attached to the corresponding cost statements.

4. Travel and subsistence

Actual travel and related subsistence costs for personnel working on the *project* may be charged to the contract.

The prior approval of the Commission shall be required for any destination outside the territory of the Member States, the *Associated states* or a third country where a *contractor* is established, unless such a destination is provided for in Annex I.

In the absence of observations within one month of receipt of the request made by the *coordinator*, the approval of the Commission shall be deemed as given.

Travel and subsistence costs shall be established on the basis of the usual rules of the *contractor*.

5. Consumables

The actual costs relating to consumables, including software licences, that are specifically acquired for the *project* and whose purpose so justifies may be charged to the contract.

However, *contractors* using the full costs system and charging actual overheads shall include these costs in the indirect costs where this is reasonably practical and in accordance with their normal accounting conventions.

6. Computing

Computing costs, including the costs resulting from the use of computer services and media at the disposal of *contractors*, may be charged to the contract. They must be substantiated in accordance with the rules applicable to the *contractors*.

However, *contractors* using the full costs system and charging actual overheads shall include these costs in the indirect costs where this is reasonably practical and in accordance with their normal accounting conventions.

7. Protection of *knowledge*

The costs of the protection of *knowledge* generated in the framework of the *project* shall comprise the actual costs necessary for adequate and effective protection for such *knowledge*. They shall be eligible only in so far as the Commission has given its prior written approval to the *contractors* and in so far as the competition rules, in particular those under the Community framework for State aid to research and development, are complied with. In the absence of observations within one month of receipt of the request made by the *coordinator*, the approval of the Commission shall be deemed to have been given.

They comprise:

- the costs of documentary research preliminary to the filing of an application for the granting of an industrial property right,
- the fees paid to the competent authorities that are necessary with a view to the granting of an industrial property right or its territorial extension, provided that a preliminary documentary research, as referred to in the first indent, has been carried out,

and

- the fees paid to the competent authorities to extend the duration of the industrial property right.

Fees paid to advisers for *knowledge* protection purposes shall be reimbursable provided that an application for the granting of an industrial property right has been subsequently filed. Personnel costs incurred in this connection shall be reimbursable, provided that:

- (i) the conditions of paragraph 1(a) and (b) or (c) of this Article shall apply *mutatis mutandis*,

and

- (ii) the time actually worked on the *project* shall be recorded and certified in accordance with paragraph 1(a), third sentence, of this Article.

The Community's financial contribution in respect of the third subparagraph of this paragraph may not exceed EUR 4 000 for each industrial property right.

The costs of protection of such *knowledge* shall exclude, in particular:

- translation costs,

- the costs incurred with a view to obtaining the *access rights* referred to in Articles 12, 13 and 14 of this Annex.

8. Other specific costs

Other specific actual costs shall not come into any of the categories of *eligible costs* indicated in paragraphs 1 to 7 and 9 of this Article and in Article 24 of this Annex. They may include, in particular, the costs of prototypes or equipment fabricated, the costs of using large testing equipment and simulators, or the direct costs incurred in the setting-up of financial guarantees requested by the Commission.

They shall only be eligible subject to prior written approval of the Commission unless they are already provided for in Annex I to this contract.

In the absence of observations within one month of receipt of the request made by the *coordinator*, the approval of the Commission shall be deemed to have been given.

9. Administrative and financial coordination

Only the coordinator can charge to the contract the following administrative and financial coordination costs, if those tasks are not subcontracted:

- the costs of administrative personnel in charge of the administrative and financial coordination of the *project* not included in the indirect costs referred to in Article 24 of this Annex. In this case,
 - (i) the conditions of paragraph 1(a) and (b) or (c) of this Article shall apply *mutatis mutandis* to that personnel,
 - (ii) the time actually worked on the *project* shall be recorded and certified in accordance with paragraph 1(a), third sentence, of this Article,
- and
- costs indicated in paragraphs 2 and 4 to 8 of this Article, provided that the conditions thereof are also complied with.

Article 24 - Indirect costs

Contractors using the full costs system may charge overheads calculated:

- (a) on the basis of actual costs, in so far as allowed by their accounting system. Such overheads may include in particular the costs of administration and management, depreciation of buildings and equipment, water, electricity, telecommunications and postal charges, office supplies, and administrative personnel costs not charged to the contract pursuant to Article 23(9) of this Annex.

