

# **PROVISIONS FOR IMPLEMENTING SPECIFIC TARGETED RESEARCH PROJECTS**

## **Background document**

**This is a practical guide for implementing specific targeted research projects  
in the Sixth Framework Programme.**

**This document, together with practical guides on other instruments and other  
relevant documents, including a link to the model contract, is available on the  
Europa website:**

*[http://europa.eu.int/comm/research/fp6/instruments\\_en.html](http://europa.eu.int/comm/research/fp6/instruments_en.html)*

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## TABLE OF CONTENTS

<b>1. GENERAL ASPECTS .....</b>	<b>1</b>
<b>1.1. PURPOSE .....</b>	<b>1</b>
1.2. Scale of activities .....	1
1.3. Duration .....	1
1.4. Size of the consortium .....	1
1.5. Participants .....	1
<b>2. ACTIVITIES .....</b>	<b>2</b>
2.1. Research and technological development (RTD) and innovation related activities.....	2
2.2. Demonstration activities .....	2
2.3. Management of the consortium.....	2
<b>3. FINANCIAL REGIME.....</b>	<b>3</b>
3.1. Eligible costs.....	3
3.2. Direct costs .....	4
3.3. Indirect costs .....	4
3.4. Cost reporting models .....	4
3.5. Maximum rates of Community support.....	5
3.6. Receipts of the project .....	5
<b>4. THE PROPOSAL STAGE .....</b>	<b>6</b>
4.1. Calls for proposals .....	6
4.2. Evaluation of proposals.....	6
4.3. The negotiation process .....	8
<b>5. THE CONTRACT.....</b>	<b>8</b>
5.1. Content of the contract.....	8
5.2. Contracting parties .....	8
5.3. Role of the co-ordinator.....	9
5.4. Collective responsibility of the participants.....	9
5.5. Consortium agreement .....	9
<b>6. IMPLEMENTATION OF THE PROJECT .....</b>	<b>10</b>
6.1. Periodic reporting .....	10
6.2. Payments schedule.....	11
6.3. Replacement of a participant.....	12
6.4. Final reporting.....	12
<b>7. FOLLOW UP AND MONITORING.....</b>	<b>12</b>
7.1. Regular follow-up by Commission services .....	12
7.2. Audits.....	13
<b>8. INTELLECTUAL PROPERTY ASPECTS.....</b>	<b>13</b>
8.1. General principles .....	13
8.2. Ownership of knowledge .....	13
8.3. Protection of knowledge .....	13
8.4. Use and dissemination of knowledge.....	14
8.5. Access rights .....	14
<b>ANNEX I PARTICIPATION BY COUNTRY .....</b>	<b>16</b>

### Standard Disclaimer

*This document expresses solely the views of the inter-service FP6 Instruments Task Force of the European Commission Services. Readers should not regard these views as a statement of the official position of the European Commission.*

## **1. GENERAL ASPECTS**

### **1.1. Purpose**

Specific Targeted Research Projects will aim at improving European competitiveness and meeting the needs of society or Community policies. They should be sharply focused and will take either of the following two forms, or a combination of the two:

- a) a research and technological development project designed to gain new knowledge either to improve or develop new products, processes or services or to meet other needs of society and Community policies;
- b) a demonstration project designed to prove the viability of new technologies offering potential economic advantage but which cannot be commercialised directly.

Within the Sixth Framework Programme (FP6) generally, specific targeted research projects will be used in implementing the priority thematic areas, in other research areas supporting Community policies and anticipating scientific and technological needs, in specific international co-operation research activities, in activities promoting interaction between research and innovation, and in research activities developing harmonious relations between science and society.

### **1.2. Scale of activities**

Each specific targeted project may represent a value of activities ranging up to several millions of euros and may involve up to several tens of researcher-years.

### **1.3. Duration**

The duration of a project will be determined by the time necessary to obtain its research objectives. Typically, the duration might be expected to be 2-3 years. Only exceptionally and in duly justified cases will the duration exceed 3 years.

### **1.4. Size of the consortium**

As an absolute minimum, the number of participants can not be less than three independent legal entities established in three different Member States or Associated States, of which at least two shall be Member States or Associated candidate countries. The call for proposals may specify a higher minimum number of participants.

### **1.5. Participants**

A **participant** means a legal entity contributing to the project and having rights and obligations with regard to the Community under the terms of the contract. Legal entities participating in specific targeted research projects will be primarily organisations active in the research field: enterprises, whichever their size, research institutes, universities.

The following may also participate in specific targeted research projects:

- organisations that possess specific competence in management, dissemination and transfer of knowledge;
- potential users and other stakeholders.

A European Economic Interest Grouping (EEIG) (or any legal entity established in a Member State or Associated State made up of independent legal entities) may be the sole participant provided its composition is in accordance with the conditions fixing the minimum number of participants.

International European Interest Organisations (IEIO) and the JRC participate under the same conditions as legal entities from Member States.

