The European Union's ICT Program in FP7

Version 0.5

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Version 0.5

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The method of distribution for this book has changed from previous EFPC books. It will only be held on the EFPC web site and only registered users can download. It will of course continue to be free. But as noted under the copyright notice at the bottom of Page 9, redistribution is no longer permitted without written permission from EFPC.

The reason for this is the dynamic nature of the content, especially during the first year of FP7 where the rules and their interpretation are still being formed and practice has not yet been established. The new method allows us to notify those that down-load of new drafts and versions and of any important changes.

In particular there are some sections of this new book that are being withheld until further details are clarified, such as Section 15.

In the past we noted that old versions were being held online in many sites and this can lead to unfortunate mistakes and errors among users.

Specific changes –
In the third draft we included clarifications and major corrections resulting from information from IST 2006.

In the fourth draft we have further corrections and clarifications. In particular we have extended Appendix 6 and added a summary of impact on different organisations of the FP7 changes as section 3.10.
Appendix 8 has been added which is a worked STREP project budgeting example using our spread sheet Article 169 funding (AAL) closer to market; 2008; list of participating countries.

In the fifth draft, we have added information released with published first Call.

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Table of Contents

Preface to initial draft of Version 1

This book follows on from two previous books I produced dealing with IST in the Framework Program Five and in Framework Program Six. Although it is based on them, there are many significant differences. As before, this will be produced incrementally, in parallel with the definition of Framework Program Seven. FP7 has significant differences from both FP6 and FP5 and thus readers of this book must bear in mind that the information is purely an interpretation of documents, laced with experience. However, I am keeping it up to date in the light of evolving practice.

Why did I write it? – Is there insufficient material by the Commission? In presentations I usually say that the problem is there is too much official information scattered across many documents. Thus, this book tries to combine the essence in a single place. I also often say that the Commission documentation describes the legal framework, not how to participate. It is akin to expecting that reading the Highway Code will teach you how to drive a car. This is a complementary document that should be seen as a practical guide to the program.

The book is a practitioners manual aimed at Senior Management staff in organisations wishing a broader background on the European Union's Seventh Framework R&D as well as at consultants to those organisations. However the initial chapters one, two and three can stand alone and give an overview suitable as an introductory text. It is primarily aimed at Commercial organisations, but three quarters of the content also applies to Academic Institutions and other non-commercial potential participants. With respect to technical coverage, it is squarely focused on the ICT Program within the Cooperation part of FP7.. However, the majority of the general content applies to all the other Themes. But there are differences. I have tried to highlight major divergences in the text.

Bear in mind that the program content and the rules are under continual revision and reinterpretation. The rules for FP7 have not yet been finalised. Although I have drafted much of the current content over the last four months, I have resisted releasing it until I became surer of plans for 2007. This book gives my current understanding of the state of play. I shall release regular updates during the rest of 2006 and into 2007 as things develop. In the past we have noted significant differences in how the common rules are interpreted by different CEC Directorate Generals and we do not expect this to change. Ensure that all specific information is double checked with the current official documentation before being acted on.

This Version is written for a general audience.

Finally, I would like to thank Dana Remes and Graham Feldman of EFPC for their contributions, helpful comments and corrections and my wife Shoshana for her patience and understanding.

29 December 2006
Yavne, Israel

Author Brief CV

Mr Morron is a graduate of the University of Glasgow where he studied Pure Science as well as Computer Science from 1960 - 1965. He has a broad technical background but specialised in software engineering, especially operating systems and supercomputer architectures. He has worked in these fields in the US, UK and Israel.

Currently he is CEO of EFP Consulting Ltd, a company set up in 2002 to combine both Financial and Technical/Administrative as well as training support for organisations interested in participating in the Framework Program. EFPC itself is participating in several different EU funded projects - and was the coordinator of one. Myer is also CEO of EFP Consulting (UK) Ltd which was founded in mid-2004. This company is also participating in EU funded projects.
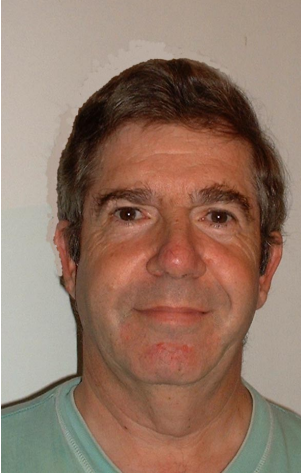
Until October 2004 Myer was IST Director at ISERD, the Israeli body responsible for managing the Association Agreement with the EU on behalf of the Israeli government. He represented the State of Israel on the IST Management Committee for the duration of FP5 and continued this role in FP6. He also represented the State of Israel on the Research Infrastructures Committee. As part of his job he coordinated all Israeli activity in the IST and RI parts of the Framework Program including the NCP activity in those areas. He was part of the team that negotiated the FP5 Association Agreement and then a member of the EC-Israel Research Committee that oversaw the operation of that Agreement.

Mr. Morron held various Senior Technical and Management positions for Computer and Telecommunications Manufacturers. The main companies he has worked for include Control Data (US and Israel), ICL, STC and Nortel (UK) and Elbit (Israel).

During the past twenty five years his work has concerned the development and successful market exploitation of new and emerging technologies and standards with an emphasis on Open Standards and joint collaborative projects. He has consulted and presented extensively in IT related issues, including for the CEC, US DoD, UK MoD, NATO and Standards Bodies ECMA, ISO, CEN, NIST and ETSI.

Mr Morron has been involved with the EU framework research programs from their inception in 1984. He has been personally involved in many key projects in the MAP, ESPRIT 1, 2 and 3, Telematics, ACTS and IST programs. He has also been an evaluator and an external expert in ESPRIT, Telematics, INCO Innovation and IST programs on many occasions. Recently he has published papers related to barriers experienced by SMEs in participating in the Framework Program and has provided input on this subject to various Commission bodies, the European Parliament and currently as part of the Higher Level Advisory Group on the impact on innovation of government R&D funding.

1 Overview

1.1 Background

1.1.1 The Framework Program

The ICT Theme is part of the European Union Framework Research and Development Program Seven. It is a follow-on to the IST program of Framework Programs Five and Six that replaced the three programs ACTS, ESPRIT and Telematics Applications Program (TAP) that were in the previous Framework Program Four. Most, but not all of the technologies and application areas covered by the previous IST program appear in some form in this revised ICT Program.

FP7 will run for seven years unlike all previous programs that ran for four years. The first programs started in the early eighties and they were gradually combined into a single Framework Program, but initially they were not known as "Framework Programs". That term was only applied retroactively to the early programs. The ICT program derives from the ESPRIT Program that started in 1984. It encompassed various other activities in Information Technology into a more or less integrated program. For example the Multi-Annual Program "MAP" was a predecessor and it funded topics like software technology and included a broad Ada Technology activity that developed into part of ESPRIT.

Later in the eighties, other programs appeared that were eventually combined into the Framework such as RACE which became ACTS and covered telecommunication technologies. Various other programs in the application domain such as Health IT, Transport IT (such as the DRIVE Program, Education and Training etc. combined to form the Telematics Applications Program.

It is useful to remember these historical roots, as those communities and their practices still exist to some extent in the ICT Program and tend to be semi-autonomous based on past practice. However, due to interchange of staff and a concerted effort at transparency differences are gradually disappearing.

Due to a French Initiative in the mid-late eighties another pan-European Program, originally seen as complementing the Framework Program called EUREKA was formed. Its rules and conditions are substantially different from Framework and rely on funding from the involved countries directly being given to their own participants under country specific rules. EUREKA is a bottom up program compared to Framework, which is definitely top down in structure and implementation. However under FP7 the intention is to leverage this dual investment via the so called European Technology Platforms and Joint Technology Initiatives.

1.1.2 Reasons for Framework Program

But why does the European Union fund R & D and what is the intention? In the early eighties it became apparent that European high tech industry was under extreme threat from both Japan and the US.

At that time several key European industries such as computing, microelectronics and telecommunications were seen to be in serious jeopardy. It was also believed in Europe that US competitors benefited both from a large homogeneous home market as well as indirect subsidies from the US government to its high tech industry, mainly as a spin off of defence funding. Together, this was thought to give US players a major competitive advantage as compared to the fragmented European industry. It was not seen to be any lack in innovation in Europe, but the inability to exploit it world-wide. Many of the key innovations being directed at Europe from North America were seen to be based on originally European innovations. There were other incidents that also raised worries in Europe such as Intel and Motorola deciding to be more restrictive in the licensing of their microprocessor designs.

With respect to Japan, it was also thought that protective trade practices as well as co-ordination and funding from MITI, allowed Japan to establish a dominant place in what was then seen as the brown goods market.

All of the above resulted in several longer term threats to Europe that can be seen as falling under the

following categories –
- Commercial – it would result in an increasing imbalance in trade, especially in the high technology, high added value industries. This could have long term disastrous effect on European industry and standard of living via negative impact on exchange rates and inflation.
- Social – there would be a negative impact on employment, especially in the employment of graduates, who in ever increasing numbers would be forced overseas – the so called "brain drain".
- Security – the longer-term reliance of European military and security forces on imported technology was of major concern. For example without a successful commercial modern silicon fabrication facilities, sensitive components and systems would all have to be imported. A classic example is military crypto chips.

In the early eighties, we could already see some effects that would only get worse with time. For example, European computer manufacturers were becoming completely reliant on non-European sourcing of memory chips. It was noticed with frustration that any time there was a specific chip shortage, US suppliers tended to favour the US computer manufacturers, making European manufacturers situation even worse.

Of course, more recently additional reasons have been emphasised for the Framework Programs, such as:
1) Promotion of European Unity
2) Encouragement of Industry consolidation in Europe
3) Support for industrial and social policy i.e. political reasons

Such reasons are post hoc rationalisations and though desirable effects, were not the original reasons. The last reason above has become much more pronounced in FP7 as it has increasingly become partially a political program than a pure technological one.

1.1.3 The Nature of the Framework Program

The nature of the research *programs* is top down i.e., the specific technical areas to be funded are predefined. Other topics would not be eligible for funding. The Commission states many times that the goal of the framework is only to address about 5 - 10% of European Union industrial research – the rest is funded by individual countries, agencies or companies. The only topics available for funding are those covered by the "Workprogram" and which attempt to go beyond current state of the art and have a believable exploitation plan. That is, the industrial results must be marketable with an expected market size commensurate with the cost/investment.

Because projects are expected and required to extend the state of art, there has to be identifiable risk and the Commission sees the funding as being an offset for this risk. This is an important point – a project that cannot complete because of valid technical reasons should not be treated as a failure – it only demonstrated that a particular approach is not practical at this point.

Another critical criterion for a valid project must be that it shows that there is significant added value or likelihood of success by addressing the project at the European level. This is the so-called "subsidiarity" criterion of the Maastricht agreement. This states that work better done at the local level should not be carried out at the European level. This concept of "subsidiarity" is important to understand and to address.

A final critical criterion for the new types of project introduced in FP7 must be that there is a significant strategic impact of the proposed work.