They shall be calculated in accordance with the normal accounting conventions and principles applicable to the *contractors*, provided that they are regarded as acceptable by the Commission;

- (b) on a flat-rate basis. In this case, they shall charge to this contract a flat-rate amount of 80% of the eligible personnel costs referred to in Article 23(1)(b) and (9) of this Annex. A *contractor* may request a lower percentage when this is required, for instance, by his internal rules.

Article 25 - Justification of costs

Eligible costs shall be reimbursed where they are justified by the *contractor*.

To this end, the *contractor* shall maintain, on a regular basis and in accordance with the normal accounting conventions of the State in which he is established, the accounts for the *project* and appropriate documentation to support and justify in particular the costs and time reported in his cost statements.

This documentation must be precise, complete and effective.

PART D: AUDITING

Article 26 - Financial audit

1. The Commission, or any representative authorised by it, may initiate an audit on a *contractor* or on a *RTD Performer* audit at any time during the contract and up to five years after each payment of the Community contribution, as referred to in Article 3(1), first subparagraph, of this Annex.

The audit procedure shall be deemed to be initiated on the date of receipt of the relevant registered letter with acknowledgment of receipt sent by the Commission.

It shall be carried out on a confidential basis.

2. The Commission or any authorised representative may have access, at any reasonable time, in particular to the personnel of the *contractors* connected with the *project*, the documentation referred to in Article 25 of this Annex, computer records and equipment that it considers relevant. In this connection, it may request that data be handed over to it in an appropriate form in order, for instance, to ascertain the eligibility of the costs.

The Commission shall take appropriate steps to ensure that its authorised representatives treat confidentially the data to which they have access or which have been provided to them.

The Commission may verify the use made by the *RTD Performers* of the Community's financial contribution.

3. On the basis of the findings made during the financial audit, a provisional report shall be drawn up. It shall be sent by the Commission to the *contractor(s)* concerned, who may make observations thereon within one month of receiving it.

The final report shall be sent to the *contractor(s)* concerned. The latter may communicate observations to the Commission within a month of receiving it. The Commission may decide not to take into account the observations conveyed after that deadline.

On the basis of the conclusions of the audit, the Commission shall take all appropriate measures which it considers necessary, including the issuing of a recovery order regarding all or part of the payments made by it.

4. The Court of Auditors may verify the use made of the Community's financial contribution in the framework of this contract, on the basis of its own rules.

Article 27 - Technical verification of the *project*

1. The Commission, or any representative authorised by it, may initiate a technical verification of the *project* up to the *contract completion date* in order to verify that the *project* is being or has been carried out in accordance with the conditions indicated by the *contractor*.

The verification procedure shall be deemed to be initiated on the date of receipt of the relevant registered letter with acknowledgment of receipt sent by the Commission.

It shall be carried out on a confidential basis.

2. The Commission or any authorised representative may have access to the locations and premises where the work is being carried out, and to any document concerning the work, and may request the submission of documents under the same conditions as those set out in Article 26(2) of this Annex.

Prior to the carrying out of the technical verification, the Commission shall disclose the identity of the authorised representatives who are intended to perform the verification. It shall take account of any objection on the part of *contractors* based on *legitimate interests*.

3. *Contractors and RTD Performers* shall provide appropriate assistance to the Commission or its authorised representatives.
4. A report on the technical verification of the *project* shall be sent to the *contractor* concerned. The latter may communicate his observations to the Commission within a month of receiving it. The Commission may decide not to take into account the observations conveyed after that deadline.

Article 28 - Technological audit

1. The Commission and its authorised representatives may carry out technological audits in order to satisfy themselves that *contractors* are fulfilling the intentions referred to in Article 17(3) of this Annex.

They may initiate such audits after the technological implementation plan has been approved, in accordance with Article 16(2) of this Annex, and up to one year after the expiry of the time-limits laid down in it.

The technological audit shall be deemed to be initiated on the date of receipt of the relevant registered letter with acknowledgment of receipt sent by the Commission.

2. In order to carry out their audits, the Commission and its authorised representatives shall have access, on a confidential basis, to all data they consider relevant in the light of Article 17 of this Annex, on whatever medium, in the possession of *contractors*, and may require it to be handed over to them in an appropriate form.

The Commission shall take appropriate steps to ensure that its authorised representatives treat as confidential the data to which they have access or which have been provided to them. Prior to the carrying out of the technological audit, the Commission shall disclose the identity of the authorised representatives who are intended to perform the audit. The *contractors* may object to their intervention on the ground of *legitimate interests*.