Specific targeted research projects will be open to participation of entities from non-associated third countries, with special provisions for possible Community financial support for entities belonging to certain groups of countries (see Annex I).

## 2. ACTIVITIES

Specific targeted research projects may contain one or both of the following two types of activity:

- **Research and technological development**
  - **Demonstration**
- plus:
- **Management of the consortium**

Where relevant, specific targeted projects should also include **innovation-related activities**, in particular with respect to the management of the knowledge produced and the protection of intellectual property.

Each project should contribute to the **promotion of gender equality** through the mainstreaming of the gender dimension in its activities. In addition, it should ensure **respect of basic ethical principles**, when relevant.

As part of the work, the consortium should also engage with actors beyond the research community and with the public as a whole, to help spread awareness and knowledge and to explore the wider societal implications of the project.

### 2.1. Research and technological development (RTD) and innovation related activities

The research and technological development activities conducted within a specific targeted research project should present the following characteristics:

- be **targeted** at well-defined and precisely focused research objectives;
- have **measurable outcomes**, for example by aiming to achieve concrete results.

The innovation related activities, should normally include activities relating to the protection and dissemination of knowledge, socio-economic studies, activities to promote the exploitation of the results, and, possibly, "take-up" actions. These activities are inter-related and should be conceived and implemented in a coherent way.

### 2.2. Demonstration activities

Specific targeted research projects may consist exclusively of, or also contain a component of, demonstration activities designed to prove the viability of new technologies that offer a potential economic advantage, but which cannot be commercialised directly (e.g. testing of product-like prototypes).

### 2.3. Management of the consortium

Specific targeted research projects will also include an overall management structure. Over and above the technical management of individual work packages, an appropriate management framework linking together all the project components and maintaining communications with the Commission will be needed.

Consortium management activities include:

- coordination of the technical activities of the project;
- the overall legal, contractual, ethical, financial and administrative management;
- coordination of knowledge management and other innovation-related activities;
- overseeing the promotion of gender equality in the project;

- overseeing science and society issues related to the research activities conducted within the project;
- obtaining audit certificates by each of the participants;
- maintenance of any consortium agreement;
- obtaining any financial security such as bank guarantees when requested by the Commission.

### **3. FINANCIAL REGIME**

The financial regime for specific targeted research projects will be built on the following concepts:

- a “grant to the budget”, acting as a ceiling for the Community financial contribution;
- where the contribution will be paid as a reimbursement of eligible costs claimed by the participants;
- based on maximum rates of reimbursement specified in the contract for different types of activity within the project.

The grant to the budget would be negotiated on the basis of (a) the estimated eligible costs of carrying out the various activities of the project, (b) the appropriate cost model for each of the participants, and, (c) the rates of Community reimbursement for each activity. The maximum amount of the Community contribution will be fixed in the contract.

Such a regime will have many similarities to the current financial regime for RTD projects in FP5, though with several marked simplifications, with increased financial security both for the Community and the consortium, and with increased autonomy for the consortium.

#### **3.1. Eligible costs**

Eligible costs incurred for the implementation of the project must fulfil all of the following conditions:

- they must be actual, economic and necessary for the implementation of the project; and
- they must be determined in accordance with the usual accounting principles of each participant; and
- they must be incurred within the duration of the project, except when otherwise provided for in the contract; and
- they must be recorded in the accounts of the participant that incurred them ; and
- they must exclude any identifiable indirect taxes (including VAT and duties), interest owed, costs incurred in respect of another Community project, return on capital...(for a complete list see Article 19.2 of Annex II of the model contract); and
- in the case of contributions made by third parties on the basis of an agreement between a participant and the third party existing prior to its contribution to the project, and for which the tasks are identified in the technical annex to the contract, the third party’s costs must be incurred in accordance with its usual accounting principles and with the principles set out above.

*(Note: As each participant will be expected to follow its own accounting conventions, there will be no pre-defined cost categories as there were for RTD projects in FP5).*

The Commission will issue financial guidelines both to inform participants of how eligible costs may be identified and charged to the project and to propose good financial practices. Participants will be invited to follow these guidelines when establishing their proposed budget for the project and when preparing financial reports. On the other hand, the Commission services will observe these guidelines in all their dealings with the project, as will any auditor appointed by the Commission.

### 3.2. Direct costs

Direct costs are all those costs that meet the criteria established in Section 3.1 above, that can be identified by the participant in accordance with its accounting system, and that can be attributed directly to the project.

Participants using the additional cost model (see section 3.4) may charge to the project only those direct costs that are additional to their recurring costs. Any such direct additional costs specifically covered by contributions from third parties are excluded. Direct costs of personnel will be limited to the actual costs of the personnel assigned to the project where the participant has concluded with the personnel:

- a temporary contract for working on Community RTD projects, or,
- a temporary contract for completing a doctorate, or,
- a contract which depends, in full or in part, upon external funding additional to the normal recurring funding of the participant. In that case, the costs charged to this contract must exclude any costs borne by the normal recurring funding.