1.2   Background to changes in FP7

Between the Framework Programs Four and Five the Commission was forced to resign by the European Parliament after some alleged scandal that involved, partly, research funding. In particular, a new Research Commissioner was appointed and he implemented major changes in the program that were initially introduced in Framework Program Six. At the same time a new Financial Regulation was adopted. The overall changes were the largest since the initial Framework. Changes were not only made to

the legal instruments, but also to the contractual conditions. The funding rules were also significantly different. In most respects these changes were intended to make participation less bureaucratic for organisations. In practice the changes were not properly thought through or trialled. As a result, they significantly increased problems. There were several unintended interactions between changes and at the launch of FP6, neither potential participants nor the Commission staff had a common understanding. During the first and second years of FP6 as some of the more obvious errors and mistakes were recognised, changes were implemented. But they were largely cosmetic - the needed major corrections were planned for FP7. Thus FP7 was intended to rationalise the rules and regulations and in particular to correct some obvious anomalies of FP6 and reduce the bureaucracy. See Section 3 for an overview of the changes. However it is already clear that in practice what is likely is the replacement of one set of problems and conflicts by a different set - hopefully of less severity.

In summary we see the financial effects of FP6 to FP7 affecting organisations as follows:

Organisation/Change	Effect of proposed FP7 changes	FP6
Large industrial companies	Better: Demo from 35 to 50% and Consortium Management not limited to 7%	Was FC
SMEs	Much better: 75% of 120% of costs and no financial guarantees (note 1) and Consortium Management not limited to 7%	Was FCF
Academics	Overall much better: Permanent staff can charge, however demonstration 50% instead of 100% Special derogation in place during transition	Was AC
Consultancies	Worse. In CAs and SSAs overhead reduced from 20% to 7%	Was 20%

Note 1. Assuming funding is less than 500,000 Euros and not a coordinator.

1.3   Which Countries fully participate in FP7?
1.3.1   Member State
The Member States of the European Union will consist of Twenty Seven countries from the start of FP7, twelve of which are termed "New Member States". See Appendix 1 for a detailed list.

1.3.2   Associated Candidate Country
Two states (Croatia and Turkey) are now referred to as Associate Candidate Countries (ACC) and their status in FP7 is upgraded so they are treated in most ways as member states. In FP6 only Bulgaria, Romania and Turkey were ACCs - however Bulgaria and Romania became members on 1 Jan 2007 and Croatia has become an ACC.

1.3.3   Associated State
It was agreed in the eighties that European States that had not yet joined the then European Community could participate in the Framework Program. In the Nineties, these so called European Economic Area (EEA) states reduced as they gradually joined the EU. For Framework Programs Four, Five, Six and Seven they consist of Norway, Iceland and Liechtenstein. The EEA states have an Association Agreement with the EU Framework Program.

An Associated State, contributes financially to the Framework Program and consequently has all the rights and obligations of a member State in respect of funding. They should be treated identically. There is now only one minor difference in that their representatives do not have a formal vote at the Program Management Committees. However as most decisions are made by consensus, this has no practical effect. A previous restriction with respect to meeting the minimum number of participants has now been

removed.

Israel became an Associated State on 1 Jan 1996 i.e. second year of FP4 and continued throughout FP5 and FP6. Of course, Israel is the only non-European Associated State. Finally, in Jan 2004, Switzerland concluded an Association Agreement and their status became similar to that of Israel. It is expected that both Switzerland and Israel will renew their Association Agreements and continue to be Associated States in FP7.

Appendix 1 gives more specific data on this.

1.3.4   Other Countries
Some other non-European countries have Science and Technology Agreements with the EU, but they only participate on a "project by project" basis. Funding for many third countries will also be available via the so called ICPC funding (previously referred to as INCO).

Specific International Cooperation Actions (SICAs) will be used dedicated to partnerships with ICPC countries in areas of mutual interest and cooperation on topics selected on the basis of their scientific and technological competences and needs. Political dialogues with third countries and regions as well as international support projects have allowed the identification of potential cooperation priorities that are of mutual interest and benefit. The SICAs will have specific rules for participation and specific evaluation criteria.

1.4   Overview of rules of participation

1.4.1   The Workprogram
As previously mentioned, FP7 is top down. By this is meant that there are various Workprograms that are generally revised annually. Each Workprogram is generated by the Directorate General responsible for it. Most are under the control of DG Research but some are not. One such is the ICT program which is under the direction of DG INFSO based on input from various ad hoc committees such as the relevant European Technology Platforms as well as the ISTAG (IST Advisory Group). the ISTAG will be renamed the ICTAG for FP7 in line with change from IST to ICT. ICTAG consists of senior level experts notionally chosen by the Commission but in fact nominated and approved informally by the countries. They mostly consist of senior executives from the major national players as well as some senior academics.

The planning activity for initial formulation of the work content is normally broad with input sought from the participating countries with further input coming from the European Parliament, generally heavily influenced by political considerations. This is particularly noticeable in the "parliament friendly" naming of the various activities and the increasing emphasis on applications which are hoped would make it easier to demonstrate to tax payers the relevance and results of the investments. Finally, the Workprogram is modified and approved by the ICT Program Committee and also has to take account of input from all the other Directorate Generals who strongly defend their own turf.

In practice, we see much more political influence in a program's initial formulation but less in the annual updates. The major influencers are the large National Champions. The annual updates also take account of the area of coverage of projects awarded the previous year.

1.4.2   Calls for proposal
The ICT Workprogram for FP7 is broadly at a similar level as in FP6. However the content of the 2007/2007 Workprogram is now subdivided into seven Challenges. Within each such Challenge there is a set of Objectives and each objective contains a set of topics and together with the expected outcomes of the research. There are generally two major fixed deadline calls for proposals in the first year, each addressing a specific subset of the Workprogram. In appears that in ICT in FP7 this will be again the situation. A fixed deadline call is one that closes on a stated date and time. With the evaluation occurring shortly afterwards. However there is also the Continuous Call, that remains open for several years with

proposals being batched and evaluated every four months or so. The Future and Emerging Technologies Open scheme (FET) falls into this category.

1.4.3   Nature of proposals

Proposals for R & D are always made in consortia (a new exception in FP7 is under the new "ideas" part of the program). These consortia are notionally "self forming". One member of the consortium is designated as the Coordinator and it is their job to put together the proposal and submit it to the Commission as required. Generally, if the proposal is accepted, the Coordinator will be expected to become the project Coordinator and thus be responsible for overall project management. In FP7 (as was the case in FP6) it will be possible to take on a partner who would carry out the administrative co-ordination and/or project management functions. This is different from FP5. However, in ICT it was not generally encouraged. Sub-contracting these activities would not be permitted. Further details of the proposal can be found later on in Section 3.5 "Proposal preparation and submittal".

1.4.4   Nature of Consortia

For an R & D proposal there must be a minimum of three partners from three member or associated states.

The overall funding of a proposed research project can vary from say half a million Euros to a hundred million Euros. The majority of Small Collaborative Research Projects will have total funding of from one million to around three million Euros. Virtually no projects will get more than 25 MEuro in funding. People always ask questions such as "how big should a project be" or "how many partners should we have"? The standard answer is always "as large as is required and can be justified to carry out the work and commensurate with the expected impact."

1.4.5   A quick look at the funding rules

All funding is a grant, which is not repayable. Payments are generally annual in advance, corrected annually by cost statements of actually incurred expenses and 15% of total funding is retained until the final reports have been accepted.

As in other aspects of these programs there is no simple rule. However as a general guideline, most participating organisations will get back most if not all of their additional marginal costs. This is a fact that is not officially recognised, but is true. See Section 6.

1.4.6   Advance payments

Normally, advance payments can be made every year via the Coordinator to each partner based on their budget for the next period. For Small Collaborative Projects it may be 12, 18 or 24 months or other determined period. The Coordinator must forward each partner his share without undue delay. Note that it is inappropriate for partners to invoice the Coordinator for their payments as they are contractually required to be forwarded directly. There is a danger if you do issue an invoice that it will be liable to VAT, which is not a recognised allowable expense. The payment rules between the partners may be varied by the Consortium Agreement.

1.4.7   Who can participate?

The program is open for participation by any natural or legal entity in a Member State, an Associated Candidate Country or an Associated State. A legal entity can be a company, a university, a research institute, a government department, a not for profit entity or an individual. There are also opportunities for participation (sometimes with funding) for organisations outside above countries. These opportunities for so called third countries are broad. They have been highlighted in 1.3 above.

1.5   Benefits of participation in a Collaborative R&D project

Intuitively, when most companies first hear about this program they regard it is a source of finance. This is

a basic misconception. Although activities are well funded, the money should not be the only or main reason to participate. It may however, be a valid reason for a research or academic institution. See Appendix 4 for a discussion on how best to quantify the relative benefits of participation.

The types of benefit can be classified as follows -
1. Development of advanced technology
2. Access to advanced technology
3. Collaboration with key players
4. Collaboration with key customers
5. Facilitating investment in your company
6. Access to a new market
7. Access to a new geographic area
8. Development of an international standard
9. Marketing and/or technological intelligence
10. Funding for something you were planning to do
11. Training or retraining for own staff
12. Exposure of staff to new areas of technology
13. Increasing number of trained staff
14. Ability to hold staff during commercial downturns
15. Danger of not being in
16. Sabotage!

1.5.1 Development of advanced technology

This is notionally the main aim of R&D projects and it must be written in this way. The goal being to advance the state of the art in a Pan European manner. However, there are usually further reasons as to why an organisation participates. These are detailed below.

1.5.2 Access to advanced technology

Organisations generally do not develop and supply complete solutions to customers. They carry out less and less of the development from scratch. They have their own special niche of expertise but require to embed this in a full system or purchase or access complementary technology. It is most effective for companies to concentrate on their special high added value area and either buy in the balance or OEM to a higher level.

Participation in one of these projects is an ideal opportunity to establish or further relationships with others in your product chain.

1.5.3 Collaboration with key players

Smaller companies very often find it difficult to enter markets and one way is to establish a working relationship with key players. Such a relationship is also a helpful in many other ways. For example if it is a company aim to sell a strategic share to a major player, this is an ideal way.

1.5.4 Collaboration with key customers

By this I mean potential end users. ICT projects by nature should contain at least one end user. The end user could be a major player or say a network of end users. As they are also funded, this is an easy way to expose your technology and future products to potential buyers and customise it for a specific market with external funding.

1.5.5 Facilitating investment in your company

For new companies, especially start-ups, it has been shown that it is easier to have external investment in the company if it is involved in a collaborative project with a major market player.

1.5.6   Access to a new market

It may be that an organisation is well established in a particular market segment but is unknown in another to which their products could also be well suited. Joining or forming a consortium with players from that new market is a possible way to become known and established in that market as well as providing a good opportunity to fine-tune and adapt to its requirements.

1.5.7   Access to a new geographic area

This is similar to the previous one but allows the use of a project to establish key relationships in a specific geographic area - which is often an important business consideration.

1.5.8   Development of an international standard

A proportion of projects deals with the eventual creation of new standards. Participants, would normally address a specific area where such a standard would facilitate future deployment or exploitation in a broader context from a European perspective. The EU has a tradition in the standards arena of using European Standards Institutions as a springboard to International Standards to the advantage of EU industry. A project could research, prototype and trial a particular solution prior to introducing it and supporting it through standardisation. This provides a significant benefit on its eventual adoption as such organisations will have a head start on others and may through tying the standard to previous IPR, force competitors to pay them royalties.

Although standards in themselves are not mandatory, the European Commission has frequently mandated particular standards for public procurement to the advantage of European industry. This has to be seen in the light of the US employing similar tactics for many years.

1.5.9   Marketing and/or technological intelligence

This should not be the main reason to participate but in several cases it can turn out to be the most valuable result. Even the process of researching the area within the program prior to identifying a suitable subject to propose on may result in valuable information on what the leading players in the market are doing. This info is available on-line in the synopses of running and previous projects in your area. In addition to the synopsis, there is also detailed information on the participants and expected results.