3. A technological audit report shall be sent to the *contractor* concerned. The latter may communicate his observations to the Commission within one month of receiving it. The Commission may decide not to take into account the observations conveyed after that deadline.

Part E-1

COST STATEMENT SUMMARY (euro/currency)

for the period from _____ to _____ (reporting period No__) Cost basis¹: _____

Project Title:

Contract No:

Name of the contractor :

Currency (euro/currency) in which account is kept ² : _____ Exchange/conversion rate in euro ²: _____

Contact person for this cost statement ³ :	Telephone:
E-mail address:	Fax:

Categories of eligible costs	Amount for the period ⁴	
	Euro ²	Currency ²
Direct Costs		
1. Personnel		
2. Durable equipment		
3. Subcontracting		
4. Travel and subsistence		
5. Consumables		
6. Computing		
7. Protection of <i>knowledge</i>		
8. Other specific costs		
Subtotal		
Indirect Costs		
9. Overheads		
Adjustments		
10. Adjustments to costs previously reported ⁵		
Total		
% ⁶ Community financial contribution: _____		

Contractor's certificate⁷

We certify that

- the above costs are derived from the resources employed which were necessary for the work under the contract,
- such costs have been incurred and fall within the definition of eligible costs specified in the contract,
- any necessary permissions of the Commission have been obtained, and
- full supporting documentation to justify the costs hereby declared, including time sheets as referred to in Article 23(1)(a), subparagraph 3 of Annex II to the contract, is available for audit by the Commission and its authorised representatives or the Court of Auditors and reflects the costs actually incurred.

We certify that any necessary adjustments, for any reason, to costs reported in previous cost statements have been incorporated in the above statement⁴.

Date: _____ Date: _____
 Name of person in charge of the work : _____ Name of duly authorised responsible Financial Officer:
 Signature of person in charge of the work : _____ Signature of duly authorised responsible Financial Officer:

1. Insert as appropriate: FC (Full costs);FF (Full costs - Flat-rate).
2. The cost statement must be drawn up in euro and in the currency used in the accounting of the contractor . Except where a special condition applies, the exchange/conversion rate is that indicated in Article 4(2)(a) of Annex II to the contract. See website europa.eu.int/comm/dg19/inforeuro/en/index.htm
3. One of the persons whose signatures must appear on this form.
4. Net amounts only. Do not include amounts of any indirect taxes, sales taxes or customs duties. Separate details are required for some of the categories specified in the pages which follow.
5. Not applicable for the first cost statement. Any necessary adjustments, for example to reflect actual costs instead of budgeted costs, must be made in subsequent statements. Details and reasons for any adjustments must be provided.
6. Insert the percentage of the Community's financial contribution. See Article 3(2) of the contract.
7. The person in charge of the work (see Article 2(2)(a) of Annex II to the contract) and the duly authorised responsible Financial Officer of the contractor must sign the certificate.

COORDINATION COSTS *(to be filled in by coordinator¹)

Only if administrative and financial coordination costs are foreseen as direct costs

for the period from _____ to _____ (reporting period No. __) Cost basis²: _____

Project Title:

Contract No:

Name of *coordinator* :

Currency (euro/currency) in which account is kept³: _____ Exchange/conversion rate in euro³: _____

Contact person for this cost statement :	Telephone:
E-mail address:	Fax:

Categories of eligible costs	Amount for the period ⁴	
	Euro ³	Currency ³
Direct Costs		
1. Personnel ⁵		
2. Durable equipment ...		
3. Travel and subsistence		
4. Consumables		
5. Computing		
6. Protection of <i>knowledge</i>		
7. Other specific costs		
Indirect costs		
8. Overheads		
Adjustments		
9. Adjustments to costs previously reported ⁶		
Total		
%⁷ Community financial contribution: _____		

***Coordination costs must be charged, either by a subcontractor or by the coordinator, but never by both,**

1. Applicable for administrative and financial *coordinator* in case of split of the coordination.
2. Insert as appropriate: FC (Full costs); FF (Full costs - Flat-rate).
3. The cost statement must be drawn up in euro and in the currency used in the accounting of the *coordinator*. Except where a special condition applies, the exchange/conversion rate is that indicated in Article 4(2)(a) of Annex II to the contract. See website europa.eu.int/comm/dg19/inforeuro/en/index.htm
4. Net amounts only. Do not include amounts of any indirect taxes, sales taxes or customs duties. Separate details are required for some of the categories specified in the pages which follow.
5. Only personnel of the *coordinator* in charge of the administrative and financial coordination of the *project*.
6. Not applicable for the first cost statement. Any necessary adjustments, for example to reflect actual costs instead of budgeted costs, must be made in subsequent statements. Details and reasons for any adjustments must be provided.
7. Insert the percentage of the Community's financial contribution. See Article 3(2) of the contract.