### 3.3. Indirect costs

Indirect costs are all those costs that meet the criteria established in Section 3.1 above, that cannot be identified by the participant as being directly attributed to the project, but that can be identified and justified by its accounting system as being incurred in direct relationship with the eligible direct costs attributed to the project. Indirect costs may be charged to the project under the full cost model to the extent that they represent a fair apportionment of the overall overheads of the organisation.

### 3.4. Cost reporting models

There are three cost reporting models:

- **FC**: a full-cost model in which all eligible direct and indirect costs may be charged to the contract;
- **FCF**: a simplified variant of the full-cost model, in which all eligible direct costs may be charged to the contract, together with a flat-rate rate of 20% of all these direct costs, excluding subcontracts, which will be deemed to cover all related indirect costs;
- **AC**: an additional-cost model, covering all eligible direct costs that are additional to the recurring costs of a participant (with the exception of consortium management for which recurring costs will also be eligible), together with a flat-rate of 20% of all these direct costs, excluding subcontracts, which will be deemed to cover all related non-recurring indirect costs.

Access to a cost model depends on the type of legal entity concerned:

- all legal entities can use the FC model with the exception of physical persons ;
- physical persons are obliged to use the AC model ;
- non-commercial or non-profit organisations established under either public law or private law and international organisations may choose one of the AC, FCF or FC models. However, only those non-commercial or non-profit organisations established under either public law or private law and international organisations that do not have an accounting system that allows the share of their direct and indirect costs relating to the project to be distinguished may opt for the AC model;
- legal entities defined as SMEs have the choice between the FC and FCF model.

Each participant will apply the same cost reporting model in all contracts established under the Sixth Framework Programme. However, as derogation to this principle:

- any legal entity that is eligible to opt for the AC model in a first contract can change to the FCF or the FC model in a later contract. If it does so, it must then use the new cost reporting model in subsequent contracts;
- any legal entity that is eligible to opt for the FCF model in a first contract can change to the FC model in a later contract. If it does so, it must then use the new cost reporting model in subsequent contracts.

*(Note: The same basic cost reporting models will be used for all FP6 instruments that are implemented through grants to the budget or grants for integration. This will generate a significant simplification for contractors when compared to FP5, where different instruments sometimes used fundamentally different cost methodologies.)*

### **3.5. Maximum rates of Community support**

**For full cost participants (FC and FCF)**, the maximum reimbursement for each of the three types of activities described above (see sections 2.1 to 2.3) will be:

- 50% for research and technological development and for innovation-related activities;
- 35% for a demonstration project, or for the demonstration component of a combined project;
- 100% for the management of the consortium.

**Additional-cost participants** will continue to be reimbursed at up to 100% of additional costs for all components of the project (with the exception of consortium management, for which recurring costs may also be charged as mentioned above).

The model contract specifies which consortium management costs are eligible for reimbursement at the 100% rate. A maximum of 7% of the overall Community contribution to a project may be used to reimburse these costs. This limitation does not apply to each individual participant but for the project as a whole. Where the costs incurred for consortium management activities exceed the limit of 7% of the Community financial contribution, such costs may be charged to the other relevant activity to which they correspond.

Finally, it should be noted that the above rates represent a possible maximum rate since the receipts of the project (see next section) must be taken into consideration in determining the total amount of the Commission financial contribution.

### **3.6. Receipts of the project**

For each participant, the Community financial contribution cannot exceed the costs minus the receipts for the project. Three kinds of receipts must be taken into consideration:

- financial transfers or their equivalent to the participant from third parties;
- contributions in kind from third parties;
- income generated by the project.

In the first two cases (financial transfers or contributions in kind), these endowments are considered as receipts of the project if the third party has provided them specifically for use on the project.

If, on the other hand, the use of these endowments is at the discretion of the participant they are not be considered as receipts.

Where contributions from third parties are used for the project by the participant, the latter is required to inform the third party of this use in accordance with the national legislation or practice in force.

In the case of income generated by the project itself:

- any income generated by the project itself, including the sale of assets bought for the project (limited to the initial cost of purchase) is considered as a receipt of the project (e.g.: admission fees to a conference carried out by the consortium, sale of the proceedings of the aforementioned conference, sale of equipment bought for the project, ...);
- income generated by using the knowledge resulting from the project is, however, not considered as a receipt.

## 4. THE PROPOSAL STAGE

### 4.1. Calls for proposals

Calls for proposals for specific targeted research projects will be published in the Official Journal of the European Communities and widely published by other means, including the Cordis web-site and through the National Contact Point network.

The information package relevant to the call for proposals describes the content of a proposal.

In order to help simplify proposal making, the information provided should be of sufficient “management-level” detail as to allow an objective evaluation of the scientific/technical merit of the proposal and of the resources that will be employed. Further details may then be requested as necessary, during the negotiation phase.