Later on in trying to set up or join a consortium when you get involved in direct discussions with potential partners, there is further opportunity. Of course, if a project is approved it not only gives you access to inside information on your partners activities but because of project clustering there are plenty of opportunities for broader information in your market or technology sector.

1.5.10 Funding for something you were planning to do

Finally, there are of course the financial benefits of participation. As mentioned previously, it should not be the goal of your participation if you are a commercial organisation, but it is an obvious additional incentive, especially if it allows you to fund work that otherwise you couldn't undertake or to have work funded that you were going to do anyway.

1.5.11 Training or retraining for own staff

This an important but frequently overlooked benefit of participation. Especially important as staff marginal costs are in reality fully covered.

1.5.12 Exposure of staff to new areas of technology

Another key aspect. It may be beneficial to ensure that new technological areas that may be important in your sector are understood by your organisation. Participation in a suitable project can allow organisations to "cover bases".

1.5.13 Increasing number of trained staff

Especially for small organisations, fully funded external activities like FP allows them to increase their

available pool of staff, providing backup and cover.

1.5.14 Ability to hold staff during commercial downturns

This is a frequently overlooked side benefit that allows organisations to hold onto important skill sets during down-turns.

1.5.15 Danger of not being in

Some projects, especially the larger ones, may include all the major players and their principal customers. If you are one of the players and are not in the project there is a danger of being frozen out of a developing market. This is especially true if pre-normative decisions are being made by the consortium and yours may not be considered.

1.5.16 Sabotage!

This is included both for completeness sake and because it has been a factor (small however!) in the past. We are aware of companies joining a project with a specific goal of trying to minimise the commercial impact of any results on their own (proprietary) commercial activity. This is not to be encouraged, but as mentioned above, it has occurred very occasionally in the past.

1.6 Reasons not to participate

It may seem peculiar to find this section, however on many occasions the best advice to an organisation is not to pursue this program further. The principal reasons are below -

1.6.1 Work is not a natural fit into the Workprogram

It may be that the proposed work is not clearly covered by a single Objective in the Workprogram after double-checking with the Commission. What is worse is that it may overlap between multiple Workprograms. It is also possible that the nature of the work does not take forward the technological state of the art in your selected area. In those cases do not try an unnatural fit - this rarely succeeds.

1.6.2 Time-table does not fit

As Technical topics sometimes do not reappear in successive Calls for Proposals, if you just miss the call that best suits you, you should check if it is worth while to wait for another year or even more for the next opportunity to participate in that area.

1.6.3 Time to market is unsuitable

There is a necessity for many checks and balances in the commitment of such large sums of public money. This results in a delay in excess of eight to nine months from close of the call for proposals before the work can start. In the fast moving world of high technology, such a delay may result in the loss of a window of opportunity and thus be an unsuitable vehicle. The program is best suited to longer-term work of a potential breakthrough nature that could open up completely new market opportunities or solve major existing known problems.

1.6.4 Project is too secret

Although all proposals are submitted and dealt with under strict non-disclosure rules, it may not be strict enough for some types of proposed work. For example, the evaluators are of necessity experts in that area and a large percentage will be from companies dealing with this and therefore perhaps competitors. Although they have to sign strict non-disclosure and non-conflict of interest documents, for something very sensitive, I would be careful. In addition, in the past the Project Officers and staff at the Commission frequently have come from major companies or are only on three-year contracts and will return perhaps to competitors and again. However, in recent years, this is in general no longer the case and most staff are permanent officials.

2   Brief Overview of Framework Program Seven and CIP

This chapter is a summary of FP7 structure and contents. This chapter is included for the sake of completeness; the content is taken mainly from the official CEC documentation. For more detailed and complete information, please refer to the current individual Workprograms and proposer guides. I have also included a high level description of the CIP program. Although not strictly part of FP7 it does include aspects that were previously part of FP6 and also integrates several other parallel programs. **However the funding and administrative rules of CIP are not covered in this book.**

Both FP7 and CIP are:
- Seven years not four
- Significantly increased funding compared to FP6
- Overall, FP7 averaging to 7 BEuro per year - Total 50 BEuro
- CIP an additional half a billion per year - Total 3.6 BEuro
- Major changes in participation rules
- Another major discontinuity and uncertainty (!)

2.1   Framework Program 7 highlights

The 7th EU Research Framework Program is now organised in four parts corresponding to four major components of European Research

1. Cooperation (Collaborative research) 32 BEuro
2. Ideas (Frontier research) 7.5 BEuro
3. People (Human potential) 4.5 BEuro
4. Capacities (Research capacity) 4 BEuro

Each of them will be subject of a Specific Program
Plus support for JRC (Joint Research Centre) ~2 BEuro

2.1.1   Cooperation

Ten high level themes implemented via four types of projects:
Collaborative projects and networks (~RTD);
Joint Technology Initiatives (~ Article 169 and 171);
Co-ordination of national research programs (~ ERA-NET);
International Co-operation ICPC via Specific International Cooperation Actions (SICAs) (~ INCO)

1. Health
2. Food, agriculture and biotechnology
3. Information and Communication Technologies
4. Nanosciences, Nanotechnologies, Materials and new Production Technologies
5. Energy
6. Environment and Climate Change
7. Transport
8. Socio-economic sciences and the humanities
9. Space
10. Security Research

Themes 9 and 10 above were until recently regarded as two semi-autonomous sub-themes.

The ten themes are defined at a relatively high level. For each of them, a series of research topics have been identified as priority subjects for EU support. In the case of subjects of industrial nature and relevance in particular, the topics have been identified relying, among other sources, on the work of

different "European Technology Platforms" set up in various fields. Under each theme, beside these topics, the possibility will be ensured to address in an open and flexible way two types of opportunities and needs:

- **Emerging needs:** through a specific support to spontaneous research proposals aiming at identifying or further exploring, in a given fields and/or at the intersection of several disciplines, new scientific and technological opportunities, in particular linked with a potential for significant breakthroughs;

- **Unforeseen policy needs:** to respond in a flexible way to new policy needs that arise during the course of the Framework Programme, for instance related with unforeseen developments or events requiring a quick reaction like, in the past, the SARS epidemic or emerging concerns in food safety.

Theme 3. Information and Communication Technologies

Funding over seven years will be approximately 9 BEuros increasing from 1.1 BEuro in 2007 to 1,7 BEuro in 2013.

Objective

Improve the competitiveness of European industry and enable Europe to master and shape the future developments of Information and Communication Technologies (ICT) so that the demands of its society and economy are met. Activities will strengthen Europe's scientific and technology base and ensure its global leadership in ICT, help drive and stimulate innovation through ICT use and ensure that ICT progress is rapidly transformed into benefits for Europe's citizens, businesses, industry and governments.

Rationale

Information and Communication Technologies are critical to Europe's future and underpin the realisation of the Lisbon agenda. They have a catalytic impact in three key areas: productivity and innovation, modernisation of public services and advances in science and technology. Half of the productivity gains in our economies are explained by the impact of ICT on products, services and business processes. ICT is the leading factor in boosting innovation and creativity and in mastering change in value chains across industry and service sectors. ICT is essential to meet the rise in demand for health and social care and to modernise services in domains of public interest such as education, cultural heritage, security, energy, transport and the environment. And ICT is catalytic in the advance of other fields of science and technology as it transforms the way researchers conduct their research, co-operate and innovate.

The escalating economic and societal demands, together with the continued main streaming of ICT and the need to push further the technology limits set a growing agenda for research. To bring technology closer to people and organisational needs means: hiding technology complexity and revealing functionality on demand; making technology very simple to use, available and affordable; providing new ICT-based applications, solutions and services that are trusted, reliable, and adaptable to the users' context and preferences. Driven by the demand of more-for-less, ICT researchers are involved in a global race to achieve further miniaturisation, to master the convergence of computing, communications and media technologies, including further interoperability between systems and the convergence with other relevant sciences and disciplines, and to build systems that are able to learn and evolve.

From these diverse efforts a new wave of technologies is emerging. ICT research activities will also draw on a broader range of scientific and technological disciplines including bio- and life sciences, psychology, pedagogy, cognitive and social sciences and the humanities.

ICT is one the most research intensive sectors. The ICT research effort, public and private, represents a third of the total research effort in all major economies. Although Europe already enjoys industrial and technological leadership in key ICT fields it lags in investing in ICT research behind its major

competitors. Only through a renewed and more intensive pooling of the effort at European level will we be able to make the most of the opportunities that progress in ICT can offer.

The ICT research activities will be closely articulated with policy actions for ICT deployment and with regulatory measures within a comprehensive and holistic strategy. Priorities have been set following extensive consultations including input from a series of European Technology Platforms and industrial initiatives in areas such as nano-electronics, microsystems, embedded systems, mobile and wireless communications, electronic media, robotics and software, services and Grids.

Activities

The role of research into Future and Emerging Technologies is particularly relevant under this theme to support research at the frontier of knowledge in core ICTs and in their combination with other relevant areas and disciplines; to nurture novel ideas and radically new uses and to explore new options in ICT research roadmaps, including the exploitation of quantum effects, system integration and smart systems.

ICT Technology Pillars:

– Nano-electronics, photonics and integrated micro/nano-systems: pushing the limits of miniaturisation, integration, variety, storage and density; increasing performance and manufacturability at lower cost; facilitating incorporation of ICT in range of applications; interfaces; upstream research requiring exploration of new concepts.

– Ubiquitous and unlimited capacity communication networks: ubiquitous access over heterogeneous networks - fixed, mobile, wireless and broadcasting networks spanning from the personal area to the regional and global area - allowing the seamless delivery of ever higher volumes of data and services anywhere, anytime.

– Embedded systems, computing and control: powerful, secure and distributed, reliable and efficient computing, storage and communication systems and products that are embedded in objects and physical infrastructures and that can sense, control and adapt to their environment; interoperability of discrete and continuous systems.

– Software, Grids, security and dependability: dynamic, adaptive, dependable and trusted software and services, platforms for software and services, complex systems and new processing architectures, including their provision as a utility.

– Knowledge, cognitive and learning systems: semantic systems; capturing and exploiting knowledge embedded in web and multimedia content; bio-inspired artificial systems that perceive, understand, learn and evolve, and act autonomously; learning by convivial machines and humans based on a better understanding of human cognition.

– Simulation, visualisation, interaction and mixed realities: tools for innovative design and creativity in products, services and digital media, and for natural, language-enabled and context-rich interaction and communication.

– New perspectives in ICT drawing on other science and technology disciplines, including insights from physics, biotechnologies, materials- and life-sciences, for miniaturisation of ICT devices to sizes compatible and interacting with living organisms, to increase performance and user-friendliness of systems engineering and information processing, and for modelling and simulation of the living world.

Integration of Technologies:

– Personal environments: personal communication and computing devices, accessories, wearables, implants; their interfaces and interconnections to services and resources.

– Home environments: communication, monitoring, control, assistance; seamless interoperability and use of all devices; interactive digital content and services.

– Robotic systems: advanced autonomous systems; cognition, control, action skills, natural interaction;

miniaturisation, humanoid technologies.

Intelligent infrastructures: tools making infrastructures that are critical to everyday life more efficient and user-friendly, easier to adapt and maintain, more robust to usage and resistant to failures.