COST STATEMENT: Details by Category (euro/currency)

for the period from _____ to _____ (reporting period No__)

Cost basis¹: _____

Project Title:

Contract No:

Name of the contractor : _____ to _____

Currency (euro/currency) in which account is kept:

PERSONNEL AND OVERHEADS

Coo ²	Name ³	Title (Mr / Ms)	Category ⁴	Status ⁵ (P / T / [I])	Occupation ⁷ (FT / PT)	Number ⁷ of person-hours	Hourly Personnel rate ⁸	Hourly Overhead Rate ⁹	Personnel Amount	Overheads Amount ¹⁰
						A	B	C	Col. A x B	Col. A x C
Totals										

TRAVEL AND SUBSISTENCE

Coo ²	Name ³	Destination (City, Country)	Purpose of Travel	Amount ¹¹
Total				

DURABLE EQUIPMENT¹²

Coo ²	Description	Procurement (P / L) ¹³	Cost/Value ¹⁴	Date of invoice	Depreciation 36/60 months	% Allocation to Project ¹⁵	Amount ¹¹
Total							

SUBCONTRACTING¹⁶

Subcontractors	Description		Amount ¹¹
RTD performers	Number of personnel hours	Description	
Total¹⁷			

OTHER SPECIFIC COSTS¹⁸

Coo ²	Description and supplier name if applicable	Amount ¹¹
Total		

1. Insert as appropriate: FC (Full costs);FF (Full costs - Flat-rate).
2. Insert "C" for coordination cost entries. This column is exclusively reserved for the *project coordinator* - see Article 2(1) of Annex II to the contract
3. Full names of individuals working on the *project* whose costs are declared.
4. Clearly identifiable (e.g., engineer, researcher, technician, administrator, clerk, cost centre, department, etc.) [to contractor's personnel records].
5. Insert "P" for permanent employees, "T" for temporary employees and "I" for in-house consultants. [Clearly identifiable to contractor's personnel records].
6. Indicate the occupation status of the individuals, by inserting "FT" for full-time and "PT" for part-time occupation. [Clearly identifiable to contractor's personnel records].
7. Time declared must be clearly identifiable to *contractor's* time maintenance [and personnel records]
8. The personnel rate comprises the elements specified in Article 23(1) of Annex II to the contract. It must be consistent with the units in column A.
9. Overheads principles are specified in Article 24 of Annex II to the contract. The rate must be consistent with the units in columns A and B. This column should be left blank by *contractors* on a FF Full costs.
10. Only if the *contractor* uses the FC Full costs basis
11. Net amount only. Do not include any indirect taxes, sales taxes or customs duties.
12. For eligible costs calculation see Article 23(2) of Annex II to the contract. Unless special conditions.
13. For purchased durable equipment insert "P" and for leased durable equipment insert "L". The eligible cost in case of leasing may not exceed the costs that would have been incurred in case of purchase, taking account of the formula in Article 23(2) subparagraph 4 of Annex II to the contract.
14. Insert the net cost (excluding indirect taxes, sales taxes or customs duties) for purchased durable equipment. For leased equipment, insert the value thereof.
15. Percentage use of durable equipment on the *project*.
16. Attach certified copies of invoices with reference to the *subcontract* and providing a detailed description of the tasks or supply concerned to support costs declare
17. Concerns the *RTD Performers* and the others *subcontractors*.
18. See Article 23(8) of Annex II to the contract. These costs are subject to prior written approval by the Commission unless they are provided for in Annex I.