Applicants will be expected to submit a detailed work plan (in the sense of the previous paragraph) for the whole duration of the project.

The Commission may also choose to arrange its calls for proposals as a two-step submission process, whereby in the first step an outline proposal providing the essential aspects of the proposed project is submitted and evaluated with the help of external experts, and a full proposal is submitted in a second step by consortia retained after that initial evaluation. When a two-step approach is to be followed, it will be specified in the relevant call for proposals. Normally, however, STREPs will follow a one-step approach.

At the time they present their proposal, the participants should have collectively at least the potential resources (financial and material ones) needed to carry out the project, should it be supported by the Community.

### 4.2 Evaluation of proposals

The fundamental principles governing the evaluation of proposals are:

- **Quality:** Projects selected for funding must demonstrate a high scientific, technical and managerial quality in the context of the objectives of the specific programme in question.
- **Transparency:** In order to provide a clear framework for researchers preparing proposals for funding and for evaluators evaluating proposals, the process of reaching those funding decisions must be clearly described and available to any interested party. In addition, adequate feedback must be provided to proposers on the outcome of the evaluation of their proposals.
- **Equality of treatment:** All proposals must be treated alike, irrespective of where they originate or the identity of the proposers.
- **Impartiality:** All proposals must be treated impartially on their merits.
- **Efficiency and speed:** The procedures must be designed to be as rapid as possible, commensurate with maintaining the quality of the evaluation, to be cost effective and to respect the legal framework within which the specific programme is managed.
- **Ethical considerations:** Any proposal that contravenes fundamental ethical principles may be excluded from being evaluated or selected at any time.

#### Peer review

Evaluation will be conducted by the Commission services with the assistance of independent experts according to the principles of “peer review”, similar to the system used for the evaluation of RTD projects in the Fifth Framework Programme.

#### Evaluation criteria

The following basic set of criteria is intended to be common to all priority themes for the evaluation of proposals for specific targeted research projects. They will be detailed and complemented as necessary in the relevant calls for proposals:

- **Relevance to the objectives of the programme.** The extent to which:
  - ❑ the proposed project **addresses the objectives** of the work programme.
- **S&T excellence.** The extent to which:
  - ❑ the project has clearly **defined and well focused objectives**;
  - ❑ the objectives represent **clear progress beyond the current state-of-the-art**;
  - ❑ the **proposed S&T approach** is likely to enable the project to achieve its objectives in research and innovation.
- **Potential impact.** The extent to which:
  - ❑ the proposed project is likely to have an **impact on reinforcing competitiveness or on solving societal problems**;
  - ❑ the proposed project demonstrates a clear **added value** in carrying out the work at European level and takes account of research activities at national level and under European initiatives (e.g. Eureka);
  - ❑ exploitation and/or dissemination plans are adequate to ensure **optimal use of the project results**.
- **Quality of the consortium.** The extent to which:
  - ❑ the participants collectively constitute a **consortium of high quality**;
  - ❑ the participants are **well-suited and committed to the tasks** assigned to them;
  - ❑ there is **good complementarity** between participants;
  - ❑ the opportunity of involving SMEs has been adequately addressed.
- **Quality of the management.** The extent to which:
  - ❑ the **project management** is demonstrably of high quality;
  - ❑ there is a satisfactory plan for the **management of knowledge**, of intellectual property and of other innovation-related activities.
- **Mobilisation of resources.** The extent to which:
  - ❑ the project foresees the **resources** (personnel, equipment, financial...) necessary for success;
  - ❑ the **resources** are **convincingly integrated** to form a coherent project;
  - ❑ the overall **financial plan** for the project is **adequate**.

In addition to the above criteria and any specific criteria or interpretations of the criteria specified in the relevant call for proposals, the following questions will also be addressed at any appropriate moment in the evaluation:

- Are there **gender** issues associated with the subject of the proposal? If so, have they been adequately taken into account?
- Are there **ethical** and/or **safety** issues associated with the subject of the proposal? If so, have they been adequately taken into account in the preparation of the proposal? Is the proposed research compliant with fundamental ethical principles, if relevant? Before they are selected for funding, all proposals which deal with sensitive ethical issues and any proposal for which ethical concerns have been identified during the scientific evaluation may be reviewed by a separate ethical review panel.
- To what extent does the proposal demonstrate a readiness to engage with actors beyond the research community and the public as a whole, to help spread awareness and knowledge and to explore the wider **societal implications** of the proposed work?
- Have the synergies with **education** at all levels (where appropriate) been clearly set out?

### 4.3. The negotiation process

For proposals that are successfully evaluated, the negotiation conducted between the Commission services, possibly with the help of external experts, and the participants, will deal with the following aspects:

- to finalise the objectives and deliverables of the project, which are to be considered fixed for the life of the project;
- to agree a detailed work plan and an associated financing plan for the whole duration of the contract;
- to agree a financial ceiling for the Community contribution.