Applications Research:

- ICT meeting societal challenges: New systems, novel materials, structures, technologies and services in areas of public interest improving quality, efficiency, access and inclusiveness; user friendly applications, integration of new technologies and initiatives such as ambient assisted living.

- for health, improving disease prevention and health care provisions, early diagnosis, treatment and personalisation; autonomy, safety, monitoring and mobility of patients; health information space for knowledge discovery.

- to improve inclusion and equal participation and prevent digital divides; assistive technology for elderly and for disabled people; design-for-all.

- for mobility; intelligent ICT-based transportation systems, vehicles and intelligent service solutions for tourism enabling people and goods to move safely, ecologically, comfortably and efficiently.

- in support of the environment, risk management and sustainable development, to prevent or reduce vulnerability and to mitigate the consequences of natural disasters, industrial accidents and human activities related to economic development.

- for governments; efficiency, openness and accountability, for a world-class public administration and links to citizens and businesses, supporting democracy, allowing access to information to all.

ICT for content, creativity and personal development:

- new media paradigms and new forms of content, including entertainment; creation of interactive digital content; enriched user experiences; cost-effective content delivery; digital rights management; hybrid media.

- technology-enhanced learning; adaptive and contextualised learning solutions; active learning.

- ICT-based systems to support accessibility and use over time of digital cultural and scientific resources and assets, in a multilingual environment

ICT supporting businesses and industry:

- new forms of dynamic networked co-operative business processes, digital eco-systems; optimised work organisation and collaborative work environments such as knowledge sharing and interactive services (e.g. for tourism).

- Manufacturing, including traditional industries: rapid and adaptive design, production and delivery of highly customised goods; digital and virtual production; modelling, simulation and presentation tools; miniature and integrated ICT products;

ICT for trust and confidence:
identity management; authentication and authorization; privacy enhancing technologies; rights and asset management; protection against cyber threats.

2.1.2 Ideas
This program will enhance the dynamism, creativity & excellence of European research at the frontier of knowledge. This will be done by supporting "investigator-driven" research projects carried out across all fields by individual teams in competition at the European level. Projects will be funded on the basis of proposals presented by the researchers on subjects of their choice and evaluated on the sole criterion of excellence as judged by international peer review .

● ***The European Research Council***

The key component of the implementing structure will be the European Research Council (ERC). The ERC will be an independent body, established by Community legislation, whose role will be to oversee the implementation of the frontier research program.

● ***Management***

For the management of the EU activities in frontier research, the European Research Council will rely on a dedicated Executive Agency. The Agency will be responsible for all aspects of implementation and program execution, as provided for in the annual work program .

● ***Reporting and evaluation***

Both the ERC and the dedicated Executive Agency will be accountable for their actions to the Commission and through it, to Council and Parliament, via an annual reporting process .

2.1.3 People

Strengthening, quantitatively and qualitatively, the human potential in research and technology in Europe, by stimulating people to enter into the researcher's profession, encouraging European researchers to stay in Europe, and attracting to Europe researchers from the entire world. This will be done by putting into place a coherent set of "Marie Curie" actions, addressing researchers at all stages of their careers, from the initial research training to their life long learning and career development.

- Initial training of researchers
- Life-long training and career development
- Industry-academia pathways and partnerships
- The international dimension
- Specific actions

2.1.4 Capacities

This consists of six different themes as follows:

- Research Infrastructures
- Research for the benefit of SMEs
- Regions of knowledge
- Research potential
- Science in Society
- Activities of International Cooperation

● ***Research Infrastructures***

Optimising the use and development of the best research infrastructures existing in Europe, and helping to create in all fields of science and technology new research infrastructures of Pan-European interest needed by the European scientific community to remain at the forefront of the advancement of research, and able to help industry to strengthen its base of knowledge and its technological know how

Support to existing research infrastructures
- Transnational Access
- Integrating Activities
- Research e-infrastructure
- *(GEANT and Grid infrastructures)*
- Support to new research infrastructures
- Construction of new infrastructures & major updates
- Design studies

● ***Research for the benefit of SMEs***

Strengthening the innovation capacity of European SMEs and their contribution to the development of new technology based products and markets by helping them outsource research, increase their research efforts, extend their networks, better exploit research results and acquire technological know how

Specific actions in support of SMEs will be significantly strengthened. These actions are specifically conceived to support SMEs or SME associations in need of outsourcing research to universities and research centres: mainly low to medium tech SMEs with little or no research capability. Research intensive SMEs who need to outsource research to complement their core research capability may also participate. Actions will be carried out in the entire field of science and technology. Increased financial means will be allocated through the two schemes currently used:

- *Research for SMEs:* To support small groups of innovative SMEs to solve common or complementary technological problems

- *Research for SME associations:* To support SME associations and SME groupings to develop technical solutions to problems common to large numbers of SMEs in specific industrial sectors or segments of the value chain

- *Regions of knowledge*

Strengthening the research potential of European regions, in particular by encouraging and supporting the development, across Europe, of regional "research-driven clusters" associating universities, research centres, enterprises and regional authorities.

The new *Regions of Knowledge* initiative will involve and put together all research actors: universities, research centres, industry, public authorities (regional councils or regional development agencies). Projects will cover joint analysis of common issues to research driven regional clusters (in coordination with other activities on the broader issue of regional innovation clusters) and the elaboration of a set of instruments to address them in concrete research activities. They will comprise measures aiming at encouraging a better exploitation of research results and improving access to sources of research funding as well as inducing RDT spill-overs to the regional economies. These activities will be implemented in close relationship with the EU regional policy.

In the context of the specific activity of "Regions of Knowledge" synergies will be sought with the EU's regional policy, in particular with regard to convergence and outermost regions

- *Research potential*

Stimulating the realisation of the full research potential of the enlarged Union by unlocking and developing the research potential in the EU´s convergence regions and outermost regions, and helping to strengthen the capacities of their researchers to successfully participate in research activities at EU level.

In order to support the realisation of the full research potential of the enlarged Union, a dedicated action will seek to unlock the potential of research groups, in particular in the convergence regions and outermost regions of the European Union, that are currently not using their possibilities to the full or that are in need of new knowledge and support to realise their potential. The actions will very much build on past and existing measures such as the European Centres of Excellence in the then Acceding and Candidate Countries in the 5th FP and Marie Curie Host fellowships for Transfer of Knowledge. They will also complement efforts to be undertaken by the European Social Fund under the new Cohesion Policy (2007-2013) focusing on developing human potential for research at national level in the eligible areas.

By focussing on the strengthening and expansion of the collaborations of such research groups with research centres in other EU countries an important contribution will be given to unlocking their potential and with that to their long term sustained development. Through optimising their international exposure and recognition, leadership potential and quality of their scientists, the visibility of these research groups

will be increased and their participation in the European Research Area facilitated.

- *Science in Society*

With the view of building an effective and democratic European Knowledge society, the aim is to stimulate the harmonious integration of scientific and technological endeavour, and associated research policies in the European social web, by encouraging at European scale reflection and debate on science and technology, and their relation with society and culture.

The substantial & integrated initiative undertaken in this field will support:

- Strengthening & improvement of the European science system: critical appraisal of research evaluation (peer review); the question of scientific advice and expertise; the future of scientific publications; safeguards for scientific domains open to misuse; frauds & trust & "self regulation";
- Broader joint engagement from both researchers and the public at large on science-related questions, to anticipate and clarify political and ethical issues;
- Reflection and debate on science and technology and their place in society, relying on history, sociology and philosophy of science and technology;
- Gender research, including the inclusion of the gender dimension in all areas of research and the role of women in research;
- Creation of an environment which triggers curiosity for science in young people by reinforcing science education at all levels and promoting interest and participation in science among young people;
- Development of a policy on the role of university and the engagement of universities in the necessary reforms to face the challenges of globalisation;
- Improved communication between the scientific world and the wider audience of policy-makers, the media and the general public by helping scientists better communicate their work and supporting scientific information and media;

- *Activities of International Cooperation*

To become competitive & play a leading role at world level, the EU needs a strong & coherent international science & technology policy. This international policy has two interdependent objectives:

- To support European competitiveness through strategic partnerships with third countries in selected fields of science and by engaging the best third country scientists to work in and with Europe;
- To address specific problems that third countries face or that have a global character, on the basis of mutual interest and mutual benefit.
- Cooperation with third countries in the Framework Programme will be targeted in particular
- at the following groups of countries:
  - Candidate countries;
  - Countries neighbouring the EU, Mediterranean partner countries, Western Balkans and the Newly Independent States;
  - Developing countries, focusing on their particular needs;
  - Emerging economies.

The theme-oriented international cooperation actions are carried out under the "Cooperation" program. The international actions in the area of human potential are carried under the "People" program.

Under the "Capacities" programme, horizontal support actions and measures with a focus other than a specific thematic or interdisciplinary area will be implemented. Efforts will be undertaken to improve the coherence of national activities by supporting the co-ordination of national programmes on international scientific co-operation. The overall coordination of the international cooperation actions under the

different programmes of the Framework Program will be ensured.

Stimulating the realisation of the full research potential of the enlarged Union by unlocking and developing the potential of research groups in the EU's convergence regions and outermost regions and helping them to strengthen the capacities of their researchers to successfully participate in research activities at EU level. The action in this domain will comprise support to:

- Transnational two-way secondments of research staff between the selected centres in the Convergence Regions, and one or more partner organisations whether at early stage or at more advanced level; the recruitment by the selected centres of incoming experienced researchers from other EU countries;

- The acquisition and development of research equipment and the development of a material environment enabling a full exploitation of the intellectual potential present in the participating research institutions;

- The organisation of workshops and conferences to facilitate knowledge transfer; promotion activities as well as initiatives aiming at disseminating and transferring research results in other countries and on international markets.

- "Evaluation facilities" through which any research centre in the qualifying regions can obtain an international independent expert evaluation of the level of their overall research quality and infrastructures.

2.2   CIP Program
Competitiveness and Innovation framework Programme (2007-2013)

The first "Competitiveness and Innovation framework Programme (CIP)" is a coherent and integrated response to the objectives of the renewed Lisbon strategy. Running from 2007 to 2013, it has a budget of approximately EUR 3.6 billion. It represents a 60 % increase in annual spending on actions related to competitiveness and innovation by 2013 compared to 2006.

The three specific programs in the CIP framework are:

1. Entrepreneurship and Innovation Programme
2. ICT Policy Support Programme
3. Intelligent Energy-Europe Programme

Eco-innovation will be a transversal theme of the whole program.

The CIP is one of a series of flagship programmes that will define the Barroso Commission's actions from 2007. They will work in parallel and complement each other. CIP will complement other major programmes covering cohesion activities, research, technological development and demonstration activities and lifelong learning.

The CIP and FP7-RTD
Competitiveness and Innovation in Europe will be supported not just by the 7th Framework Programme for Research, Technological Development and Demonstration (FP7-RTD), as well as by the CIP. These programmes will be complementary and mutually reinforcing in their support of the Lisbon goals.

The CIP will address both technological as well as non-technological aspects of innovation. With respect to technological innovation, it will focus on the downstream parts of the research and innovation process. More specifically, it will promote innovation support services for technology transfer and use, projects for the implementation and market take-up of existing new technologies in fields like ICT, energy and environmental protection31, as well as the development and coordination of national and regional

innovation programmes and policies.