PART E-2 - INTEGRATED COST STATEMENT IN EURO (to be filled in by the *coordinator*)¹

For period from ² to ³

Contractors	Costs - Personnel hours														
	Costs	Number of Personnel hours		Personnel	Durable equipment	Subcontracting		Travel and subsistence	Consumables	Computing	Protection of knowledge	Other specific costs	Administrative and financial coordination costs ⁷	Overheads	TOTAL
		Contr.	RTD P.			Contr.	RTD P.								
<i>Coordinator</i> ⁴	D ⁵														
	A ⁶														
<i>Contractor (name)</i>	D														
	A														
<i>Contractor (name)</i>	D														
	A														
<i>Contractor (name)</i>	D														
	A														
TOTAL															

1. To be filled in by the *coordinator*/administrative and financial *coordinator* (in case of split between administrative and financial coordination and scientific coordination) starting from the second period.
2. Insert the *project commencement date*.
3. Insert the end date of the last period covered by the integrated cost statement.
4. The administrative and financial *coordinator*, in case of split between administrative and financial coordination and scientific coordination.
5. Costs declared and subject to acceptance of the Commission for the current and previous periods.
6. Costs accepted by the Commission for previous period(s).
7. If costs are not charged in a *subcontract* or in the Indirect costs.

PART E-3 SUMMARY SHEET OF THE AMOUNTS TRANSFERRED TO THE *CONTRACTORS* AND *RTD PERFORMERS* FROM *COORDINATOR* (euro)¹

Project Title:

Contract Nr:

Name of the contractor and RTD performer	Advance:		Period:		Period:		Period:		Final Period ² :		Other ³ :		Total	Comments
	amount	date	amount	date	amount	date	amount	date	amount	date	amount	date		
Totals														
Amounts paid by the Commission														

1. To be filled in only by the administrative and financial *coordinator* in case of split between the administrative and financial coordination and the scientific coordination.

2. See Article 2(1)(e), second subparagraph, of Annex II to the contract.

3. Any other amount transferred to a *contractor* during the period referred to in Article 2(2), first, second and third subparagraphs.

MODEL X

Standard Agreement between SME contractors and RTD Performers in Cooperative Research Contracts financed by the Commission

- [*name of SME contractor*] established in [*name of the State and full address*], represented by its legal/statutory/authorised representative[s], [Mr/Ms [*insert name*], [*function*], [Mr/Ms [*insert name*], [*function*],
- [*name of SME contractor*] established in [*name of State and full address*], represented by its legal/statutory/authorised representative[s], [Mr/Ms [*insert name*], [*function*], [Mr/Ms [*insert name*], [*function*],
- [*name of SME contractor*] established in [*name of State and full address*], represented by its legal/statutory/authorised representative[s], [Mr/Ms [*insert name*], [*function*], [Mr/Ms [*insert name*], [*function*],

(hereinafter "*the SME contractors*")

of the one part

and

- [*name of RTD Performer*] established in [*name of State and full address*], represented by its legal/statutory/authorised representative[s], [Mr/Ms [*insert name*], [*function*], [Mr/Ms [*insert name*], [*function*],
- [*name of RTD Performer*] established in [*name of State and full address*], represented by its legal/statutory/authorised representative[s], [Mr/Ms [*insert name*], [*function*], [Mr/Ms [*insert name*], [*function*],

(hereinafter "*the RTD Performer(s)*")

of the other part,

(collectively "*the contracting parties to this agreement*"),

agree on the following principles.

Article 1: Scope

This agreement governs the rights and obligations of the *contracting parties to this agreement* with respect to the work to be carried out by the *RTD Performer(s)* under the contract between the Commission and the *SME contractors* ("basic contract"), which is annexed to this agreement.

Other provisions may be added to the model agreement to expand or clarify other aspects, provided that none of them contradicts any of the provisions of the model agreement, or any of the provisions in Annex I to this agreement. The provisions of the model agreement are the “minimum” required in concluding the agreement between *SME contractors* and the *RTD Performers*.

Article 2: Duration

1. This work to be carried out under this agreement shall last for *[XX months]* from *[Project commencement date of the basic contract]* and shall commence on *[date of signature of this agreement]*. The agreement will be completed upon the final payment due by the *SME contractors* to the *RTD Performers* based on the invoices forwarded under the terms of the agreement. The provisions relating to intellectual property rights and obligations and audits will continue to apply after the termination of the contract, in accordance with Article 2(2) of the basic contract in Annex I to this agreement.
2. If the basic contract is terminated, for whatever reason, the *SME contractors* shall inform the *RTD Performers* thereof without delay.

Article 3: Role of the *RTD Performers*

The *RTD Performers* are *subcontractors* of work to be carried out under the basic contract on behalf of the *SME contractors*.