A thorough financial review of the project will be an essential component of the negotiation process. The consortium will be expected to demonstrate that they potentially have the resources to carry out the project and that there is a sound basis for their collaboration.

The principles applicable in the negotiation phase will be spelled out in publicly available guidelines.

## 5. THE CONTRACT

The text of the model contract, together with explanatory documents, can be found at:

<http://www.cordis.lu/fp6/find-doc.htm>

### 5.1. Content of the contract

The contract with the Commission shall establish the rights and obligations of all participants and in particular the provisions for the scientific, technological, financial and, where appropriate, ethical monitoring of the project, the updating of its objectives, changes in consortium membership, the payment of the Community financial contribution, and, if applicable, conditions for the eligibility of any necessary expenditure, as well as rules regarding dissemination and use.

The contract may be structured along the following lines:

- a **core** text containing: the scope, duration, maximum Community financial contribution, deliverables, payment modalities and the list of participants;
- a **technical annex** (Annex I) containing: the objectives of the project; the detailed work plan for its whole duration; an outline description of the role of the participants; a description of the deliverables; ethical provisions; a description of the management structure;
- **general conditions** (Annex II), common to all FP6 instruments, covering standard legal and administrative provisions, the IPR regime, and standard financial provisions among others.

Where it is necessary to **subcontract** elements of the work to be carried out, this should be clearly identified in Annex I. Contractors may subcontract other minor services and supplies, which do not represent core elements of the project work, which cannot be directly assumed by them and where this proves necessary for the performance of their work under the project.

The contract **will not**, however, **specify the distribution of the grant between participants**. This will give to the consortium a degree of flexibility on the distribution of the Community contribution and will also eliminate a good part of its micromanagement associated with FP5 contracts.

### 5.2. Contracting parties

The contract between the consortium and the Commission may be concluded with all the participants (or with a common legal structure that represents them from the legal point of view). It shall enter into force on signature by the Commission and the co-ordinator. The other participants identified in the contract shall accede to it in accordance with its modalities and shall enjoy the rights and assume the obligations of participants.

### **5.3. Role of the co-ordinator**

The consortium must designate one of its participants to act as the co-ordinator of the project. The following tasks of the co-ordinator will be specified in the contract:

- a) act as the intermediary between the consortium and the Commission. All information related to the project is to be transmitted by the consortium to the Commission through the co-ordinator, with the exceptions foreseen in the contract;
- b) receive all payments made by the Commission and administer the Community contribution regarding its allocation between participants and activities in accordance with this contract and decisions taken by the consortium. The co-ordinator should ensure that the appropriate payments are made to participants without unjustified delay;
- c) keep accounts making it possible to determine at any time what portion of the Community funds has been allocated to each participant for the purposes of the project and inform the Commission of the distribution of the funds and the date of transfers to the participants on an annual basis;
- d) ensure that the tasks regarding accession to the contract by the other participants are carried out in a timely and correct manner.

The consortium may, of course, agree to entrust other tasks to the co-ordinator, in particular under the terms of the consortium agreement between the participants.

### **5.4. Collective responsibility of the participants**

The technical implementation of the project will be the collective responsibility of the participants. Each participant will also be liable for the use of the Community financial contribution in proportion to his share of the project up to a maximum of the total payments he has received.

Should a participant breach the contract and should the consortium not make good this breach, the Commission may, as a last resort and if all other approaches have been explored, hold the participants liable under the following conditions:

- a) Independently of any appropriate action it may take against the defaulting participant, the Commission will require the remaining participants to implement the project.
- b) Should the implementation be impossible or should the remaining participants refuse to comply with paragraph (a) above, the Commission may terminate the contract and recover the Community financial contribution. When investigating the financial disadvantage, the Commission will take into account the work already undertaken and results obtained, thereby establishing the debt.
- c) For that part of the debt established according to paragraph (b) above, that is owed by the defaulting participant, the Commission will distribute it among the remaining participants, on the basis of each participant's share of the expenses accepted and up to the amount of the Community financial contribution each participant is entitled to receive.

Where a participant is an international organisation, a public body or a legal entity whose participation to the project is guaranteed by a Member State or an Associated State, this participant is solely responsible for its own debt and will not be expected to bear the debt of any other participant.

Additional information can be found in Articles 17 and 18 of Annex II of the model contract.

### **5.5. Consortium agreement**

As a consequence of the larger autonomy that consortia will benefit from and of the simplification of the contract with the Commission, for example with respect to the management of the Community contribution and to intellectual property, the participants **will be required to conclude a consortium agreement**, unless otherwise specified in the call for proposals.

The Commission will publish non-binding guidelines on points that may be addressed by the consortium agreement, such as:

- the internal organisation of the consortium;
- intellectual property rights arrangements;
- settlement of internal disputes, pertaining to the consortium agreement.

The consortium agreement should be signed as early as possible and preferably no later than the date on which the contract with the Commission enters into force.