It will also improve the availability and access of innovative SMEs to external sources of financing, including for R&D and innovation activities and promote the participation of SMEs in the FP7-RTD. For its part, the FP7-RTD will continue and strengthen support of trans-national cooperation in research, technological development and demonstration, in particular between enterprises and public research organisations, of specific RTD schemes in favour of SMEs, and of researcher's mobility between firms and academia. In doing so, it will focus more on the technological innovation needs of industry and introduce new actions, in the form of joint technological initiatives in key areas of industrial interest. It will also further promote the dissemination and use of research results within projects and in specific thematic fields as well the coordination of national research programmes and policies. Support of trans-national cooperation between research-driven regional clusters will complement similar activities of the CIP focussing on regional innovation actions and policies.

2.2.1 *Entrepreneurship and Innovation Programme*
This programme will bring together activities that were previously carried out under the Multi annual Programme for Enterprise and Entrepreneurship (MAP), and the environmental technologies part of the LIFE-Environment programme. CIP will also build on innovation activities that were previously implemented through framework programmes for research, technological development and demonstration.

- The programme aims to help enterprises innovate by providing access to finance: sharing risks and reward with private equity investors and providing counter or co-guarantees to national guarantee schemes. The financial instruments will be operated by EIF.
- Through the programme, SMEs will also have simple, clear and efficient access to the EU via the business support networks consisting of many information and advice about of today's EICs (Euro Info Centres) and IRCs (Innovation Relay Centres). A "no wrong door: no closed door" approach will ensure that SMEs access to such services is simplified.
- The conditions for innovation will be improved through innovation actions, including exchanges of best practices between Member States and evidence (innovation trend chart, innobarometer, innovation scoreboard).

Whilst building on such tried and tested programmes, CIP also includes new elements such as:

- a risk capital instrument for high growth and innovative companies;
- "securitisation" of bank's SME loan portfolios;
- enhanced role for innovation and business support networks;
- new consultancy vouchers to explore viability of project ideas via the IRCs

2.2.2 *ICT Policy Support Programme*
This programme will build on the aims of the previous e-TEN, Modinis and e-Content programs and will support the aims of the new integrated strategy i2010 - European Information Society 2010.

The ICT program will stimulate the new converging markets for electronic networks, media content and digital technologies. It will test solutions to the bottlenecks that delay wide European deployment of electronic services. It will also support the modernisation of public sector services that will raise productivity and improve services.

Actions under the ICT-policy support programme will underpin regulatory and research actions of the Commission to stimulate emerging digital economy based on the convergence between network services, media content and new electronic devices provide a bridge between research investment and wide adoption, by providing a testing ground for pan-European electronic services in both the public and private sectors reinforce European cultural and linguistic identities by support for the production and

distribution of European digital content assist the development of an open and inclusive European Information Society through stimulating innovative approaches to inclusion, quality of life and public services.

2.2.3   *Intelligent Energy-Europe Program*

The Intelligent Energy-Europe Program will encourage the wider uptake of new and renewable energies and improve energy efficiency, and shall foster compliance with our energy regulatory framework. The program aims at accelerating action in relation to the agreed EU strategy and targets in the field of sustainable energy, increasing the share of renewable energy and further reducing our final energy consumption. It includes actions to:

- increase the uptake and demand for energy efficiency
- to promote renewable energy sources and energy diversification, and
- to stimulate the diversification of fuels and energy efficiency in transport.

The program will also help to increase the level of investment in new and best performing technologies and bridge the gap between the successful demonstration of innovative technologies and their effective introduction to the market to achieve mass deployment. Furthermore, it will strengthen the administrative capacity both to develop strategies and policies and to implement existing regulations.

2.3   FP7 Funding Schemes (Types of Projects)

This can also be seen as the different funding schemes previously called "Instruments". This section is a brief overview of the various aspects of the types of projects. Details are to be found in later chapters.

2.3.1 Collaborative projects (CP)

Support to research projects carried out by consortia with participants from different countries, aiming at developing new knowledge, new technology, products, demonstration activities or common resources for research. The size, scope and internal organisation of projects can vary from field to field and from topic to topic.

Projects can range from small or medium-scale focused research actions to large-scale integrating projects for achieving a defined objective. Projects may also be targeted to special groups such as SMEs.

The Funding Scheme allows for two types of projects to be financed:

"small or medium-scale focused research actions",
"large-scale integrating projects".

Small or medium-scale focused research actions (STREP)
This is a continuation of the RTD projects used under earlier Framework Programs and renamed STREPs in FP6. However they are subject to some new emphasis in FP7.

Targeting a specific objective in a sharply focussed approach; they shall have a fixed overall work plan where the principal deliverables are not expected to change during the lifetime of the project.

Their content will consist of either of the following two, or a combination of the two:

a) a research and technological development project designed to generate new knowledge which would improve European competitiveness and/or address major societal needs
b) a demonstration project designed to prove the viability of new technologies offering potential economic advantage but which cannot be commercialised directly (e.g. testing of product-like prototypes)
c) project management activities.
d) Such type of projects could also include innovation-related activities, in particular with respect to the management of the knowledge produced and the protection of intellectual property.

See Section 5.2 for more details on STREPs.

Large-scale integrating projects (IP)
Larger scale actions, including a coherent integrated set of activities tackling multiple issues and aimed at specific deliverables; there will be a large degree of autonomy to adapt content and partnership and update the work plan, whereas appropriate. These are what were termed "IPs" in FP6.

Their content will consist of a combination of most or all of the following (indents a) and/or b) being a must):
    a) objective-driven research and development, i.e. clearly defined scientific and technological objectives, aiming at a significant advance in the established state-of-the-art; in addition, typically of multidisciplinary character
    b) a demonstration project designed to prove the viability of new technologies offering potential economic advantage but which cannot be commercialised directly (e.g. testing of product-like prototypes)
    c) innovation activities relating to the protection and dissemination of knowledge, socio-economic studies of the impact of that knowledge, activities to promote the exploitation of the results, and, when relevant, "take-up" actions; these activities are inter-related and should be conceived and implemented in a coherent way
    d) training of researchers and other key staff, research managers, industrial executives (in particular for SMEs), and potential users of the knowledge produced within the project. Such training activities should contribute to the professional development of the persons concerned
    e) any other specific type of activity directly related to the project's objectives (as identified in the relevant work programme or call for proposals)
    f) project management activities.

Integrating Projects are defined as being extensive, independent and ambitious. Integrating Projects should have a common research objective and Workprogram. The project can also decide on its operation independently. It could organise calls for proposals to select additional participants. Projects can be divided into sections that are independent of each other to some extent. However, there must remain a connection between the sections. Therefore, the projects demand a good coordinator and strong management.

The focus of an Integrating Project can, however, also include demonstration, technology transfer or training of researchers and/or potential users. The Commission funding covers each sub-project at the rates and rules appropriate to that activity. An Integrating Project may receive up to several million Euros a year. The projects are selected on the basis of calls for proposals.

There must be enough participants in the Integrating Projects to obtain sufficient critical mass for the matter. The minimum is from three countries. In practice, the projects will certainly be larger. However, in practice in IST, sizes of IPs differ from topic to topic. Some may be 5-7 MEuro funding and others 15-20 MEuro funding for example. Each potential coordinator should verify what size is anticipated in that specific Strategic Objective.

See Section 5.3 for more details on Integrated Projects.

2.3.2 Networks of Excellence (NoE)
The Networks of Excellence are intended to gather top research institutes to collaborate in one virtual centre of excellence. The network must have a joint program of activity which will facilitate the integration of the institutes. The NoE must also carry out actions supporting integration and dissemination of expertise.

The measures that support integration refer to close virtual and physical collaboration, personnel

exchange and the development or use of common resources. The dissemination of expertise can consist of the training of researchers from outside the group and dissemination of information on achievements.

The networks are selected on the basis of a call for proposals and gathered around the core group. The EU funding may amount to several Million Euros a year. The amount of money depends on the network's own input. "Grant for integration" is a cost principle developed for the Networks of Excellence. The principle is: the more you integrate, the more you receive funding. The participants sum up the resources they have integrated, and the Commission grant is based on the number of researchers in the network when the call formally closes. See Section 5.4 for a more detailed review of NoEs.

They are seen as providing support to a Joint Program of Activities implemented by a number of research organisations integrating their activities in a given field, carried out by research teams in the framework of longer term co-operation. The implementation of this Joint Programme of Activities will require a formal commitment from the organisations integrating part of their resources and their activities.

The funding scheme will support the long-term durable integration of research resources and capacities (researchers, services, teams, organisations, institutions) in fields of strategic importance for European research, through the establishment of a single virtual centre of research, in order to overcome demonstrable, detrimental fragmentation, thus strengthening European scientific and technological excellence on a particular research topic.

Networks of Excellence (NoE) will aim at consolidating or establishing European leadership at world level in their respective fields by integrating at European level the resources and expertise needed for the purpose. This will be achieved through the implementation of a Joint Programme of Activities (JPA) aimed principally at creating a progressive and durable integration of the research capacities of the network partners while at the same time advancing knowledge on the topic.

Since Networks of Excellence are aimed at tackling fragmentation of existing research capacities, they should be implemented provided that:
- research capacity is fragmented in the (thematic) area being considered;
- this fragmentation prevents Europe from being competitive at international level in that area;
- the proposed integration of research capacity will lead to higher scientific excellence and more efficient use of resources.

The implementation of the Joint Programme of Activities will require a formal commitment from the organisations integrating part or the entirety of their research capacities and activities.

The Joint Programme of Activities (JPA) is the collective vehicle for achieving the durable integration of the research resources and capacities of the Network of Excellence. In order to do so, the JPA should consist of a coherent set of integrating activities that the participants undertake jointly. The JPA will have several components:
- activities aimed at bringing about the integration of the participants research activities on the topic considered, such as:
  - ➔ establishing mechanisms for coordinating and eventually merging the research portfolios of the partners
  - ➔ staff exchange schemes
  - ➔ complete or partial relocation of staff
  - ➔ establishment of shared and mutually accessible research equipment, managerial and research infrastructures, facilities and services
  - ➔ exploration of the legal requirements (facilitators/barriers) for durable integration,
  - ➔ setting up of joint supervisory bodies

➔ measures for joint public relations …

- jointly executed research to support the durable integration, e.g. systemic development, or development of common tools, or at filling gaps in the collective knowledge portfolio of the network, in order to make the research facilities usable by the network. (NB: in addition to this research, participants in a network will pursue their "own institutional portfolio", including research, development or demonstration in the area covered by the network itself.
The latter research, development or demonstration activities are not part of the "joint programme of activities" and thus will not be part of the eligible costs of the network)
- activities designed to spread excellence, such as:
  ➔ The main component of these activities will be a joint training programme for researchers and other key staff;
  ➔ Other spreading of excellence activities may include: dissemination and communication activities (including public awareness and understanding of science), and, more generally, networking activities to help transfer knowledge to teams external to the network.
  ➔ Spreading of excellence may also include the promotion of the results generated by the network; in such a context, networks should, when appropriate, include innovation-related activities (protection of knowledge generated within the network, assessment of the socio-economic impact of the knowledge and technologies used and development of a plan for dissemination and use of knowledge), as well as any appropriate gender and/or ethical related activities
- all the network's activities should be carried out within a coherent framework for the management of the consortium linking together all the project components and maintaining communications with the Commission.

2.3.3 Coordination and support actions (CSA)

Support to activities aimed at coordinating or supporting research activities and policies (networking, exchanges, trans-national access to research infrastructures, studies, conferences, etc). These actions may also be implemented by means other than calls for proposals.

The Funding Scheme allows for two types of actions to be financed:
"co-ordination or networking actions",
"support actions".