Article 4: Tasks of the *RTD Performers*

The *RTD Performers* shall carry out the parts of the work identified in Annex I to the basic contract.

Article 5: Reporting

1. The *RTD Performers* shall edit and prepare the intermediate and final technical reports required for the work they carry out as defined in the basic contract (in Article 4 of the basic contract) on behalf of the *SME contractors* within the time-limits laid down by the basic contract (in Article 4(3) of Annex II to the basic contract).
2. The *SME Contractors* and the *RTD Performers* shall ensure that all information necessary for this task is forwarded to the *RTD Performer(s)* *[names]* who will carry out this task.

Article 6: Costs

1. The *RTD Performers* may work at market conditions and shall receive in their capacity as *subcontractors* 100% funding by the *SME contractors* for their work carried out in the context of the *project*.
2. The costs corresponding to the *RTD performers* for the work subcontracted to them under the basic contract with the SMEs, must account for at least 40% of the total eligible costs of the project. In addition, at least 50% of the total actual number of hours dedicated to the performance of the *project* must relate to personnel hours attributed to the *RTD Performers*.

Article 7: Invoices and payments

1. The *RTD Performers* may receive an advance payment from the *SME contractors* for the work they are to carry out under the basic contract of the amount set out in the table following the signatures to the contract. Other payments to the *RTD Performers* shall be made only upon receipt and approval of their invoices for the work carried out in accordance with the provisions of Annex I to the basic contract.
2. The *RTD Performers* shall provide an indication on all invoices presented to the *SME contractors* of the nature of the work carried out during the period for which the invoice is presented and shall mention the basic contract on all invoices.
3. The charges of the *RTD Performers* shall be invoiced to the *SME contractors* on a *pro rata* basis in accordance with the costs of the *SME contractors* as identified in the table following the signatures to the basic contract.
4. The *RTD Performers* shall indicate on their intermediate invoices the total number of actual person-hours involved in each period in carrying out the work identified in the Annex I to the basic contract.

The final invoices will be accompanied by an audit certificate of a certified auditor, who is not employed by any of the *RTD Performers* in the *project*.

Article 8: Financial and technical audits

1. The audit certificate shall certify that the overall charges invoiced by the *RTD Performers* to the *SME contractors* correspond to those which the former normally charge for similar work to third parties and are in accordance with market prices. It shall also certify that the total personnel time declared by the *RTD Performers* for the work under this agreement corresponds to time actually worked. The costs of the audit certificate may be charged by the *RTD Performers* as part of their costs for the work to be carried out.
2. The SMEs, the Commission or any representative authorised by it may have access to the locations and premises of the *RTD Performers* where the work is being carried out in order for the former to carry out financial and technical verifications of the work performed in relation to the technical annex (Annex I) to the basic contract, in accordance with the Annex to this agreement. The *RTD Performers* shall provide appropriate assistance to the Commission or its authorised representatives.

Article 9: Rules relating to intellectual and industrial property, publicity and confidentiality

The *RTD Performers* shall comply with the provisions of Articles 8, 11, 12, 13, 18, 19 and 21 of Annex II to the basic contract.

Article 10: Confidentiality and publication

1. The *RTD Performers* shall be required to keep confidential any data, *knowledge*, *pre-existing know-how* and documents communicated to them on a confidential basis or generated by them in the context of this project, the disclosure of which may be prejudicial to one of the *SME contractors*.

2. The *RTD Performers* may publish, or allow the publication of data relating to the tasks carried out by them in the project, on whatever medium, provided that this does not affect the protection of that *knowledge*, and that the publication is approved in writing by the *SME contractors* within 30 days after receipt of such request from the *RTD Performers*, including a copy of the medium containing such data.

Article 11: Amendments

This agreement may be amended only by written agreement between the authorized representatives of the *contracting parties to this agreement*.

Any amendment to this agreement must be sent for information to the Commission at least two months before the expiry of the *project*.

Amendments made by the *contracting parties* to the basic contract which affect the role of the *RTD Performers* must be integrated in this agreement in the form of an amendment.

Article 12: Final provisions

1. The Annex to this contract forms an integral part of the contract.
2. This agreement is governed by the law of [...] and any disputes relating to it, which cannot be resolved by amicable settlement, will be brought before the courts of [...].

Signature

Date

Annex I: Contract between Commission and *SME Contractors* (“basic contract”)