## 6. IMPLEMENTATION OF THE PROJECT

At its outset, the project will have an agreed detailed work plan for the whole duration of the contract. With the agreement of the Commission, the detailed work plan may be modified. However, the overall objectives and principal deliverables, as set out in the contract, will not be expected to change during the lifetime of the project. The composition of the consortium may also be modified with the agreement of the Commission, though this is expected to be a relatively infrequent occurrence.

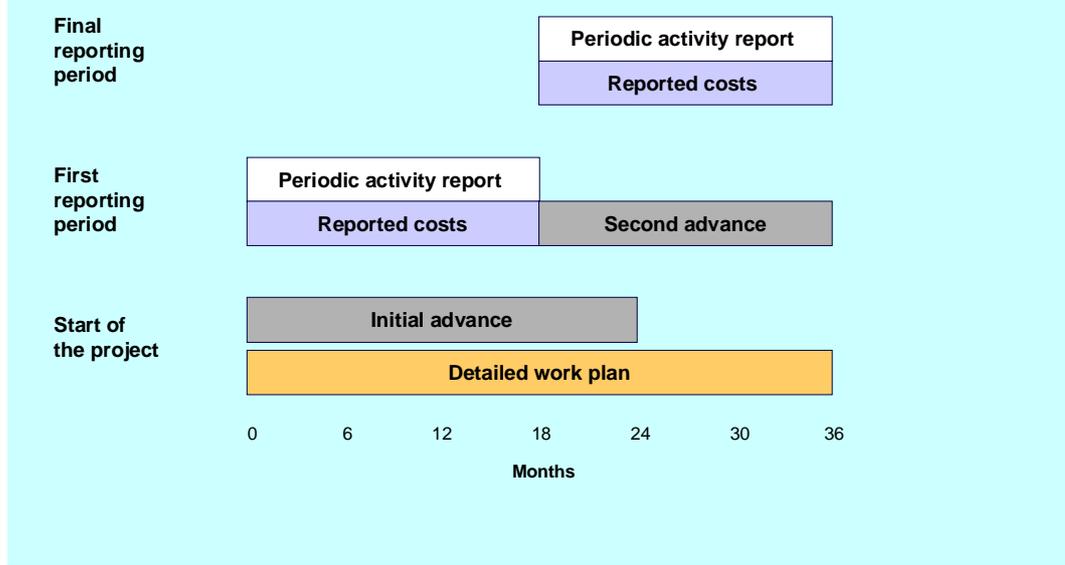
### 6.1. Periodic reporting

At the end of each reporting period as defined in the contract, the consortium will submit to the Commission the following reports **for that period**. Reporting periods will normally be a multiple of six months and would typically be either 12 or 18 months. Thus, a three-year contract could be split, for example, into three 12-month reporting periods, or two 18-month reporting periods.

- An **activity report** containing:
  - a management-level overview of the activities carried out by the project during the period;
  - a description of progress toward scientific and technological objectives and associated innovation-related activities;
  - a description of progress toward the milestones and deliverables foreseen;
  - identification of problems encountered and corrective action taken.
- A **management report** for the period, containing:
  - a) a **management-level justification of the resources** deployed by each participant, linking them to activities implemented and justifying their necessity;
  - b) a **financial part**, consisting of:
    - a **financial statement** prepared by each participant, showing the total eligible costs incurred broken down by type of activity;
    - a **summary financial report** prepared by the co-ordinator, consolidating the incurred costs of the consortium and the requested Community contribution, broken down by type of activity;
    - a report on the **allocation of the Community financial contribution** to each participant made during that period.
  - c) a report by the co-ordinator on the **allocation of the Community financial contribution** to each participant made during that period.
- Any **supplementary reports** required by any Annex to the contract (especially Annex I: technical annex).
- In addition, and at the times foreseen by the contract, the consortium will submit an **audit certificate for each participant**. The audit certificate will be provided by an independent external auditor or, in the case of a public body or international organisation, by a competent public official, and will certify the overall total of eligible costs incurred by that participant.

The Commission needs to review and approve all periodic reports. In doing so, the Commission may be assisted by external experts.

**REPORTING AND PAYMENTS SCHEDULE**  
*(example of a 3 year contract with two 18-month reporting periods)*



**6.2. Payments schedule**

The payments schedule, described below, has been designed to give greater financial certainty to the consortium.

At the start of the contract, the Commission will pay an advance (*pre-financing*) of up to 85% (unless a lower figure is foreseen in the contract) of its foreseen contribution for the first reporting period and the first six months of the subsequent one, based on the project’s approved overall financial plan.

The modalities of subsequent disbursements of the Community financial contribution at the end of each reporting period will depend on whether or not an audit certificate is required by the contract at the end of the reporting period in question. Every participant will in any event have to furnish at a minimum an audit certificate at the end of the project, covering either the period since the last audit certificate was provided or the whole duration of the project if no previous certificate was required.

a) Payments made for periods covered by audit certificates

Once the Commission has accepted the reports for the reporting period(s) covered by the audit certificate, the accepted costs will be converted into an accepted payment and will be considered as a full and final settlement for the reporting period(s) concerned (subject, of course, to any ex-post audit).