Coordination or networking actions (CA)
Coordinating or networking actions will always have to be carried out by a consortium of participants, normally three from three different countries.

The coordination or networking actions cover the following activities:
- the organisation of events - including conferences, meetings, workshops or seminars
- related studies, exchanges of personnel, exchange and dissemination of good practices,
- and, if necessary, the definition, organisation and management of joint or common initiatives together of course with management of the action.
- Coordination of activities with relevant National and Regional actions.

The coordination and networking actions normally stretches over a longer period. See section 5.5 for further details.

Support actions (SA)
Support actions may be carried out by a single participant, which can be based in any member state,

associated country or a third country. Therefore there are no restrictions on the size of the consortium.

Although normally awarded following calls for proposals, there are also the possibilities to award specific support actions through public procurement carried out on behalf of the Community or to grant support to legal entities identified in the Specific Programmes or in the work programs where the Specific Program permits the work programmes to identify beneficiaries.

The objective of specific support actions are to contribute to the implementation of the Framework Programs and the preparation of future Community research and technological development policy or the development of synergies with other policies, or to stimulate, encourage and facilitate the participation of SMEs, civil society organisations and their networks, small research teams and newly developed or remote research centres in the activities of the thematic areas of the Cooperation programme, or for setting up of research-intensive clusters across the EU regions.

The specific support actions can be of different types covering different activities:
- monitoring and assessment activities,
- conferences,
- seminars,
- studies,
- expert groups,
- high level scientific awards and competitions,
- operational support and dissemination,
- information and communication activities,
- support for transnational access to research infrastructures or preparatory technical work, including feasibility studies, for the development of new infrastructures,
- support for cooperation with other European research schemes,
- the use by the Commission of external experts,
- management or a combination of these.

See section 5.5 for further details.

3   Framework Program Seven changes

I include here a high level overview of the changes basically as the Commission intended them. We shall have to wait and see as to how they turn out in practice. Changes include the following aspects –

3.1   Changes in Terminology

Some changes in terminology from FP6 have been introduced - most of them for no apparent reason. It is important to list them for the sake of clarity. There are many ambiguities apparent and different use is made depending on the particular research theme. So far we find the following:

Original Terminology	Replacement Terminology	Note
INCO	ICPC	International Cooperation Partner Countries
Instruments	Funding Schemes	This is clearer
Financial Guidelines	Financial Rules	Unsure if this gives them more legal power
Model Contract	Model Grant Agreement	Unsure if this changes their legal standing
Necessary costs	Costs used solely to achieve Project Objectives	Appears to be a purely legal clarification
Specific Targeted Research Project	Small or medium-scale focused research actions	New formal name for what was a STREP
Specific Support Action (SSA)	Support Action (SA)	!
Integrated Project	Large-scale integrating projects	New formal name for what was an IP
IPs and STREPs	Collaborative projects	We feel the IP and STEP terminology will de facto continue (at least within ICT)
"Coordination Actions" and "Support Actions"	"Coordination and Support Actions" (CSA)	Adding a layer like this is odd
Coordination Action	Coordination or networking actions	CA type of project
Guide for Proposer	Guide for Applicants	!
Contractor	Beneficiary	This is because Contract has been renamed Agreement. No contract, no contractor.
CPF	GPF	Grant Agreement Preparation Forms
Audit Certificate	Certificate on Financial Statement	I think former term will continue to be used informally

In looking through the draft work programs we can see little consistency in the use of the new terminology across the ten themes. It remains to be seen if these changes become broadly used or whether old terms will continue in practice.

3.2   Project management changes

The most significant changes here include:
1. Removal of Collective Financial Responsibility
2. 7% Consortium Management ceiling has gone for 100% funding
3. In ICT in FP7 there will only be online preparation and submittal of proposals.

4. In proposals only previous submissions in FP7 need be noted.

3.3 Funding Schemes (Instruments)

Again here the Commission has not made major changes to the new instruments that were introduced in FP6. However there are minor adjustments to the terminology.

In particular the rather artificial differentiation between IPs and STREPs have changed. i.e. IPs are more seen as large STREPs. In addition, it will now be explicitly permitted to return to support of innovation not just RTD.

3.4 Rules of Participation

The minimum consortium rules now fully equivalence Member States and Associated States. This means that for example a STREP consisting of only say Switzerland, Iceland and Israeli partners will be permitted.

In the new Collaborative projects for specific cooperation actions (SICA) dedicated to international cooperation partner countries (ICPC) identified in WP: minimum 4 participants of which 2 in different MS or AC and 2 in different ICPC countries unless otherwise specified in work program.

3.5 Contractual changes

Of course, as noted above, "Contractors" are now termed "Beneficiaries" and the "Contract" is now termed the "Agreement".
1. The notion of "collective financial responsibility" introduced in FP6 has been removed to lower the barriers to SME participation.
2. The Agreement will come into force will start when the Coordinator and the Commission sign.
3. Cost models have been eliminated. All participants will now use a modified FC model.
4. IPR rules are more flexible
5. Because of the new rules, SMEs who do not meet financial criteria cannot coordinate or be allocated more than 500,000 Euros
6. Some of the subcontracting rules will be relaxed in FP7.

Basic structure of the Grant Agreement in FP7 is similar to FP6 Model Contract, but note Form E:
- Core part - GA parameters
- Annex I - DoW
- Annex II - General Conditions
- Annex III - Specific provisions for funding schemes (for SMEs)
- Annex VII - Form D terms of reference for certification of costs and Form E for certification of the methodology (NEW)

However there are also several differences and improvements introduced for FP7:
Financial provisions
- Payment modalities
- Eligible costs
- Indirect costs
- Certificates
- Third party contributions and sub-contracts
- Upper funding limits
- No financial collective responsibility

Other provisions
- Reporting
- Amendments

For details on the above see section 6.

3.5.1   Collective responsibility of the participants

The technical implementation of the project continues to be the collective responsibility of the participants.

3.5.2   Agreement coming into force

Previously, this only occurred when in addition to the the Coordinator and the Commission signing the Agreement, a predetermined number of additional beneficiaries also had to accede before this could occur.

3.5.3   Cost models have been eliminated

There are many reasons for this. The AC cost model previously intended for academics mainly, was being bypassed by many universities as under it permanent staff could not normally be funded. The FCF model was a variant of the standard FC model introduced for SMEs. They will all now be funded by a single model. However the differentiation between the various organisations will now be addressed by the funding rate for RTD Action direct costs, summarised as follows:

Type of organisation	SME	Large industrial	Academic	Other
Under FP6	50%	50%	100% AC	100% AC
Under FP7	75%	50%	75%	75%

Of course indirect costs (i.e. organisational overheads) can be added as before.

A fixed default overhead rate option of 20% will also be available as in FP6. 100% rates for Consortium Management and training will also still be available as will reduced rates for Demonstration activities.

A transitionary derogation rule will permit those organisations who previously could have used the AC model to optionally claim 60% (rather than the default 20%) fixed overheads for projects under calls that close during the first three years of FP7 and 40% for funding of projects arising from calls closing the following two years.

An important change for those that could previously have used AC is that permanent staff can now be funded. However, "demonstration" will be funded at 50% instead of 100%.

The overhead rate for CSAs (i.e. SSAs and CAs) will be limited to 7% instead of 20%.

3.5.4   Intellectual property rights

The rules regarding the protection, dissemination and use of knowledge have been **simplified** and a larger **flexibility** is granted to the participants:
- The terminology has gone back to that previously abandoned by FP6 i.e. Background and Foreground IPR;
- rules are identical for all participants;
- rules concentrate on the principles and provisions considered necessary for an efficient cooperation and the appropriate use and dissemination of the results;
- participants may define among themselves the arrangements that fit them the best within the framework provided in the grant agreement.

Summary of access rights

	Access rights to	Access rights to Foreground IPR

	Background IPR	
For carrying out the project	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
For use purposes (exploitation) further research	Yes, if a participant needs them for using his own foreground .	
	Either fair and reasonable conditions or royalty free to be agreed	

3.5.5 *SME Coordinators or those with more than 500,000 allocated*

An impact of the change in rules regarding collective financial liability has resulted in the Commission not being able to accept financial guarantees. Those SMEs who either were planning to coordinate or receive more than 500,000 Euros in funding and do not meet the ex ante financial requirements will not be able to do so.

3.6   Financial Changes

There are further significant changes from FP6 in the financial regulations:
1. As referred to above under 3.5 with respect to Cost Models, there are many associated changes which the removal of cost models which will cause. See section 6 for details.
2. It will now be possible in cost statements to use average rates if they are typical rather than actual personnel costs etc.
3. There is a financial impact resulting from the changes in collective financial responsibility. It is planned to set up a central guarantee fund to cover defaulting contractors costs and this will be created by withholding approximately 5% centrally - see section 6.18 for details.
4. The need for having Audit Certificates on an annual basis has been reduced.
5. 15% retention will now apply to total funding rather than just that of the final cost period as was the case in most projects in FP6.

3.7   Proposal changes

Only online preparation and submittal will be permitted for all proposals. The format of proposals has also changed - in part to reflect the changes in the evaluation criteria - see 3.8 below.
STREP and IP proposal formats will be more closely aligned than in FP6. With the more detailed 18 month work plan no longer required for IPs.

3.8   Evaluation changes

EPSS for submission will be mandatory with online preparation. In FP6 the Failure rate approximately 1%. This will be supplemented by an Eligibility Committee.

In the ICT Theme there will be fixed deadline calls closing at 17h00 (Central European Time) on Tuesdays. They will continue use of one stage submissions without anonymity with on-site evaluations, except for FET Proactive initiatives where off-site evaluation will be used. FET Open will continue as for FP6 with two step evaluations.

New calls for experts for FP7 to individuals and to organisations will be issued, however current FP6 experts will be invited to transfer to FP7 with a request to update their information.

Major changes have been made to the common evaluation criteria.

The existing RTD Project Evaluation Criteria for Collaborative Projects have been changed to the following and are supported by descriptive bullets:

1. Scientific and Technical Quality:
(S&T excellence)
- Soundness of concept, and quality of objectives
- Progress beyond the state-of-the-art
- Quality and effectiveness of the S & T methodology and associated work-plan

2. Implementation:
(Quality of the consortium and of the management and Mobilisation of the resources)
- Appropriateness of the management structures and procedures
- Quality and relevant experience of the individual participants
- Quality of the consortium as a whole (including complementarity, balance)
- Appropriate allocation and justification of the resources to be committed ((budget, staff, equipment).

3. Impact:
(Potential impact and Relevance)
- Contribution at the European or international level to the expected impacts listed in the work program under the relevant activity
- Appropriateness of measures for the dissemination and/or exploitation of project results, and management of intellectual property

Evaluation criteria scoring will continue to use a scale of 1-5 (and 0) without weights (except FET Open). Criterion threshold will be 3/5 with an Overall threshold 10/15. Half-marks will be used.

For the handling of Ethical Issues see Section 12 below.

3.9   Recourse
The Commission will establish a committee to review all justified complaints about the evaluation procedures.