Furthermore, the Commission, taking into account the accepted costs for the previous reporting period, will supplement its outstanding advance to bring it up to 85% (unless a lower figure is foreseen in the contract) of its foreseen financial contribution for the following reporting period and the first six months of the subsequent one.

b) Payments made for periods not covered by audit certificates

In the absence of an audit certificate at the end of a given reporting period, no final settlement of payments can be made. However, upon acceptance of the reports for the reporting period in question, and taking into account the accepted costs, the Commission will supplement its outstanding advance to

bring it up to 85% (unless a lower figure is foreseen in the contract) of its foreseen financial contribution for the following reporting period and the first six months of the subsequent one.

However, it must be noted that where less than 70% of an advance has been used at the end of a reporting period, any subsequent intermediate advance may be paid only:

- if an audit certificate is provided (whether or not required by the contract) for that period; or
- on the basis of a complementary periodic management report to be submitted to the Commission once the 70% of the previous advance has been spent.

An audit certificate must be provided by any participant requesting a Community financial contribution in excess of €750,000 for the period.

### **6.3. Replacement of a participant**

When the consortium is faced with the need to replace a participant, for example one that has withdrawn, the new participant may be selected by the consortium, subject to the Commission's approval, and without any increase in the maximum Community contribution to the project. The Commission may object to the inclusion of particular selected new participants on grounds such as financial precariousness or past frauds.

### **6.4. Final reporting**

In addition to the periodic reports for the last period, the consortium is required to submit to the Commission the following reports:

- a) a **final activity report** covering all the work, objectives, results and conclusions, and the final plan for using and disseminating the knowledge, including a summary of all these aspects;
- b) a **final management report** covering the full duration of the project including a summary financial report consolidating the claimed costs of all the contractors in an aggregate form covering the entire duration of the project;
- c) any **supplementary final reports** required by any Annex to the contract (especially Annex I: technical annex);
- d) a report on the **distribution between participants of the final payment** of the Community financial contribution.

Under point a), the report should include in particular: an analysis and evaluation of the potential economic and social impact of the technologies concerned and the factors involved in their successful exploitation; an assessment of the equal opportunity promotion actions.

## **7. FOLLOW UP AND MONITORING**

The Commission services will monitor the project so as to ensure proper work execution according to the terms of the contract, to protect the Community's financial interests and to ensure maximum synergy and coherence with other actions within the specific programme.

### **7.1. Regular follow-up by Commission services**

A Project Officer (PO) from among the Commission staff will be assigned to each project. The PO may be assisted by other persons, internal and external to the Commission, with the appropriate technical expertise. The PO maintains close contact with the project management person/team in order to ensure proper overall monitoring, as well as timely feed-back between the project and the Commission on developments needing particular attention. PO tasks include:

- serving as a permanent contact point for the project;
- responsibility for the follow-up of the project, including analysing all project reports, both from the scientific/technical and financial/managerial points of view;

- attending any formal project reviews and any consortium meetings where this is deemed necessary.

The contract may foresee a number of **reviews**, with the possible assistance of external experts.

More specific technical audits, as well as financial and technological audits, may also be launched by the Commission (see next section).

## 7.2. Audits

The model contract will specify an audit regime to enable the Commission to proceed to audits, dealing with **technical, financial, technological** (innovation impact) and **ethical** aspects:

- **Technical audits** may be launched at any point during the implementation of the project in order to verify that the *project* is being or has been carried out in accordance with the conditions indicated by the participants. A yearly review would be considered a technical audit.
- **Financial audits** may be launched at any time, and may deal with any aspect of the financial implementation, e.g. the volume of the resources dedicated to the implementation of the project by the participants.
- **Technological audits** dealing with the use and dissemination of results may be launched at the end of all the projects, but may also be carried out earlier, if considered necessary by the Commission.
- **Ethical audits** may be launched at any time during the implementation of the project in order to verify that the project has been carrying out its tasks with respect of fundamental ethical principles and national regulations.

Various audits may be undertaken simultaneously. In particular, parallel technical and financial audits of a given project could be opportune. The Commission itself will conduct them or entitle another entity to do so.

## 8. INTELLECTUAL PROPERTY ASPECTS

### 8.1. General principles

The rules regarding the protection dissemination and use of knowledge have been **simplified** and a larger **flexibility** is granted to the participants:

- rules are identical for all participants;
- rules concentrate on the principles and provisions considered necessary for an efficient co-operation and the appropriate use and dissemination of the results;
- participants may define among them the arrangements that fit them the best within the framework provided in the model contract.

It should be noted that the same rules are intended to apply, where relevant, to all instruments used for implementing FP6.

### 8.2. Ownership of knowledge

Since specific targeted research projects are not funded 100 % by the Community, participants will own the intellectual property of the knowledge resulting from the project.

### 8.3. Protection of knowledge

The owner of knowledge should provide adequate and effective protection for knowledge that is capable of industrial or commercial application.

The Commission may adopt protective measures when it considers it necessary to protect knowledge in a particular country, and when such protection has not been applied for or has been waived.

Participants may publish information on the knowledge acquired under the project, provided this does not affect the protection of that knowledge.

#### **8.4. Use and dissemination of knowledge**

Participants shall use or cause the use of the knowledge arising from the project, which they own, in accordance with their interests and with the provisions agreed among them.

If dissemination of knowledge would not adversely affect its protection or its use, it should be disseminated by the participants within a period laid down by the Community. If the participants fail to do so, the Commission may disseminate the knowledge. In doing that the Commission and the contractors should take into consideration the following elements:

- the benefits of swift dissemination (in order to avoid duplication of research efforts and create synergies between actions);
- the need to safeguard intellectual property rights;
- confidentiality;
- the legitimate interests of the participants.

#### **8.5. Access rights**

##### **Main principles**

The provisions relating to access rights **are the same for all participants** (contrary to the FP5 situation, providing for different access rights for principal/assistant contractors). As a consequence, the table summarising the access rights system is much simpler (see below).

The control of pre-existing know-how by its owner(s) has been improved by making it possible for a participant to exclude specific pre-existing know-how from the obligation to grant access rights to it to other participants in agreement with all other participants before the start of the project.

The control of knowledge resulting from the project by its owner(s) has also been improved: a participant enjoys access rights to another participant's knowledge only if such access rights are necessary for the first participant to use its own knowledge.

Obligatory access rights between different projects have been suppressed. However, the participants may conclude any agreement aimed at granting additional or more favourable access rights (including to third parties, e.g. affiliates), or at specifying the requirements applicable to access rights (without restricting them). Such provisions may for instance be included in consortium agreements.

The Commission may object to the granting of access rights to third parties, in particular to those which are not established in a Member State or an Associated State, if granting such rights is not in accordance with the interests of developing the competitiveness of European industry, or with ethical principles, in particular those described in the Charter of Fundamental Rights of the European Union.

##### **Access rights for the execution of the project**

In as much as such access rights are needed to carry out their own work under the project, **all participants** in the project **enjoy access rights** to: (a) the knowledge arising from work carried out under the project and, (b) the pre-existing know-how of the other participants.

Access rights **to knowledge** shall be granted **on a royalty-free basis**. Access rights **to pre-existing know-how** shall be granted **on a royalty-free basis**, unless other conditions have been agreed before signature of the contract.

Subject to its legitimate interests, the termination of the participation of a participant shall in no way affect the obligation to grant such access rights for the execution of the project to the other participants until the end of the project.

**Access rights for use purposes** ("use" = exploitation + further research)

In as much as such access rights are needed to use their own knowledge resulting from the project, participants in the project enjoy access rights to: (a) the knowledge arising from work carried out under the project, and, (b) the pre-existing know-how of the other participants.

Access rights **to knowledge** shall be granted **on a royalty-free basis, unless** other conditions were agreed upon before signature of the contract. Access rights **to pre-existing know-how** shall be granted **on non-discriminatory conditions** to be agreed.

Subject to the participants' legitimate interests, such access rights for use purposes may be requested until two years after the end of the indirect action or after the termination of the participation of a participant, whichever falls earlier, unless the participants agree on a longer period.

**SUMMARY OF ACCESS RIGHTS**

	<b>Access rights to pre-existing know-how</b>	<b>Access rights to knowledge resulting from the project</b>
<b>For carrying out the project</b>	Yes, if a participant needs them for carrying out his own work under the project	
	Royalty-free, unless otherwise agreed before signing the contract	Royalty-free
<b>For use purposes (exploitation + further research)</b>	Yes, if a participant needs them for using his own knowledge	
	On non-discriminatory and reasonable conditions to be agreed	Royalty-free, unless otherwise agreed before signing the contract
	Possibility for participants to agree on exclusion of specific pre-existing know-how of a participant from this obligation before this participant signs the contract (or before entry of a new participant)	

**PARTICIPATION AND FINANCING POSSIBILITIES BY COUNTRY OF  
ESTABLISHMENT OF PARTICIPANT  
(IN 'FOCUSING AND INTEGRATING COMMUNITY RESEARCH' PART OF FP6)**

<b>Participant's country of establishment</b>	<b>Participation</b>	<b>Financing</b>
European Union Member States, JRC	Rightfully	Rightfully
Associated States	Rightfully	Rightfully
International organisations of European interest	Rightfully	Rightfully
Russia, other New Independent States, Mediterranean Countries (including Western Balkans), developing countries	Rightfully over and above the minimum threshold	Within the limits of the budget available for international co-operation activities
Other third countries and other international organisations	Rightfully over and above the minimum threshold	If Community contribution is foreseen in the work programme or if it is essential for carrying out the project