3.10   Impact Summary
We have tried to capture the impact both positive and negative of the rule changes on the funding of different types of organisations as follows:

	Large industry	**SMEs**	**University Academics**	**Consultancies**
Positive changes	1. Demonstration now 50% instead of 35% 2. Management 7% limit removed 3. Less financial risk 4. ETP and JTIs	1. Funding increased to 75% from 50%	1. Can charge permanent staff 2. Calculating overheads increases funding 3. Derogation maintains minimum as per FP6	1. Funding increased to 75% from 50%
Negative changes	1. Withholding increased to 15% of total funding 2. CSA overheads reduced to 7% from 20%	1. Demonstration 50% 2. Ex ante coordination barrier 3. Ex ante 500,000 Euro barrier 4. Withholding increased to 15% of total funding 5. CSA overheads	1. CSA overheads reduced to 7% from 20% 2. Demonstration 50%	1. Demonstration 50% 2. Ex ante coordination barrier 3. Ex ante 500,000 Euro barrier 4. Withholding increased to 15% of total funding 5. CSA overheads

		reduced to 7% from 20%		reduced to 7% from 20%
Summary	Slightly better off	Better off, but less than appears	Most significantly better off	CSAs much worse, RTD as for SMEs

4 Formal process

4.1 Workprogram

The overall process is driven by the Workprogram and more specifically, the Objectives. The initial ICT Workprogram covers two large calls in 2007 followed by a small call. It will be modified after the first year and replaced for year two and three. As the Workprogram is annually updated it is vital to start from the current latest version. It has been practice to have a final draft of the following years version available in November for initial distribution at the annual ICT conference which is normally held in the country holding the EU presidency.

The Workprogram is always a top down document. Not all possible technologies in the ICT field are included. The intention is to focus this funding onto selected key enabling and application technologies. And of course ICT R&D is targeted at current generation technology plus two – i.e. fairly far from the market. This is illustrated below.
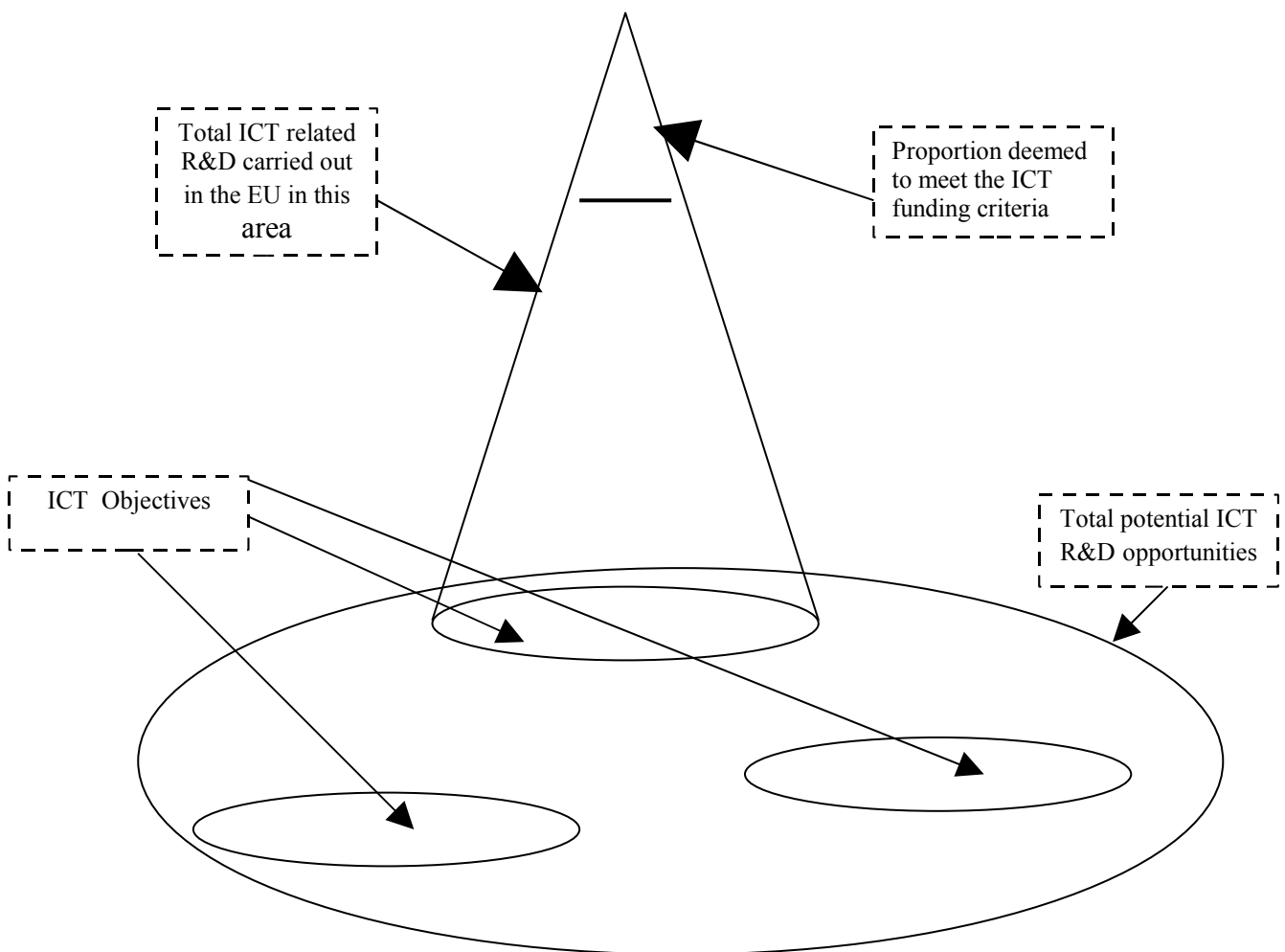
After identifying your reason for planning to participate, the first step for potential participants is to examine the Workprogram and identify which specific Strategic Objectives are of potential interest and which topic within. You should also know as soon as possible which type of project would be most appropriate. It is usually necessary to attend an Information event either held in your home country or some central event in Brussels or elsewhere to understand the thinking behind the items and to discuss your ideas. Because of the type of language, it is not always obvious what they are actually looking for, especially to newcomers. Some ICT Units publish on their web site an expanded version of their section of the Workprogram or other background documents. Again it is important to verify if such a document exists in your area of interest.

4.2   Deciding to Propose

There are many considerations to take into account and I hope that the rest of this chapter will assist in the decision. However there are some specific items about suitability as follows

4.2.1   R&D Proposals Suitable for FP7

- Work that is clearly in the scope of an ICT Strategic Objective
- Work that is clearly within the scope of required instrument
- Longer term project with large potential impact (Current Generation Technology plus two)
- Work that advances the state of the art
- Clear technological risk
- Does not repeat work currently under way
- Establishing business relationships in EU
- Can wait for six to twelve months to start funded work

4.2.2   R&D Proposals Unsuitable for FP7

- Where only seeking funding source
- Something that needs to start now
- Does not clearly advance the state of the art
- Product development/lower risk (Current Generation Technology plus one)
- Lacks clear market or strategic impact
- Anything outside ICT scope
- Anything that is extremely secret
- Where you don't need to collaborate
- Where you could do all the work in-house

4.3   Calls for Proposals

When the Objective and correct funding model have been identified and validated the proposal submittal time frame should be clear. The Workprogram identifies the planned call dates for each Objective. Note that these dates are only for guidance and can be changed by up to a month in either direction. There are two key dates per call – the opening date and the closing date. They are generally at least three months apart. Tenders may be shorter (they are outside the scope of this document) and some may be much longer – especially those involving so called third countries.

The absolutely **key date is the closing date**, as proposals submitted after this date will not be evaluated. The significance of the opening date is much less – it is the date when the notice of the call is published in the Official Journal. Its contents are available as drafts from national coordinators several months prior to it being published and in any case all the relevant information is in the Workprogram. However, when the call is formally opened, various other needed administrative documents such as the various Proposer Guides are also published. **It is a mistake to wait until a call is formally opened to start to work on a proposal** – it is probably too late already.

The Idealist project conducted a survey early 2003 among IP coordinators and found that 2/3s of consortia had been basically formed prior to the first call being issued. Although they could accept additional partners after that, the core team had already formed[1].

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[1] [Paul Drath Published in Proceedings of eChallenges-2003 conference 22-24 Oct. 2003, Bologna, Italy. "Building the Knowledge Economy. Issues, applications, case studies". Ed. by Paul Cunningham, Miriam Cunningham and Peter Fatelirig. IOS Press, Ohmsha, 2003] How research project co-ordinators choose partners for IST proposals

4.4   Partner Search

Finding suitable partners is key not only to achieving your business goals in the project but also it is key to having a successful proposal and eventual project. It is also the single biggest problem for newcomers to the Program. It must be seen as an initial bootstrap process. Once you are participating in a project, it is much easier to get into further projects. In fact it is sometimes too easy and many are sucked into some projects that, on reflection, they perhaps should have avoided given the scarcity of skilled manpower. Each potential participation must be closely reviewed in the context of your organisation to check the cost/benefit of participation.

Thus, prior to initiating a partner search, the business reason for your participation must be clearly understood - this allows you to judge, from a business perspective, whether a potential partner is an asset or not.

One has to remember that most consortia consist of many participants. Only one can be the Coordinator. Thus for every Coordinator there are perhaps say twelve additional contractors, depending on instrument. We find that small companies with an innovative idea always want to be the Coordinator. This is not usually a good idea. See 4.4.1 below for a discussion on the reasons. In FP7 it is not really possible in IPs because of the financial and resource requirements.

The way to go about the partner search depends on whether you plan to co-ordinate and thus you are looking for partners to join in the realisation of your idea - this we refer to as a Type A search. However if you are looking to join some one else's proposal as a participant - this we call a Type B search. We have recently introduced the concept of a Type C. This is a Type A search where the originator does not want to coordinate and is also looking for a coordinator for his idea.

4.4.1   To co-ordinate or not

This decision is also dependent on the particular instrument. IPs and NoEs require much more consideration as the respective management effort and commitment is much higher than the traditional instruments.

The benefits of being the Coordinator of a project can be summarised as follows -
- Appointment of the Project Manager
- Direct contact with the Commission and their staff
- Overall control of the project direction and budget
- Chairing of the Project Management Committee
- A de facto preferential position with respect to exploitation and rights
- Easier access to the 100% funded management budget
- Better visibility and publicity

However, there are offsetting potential drawbacks -
- More manpower required for management and administration but they can be 100% funded
- There is a corresponding executive level commitment required
- Better knowledge and experience of the process and procedures required
- More management attention required

I advise companies to co-ordinate if the following is true -
- The project is strategically important
- It is basically your idea
- Your organisation has multinational project management experience
- You have a suitable Project Manager
- Your company is established for several years and is financially secure

- You have previously participated in a EU project (not mandatory if your organisation is a major world player and of sufficient size and stature)

This last point is for the evaluators - who in assessing the proposal would expect reassurance that the potential Coordinator can carry out the work successfully.

Note that in the above, only fairly large financially solid companies should consider coordinating an IP, whereas smaller ones could coordinate STREPs, CAs or SSAs. Companies, in general should not really be involved in NoEs. See later sections.

However, if you do not fit above criteria but the project is strategically important and you are the driving force, then you should submit as Coordinator and perhaps hand over this to a partner during negotiation stage with the Commission. You could then in the Consortium Agreement ensure that you are essentially still in the driving seat and even provide the Project Manager and/or the Technical Director. If you do plan to submit as Coordinator, ensure that you do not say that your company is only two years old and has three staff. Only document your strengths.

Proposals have failed because from looking at the participant list and the split of funding and resource, it is frequently clear who the major contributor is. If it is not the Coordinator, the evaluators may, quite correctly question the commitment of that player, not only to the project but to exploiting the results.

There have been cases of companies preparing a proposal but submitting it via a partner as the coordinator. It passed evaluation but with some comments to cut back the project to a certain extent. The result was that the coordinator threw out the originating partner. Remember that the coordinator of a proposal is in a unique position to dominate the contract negotiations.

In the ICT program (except for NoEs and FET) it is not a good idea to have a University be the coordinator. It rarely succeeds and if it does it is despite it. Most Professors make exceptionally poor project managers. If they could manage or write winning ICT proposals they would normally be in industry and not be academics. You have been warned!

4.4.2 Type A

You are originating the idea. You plan to coordinate the proposal and the resulting project and are looking for suitable partners. It is possible to act during partner search as a Type A but subsequently when you gather a group of partners to hand over the co-ordination to someone else, assuming everyone is agreeable. This is a useful way to try to progress your own idea without incurring the overheads of Coordination or if your organisation is not a suitable Coordinator for one of the reasons above. Traditionally, the cost of preparing a proposal and submitting it as a Type A organisation could come to €20,000 in your own costs and those of contracted consultants or it could be as little as five or ten thousand; it all depends on your own abilities and experience. However, with the new instruments, the costs could now be several times this. One should consider spreading it across a core group of organisations that would share the work and costs and in return have a more significant role in the resulting project. i.e. set up a core team of partners.

There are many possible ways to carry out a Type A search. However there follows a list of methods in the order you should examine them. Frequently a Type A search is used to publicise an organisation's interest with a view to handing over coordination to a more suitable partner.

1. Via contacts during existing project (if you have one)

> This is the absolute best method but only if you already have a project. For first time participants it of course doesn't apply. This is important. Getting your first project is by far the most difficult. Once you are in, other projects come more freely. For example Concertation Events are held for participants in projects by technical area to

> discuss mutual issues and this is an ideal forum to forge new alliances and generate ideas for a new project.

2. Via your own technical/business contacts in Europe

> This is of obvious business advantage. However it is always better not to have too many organisations new to the Framework Program in any single proposal.

3. Via participation in a related European industrial or trade association.

> In some areas such groupings play key roles in formulating the ideas for the program in cooperation with the Commission.

4. Via CORDIS partner search

> On this online database you can record the type of project you wish to undertake, the type of partners you are looking for and the Strategic Objective you wish to submit under. However this database although large contains a large number of extremely general and usually out of date information. Most of the major players do not use it. Try it, but don't rely on it. One of its major drawbacks is that there is no quality control over its content and thus many organisations put in very general entries that cover almost all technical areas. This means that when you scan it you pick up many organisations that in reality have little to offer in your specific area.

5. Via IDEAL-IST Active partner search

> IDEAL-IST is an IST funded project that has a point of contact in each participating country with a prime aim of assisting potential proposers to find partners. As a Type A, you can submit your specific search request via a special form to your own country node. After editing and review, this will be sent to all the other country nodes and published on the Idealist web site. This allows interested parties to contact you. The success rate for finding partners is very high with more than two thirds finding partners within two weeks.

6. Via participation in previous projects

> This is an extremely effective way to identify potential partners. There are online searchable databases that contain synopses of all current and previous projects by technical area. These also identify the participants. So it is possible for example to find all previous projects in a specific area for a named organisation and identify the point of contact in the organisation for each project. Or it is possible to search for all previous projects by some technical key words and identify the participants etc.

7. Via contacts at Commission sponsored events or Information Days

> Each technical area or Objective has a Project Officer in charge in Brussels and it is beneficial to try to meet him either in Brussels or at some event. This is useful to discuss potential ideas to see if they are in scope or perhaps to seek advice on potential suitable partners. Project Officers will informally frequently suggest particular organisations.

8. Via participation in a European Technology Platform activity

> This is a new type of activity for FP7. Several strategic areas have been identified; in ICT so far nine and part of their remit is to mobilise all of the relevant actors in the sector and part of the role is to create future roadmaps for calls. See section 11.

9. Via technical area specific activities

> Some technical areas have their own partnering mechanism. These can be best identified via the activity specific web site.

Of course in practice, most successful searches end up being a combination of several of the above.

An important point is not to disclose too much in a partner search. If you use CORDIS or Idealist or some other search mechanism, the goal is to identify potential partners, not to justify your idea. All to often too much detail is disclosed that could give assistance to potential competitors. In other words mention the "what" not the "how". Be discrete.

4.4.3 Type B

You wish to participate in a project that someone else is coordinating. You have specific technology and/or capability to contribute and are looking for a suitable proposal. This is the best way to "bootstrap" your organisation into the program. Also remember that there is only one Coordinator per project; so this is by far the most common type of Partner Search. Even when your technology is the key essence, it may well be that your contribution could be as Work Package leader in a larger project, where your speciality is a contributing element. One person's system is another person's component.

The way to go about it appears very similar to that of Type A above, but the detail is different as explained in the following recommended list of approaches.

1. Via contacts during existing project (if you have one)
   > This is identical to point 1 under 3.4.2 above.
2. Via your own technical/business contacts in Europe
   > This is of obvious business advantage if you have some that are not new to the Framework Program and you enquire if they are aware of opportunities of potential mutual benefit.
3. Via participation in a related European industrial or trade association.
   > This is identical to point 3 under 3.4.2 above.
4. Via CORDIS partner search
   > This is identical to point 4 under 3.4.2 above.
5. Via IDEAL-IST Active partner search
   > IDEAL-IST is an IST funded project that has a point of contact in each participating country with a prime aim of assisting potential proposers to find partners. As a Type B, you can scan the searches online. The quality is much higher than CORDIS but you have to be quick as consortia get formed very quickly.
6. Via participation in previous projects
   > This is an extremely effective way to identify potential partners. There are online searchable databases that contain synopses of all current and previous projects by technical area. These also identify the participants. So it is possible for example to find all previous projects in a specific area for a named organisation and identify the point of contact in the organisation for each project. Or it is possible to search for all previous projects by some technical key words and identify the participants etc. For a Type B, this can be used to identify Coordinators.
7. Via contacts at Commission sponsored events or Information Days
   > This is identical to point 7 under 3.4.2 above.
8. Via participation in a European Technology Platform activity
   > This is identical to point 8 under 3.4.2 above.
9. Via technical area specific activities
   > This is identical to point 9 under 3.4.2 above.
10. Via parallel EUREKA activity (See Section 11)

Of course in practice, most successful searches end up being a combination of several of the above.

4.4.4 Due Diligence

You are about to embark on what is a business relationship with some organisations. If the organisations are not well known to you, it is always an excellent idea to check up on them, especially if they have had previous projects in the Framework Program. It is possible to find out informally if they completed it successfully. In essence verify that they would be an asset to you - not a liability. Remember that the industrial contractors to an EU RTD contract have collective technical responsibility. In practice, the Commission enforces this beneficially if you undertake work in good faith. i.e. they will not generally sue you if a partner defaults.

The overall key point in any kind of Partner Search is "***Try to work with proven winners".***

4.4.5 Memorandum of Understanding

Given the completely new form of contract and the devolved management of FP projects, I would suggest that every potential participant to a proposal sign an MoU that would outline the ground rules for the Consortium Agreement. If this is not done well before proposal submission then it leaves too many issues unresolved and also leaves the various parties open to major misunderstandings and manipulation.

For IPs and NoEs I would suggest that a core team be identified and they conclude this MoU between them. It should basically cover the main points of the Consortium Agreement as outlined in 7.2 with details of how the Agreement will be settled. It also seems to be useful to ensure that no party has a conflict of interest by being involved in a rival consortium submitting on the same subject. I see the following as potentially part of an MoU:

1. Non-disclosure agreement
2. Non-competitive clause i.e. competing consortium
3. Status in consortium i.e. "Core" partner or not
4. Role in consortium
5. Access to the consortium management at 100%
6. Notional level of participation
7. Identification of background IPR
8. Any relevant issues regarding generated IPR
9. Any relevant exploitation issues

4.5   Proposal preparation and submittal

Proposals are prepared and usually submitted by the Coordinator or his agent. Proposals for R&D are always made in consortia. One member of the consortium, is designated as the Coordinator and it is their job to put together the proposal with the assistance to a greater or lesser extent of the other partners and submit it to the Commission as required. Generally, if the proposal is accepted, the Coordinator will be expected to become the project Coordinator and thus be responsible for overall project technical direction, as well as administration and management.

In FP7 there is only one way to prepare and submit a proposal, and that is by on-line preparation and on-line submission using EPSS – see 4.5.4 below. EPSS is the Electronic Proposal Submission System.

Note that use of EPSS will usually require Internet Explorer 5 or higher, Netscape 7 or Opera 7.

It is the Coordinator who has to operate EPSS. If you are not the Coordinator, he will send you an A2 form to fill in, and ask for your contribution to part B as well as your estimated man months, man rate, budget and requested funding.

Sections 4.5.1 and 4.5.2 below describe the content of proposals; See Appendix 4 for links to the various guides and support material available on-line.

The proposals themselves are in two parts –
- Part A The Forms
- Part B The technical proposal and consortium details

4.5.1 Part A - The Forms

In FP for most proposals there are three forms as follows -

A1 - General information on the proposal containing the following:
- Funding scheme
- Proposal number/Acronym
- Duration in months
- Call ID
- Research objective(s)
- Free keywords
- 2000 character proposal abstract

A2 - Information on the Coordinator and partners, one form for each with following information:
- Participant number, Name address etc.
- Legal status, SME
- Dependencies with other participants
- Person in charge - Name, Address etc
- Previous/current submissions in FP7
- Legal address/administrator address/R&D address
- Proposer identification code PIC

A3 - Cost breakdown
- More detailed costs (direct/indirect) as GPF forms

4.5.2   Part B - The Proposal

The revised content for Part B will directly align with the revised Evaluation Criteria bullets. The Guide for Applicants will identify the following required contents for Part B:

Collaborative project funding scheme - (See table below for variations)
1. Title Page
2. Summary
3. S&T quality
   - Concept and objectives
   - Progress beyond the state-of-the-art
   - S & T methodology and associated work-plan
4. Implementation
   - Management structures and procedures
   - Relevant experience of the individual participants
   - Consortium description
   - Allocation and justification of the resources to be committed
5. Impact
   - Contribution at the European or international level to the expected impacts listed in the Workprogram under the relevant activity
   - Dissemination and/or exploitation of project results, and management of intellectual property
6. Ethics

4.5.3   Evaluation Criteria

The evaluation criteria are slightly different for each instrument as summarised in following -

1. Scientific and Technical Quality:
(S&T excellence)
- Soundness of concept, and quality of objectives
- Progress beyond the state-of-the-art
- Quality and effectiveness of the S & T methodology and associated work-plan

2. Implementation:

(Quality of the consortium and of the management and Mobilisation of the resources)
- Appropriateness of the management structures and procedures
- Quality and relevant experience of the individual participants
- Quality of the consortium as a whole (including complementarity, balance)
- Appropriate allocation and justification of the resources to be committed ((budget, staff, equipment).

3. Impact:

(Potential impact and Relevance)
- Contribution at the European or international level to the expected impacts listed in the work program under the relevant activity
- Appropriateness of measures for the dissemination and/or exploitation of project results, and management of intellectual property

Evaluation criteria scoring will continue to use a scale of 1-5 (and 0) without weights (except FET Open). Criterion threshold will be 3/5 with an Overall threshold 10/15. Half-marks will be used.

For the handling of Ethical Issues see Section 12 below.

Criterion	Funding scheme			
	All	NoE	CP	CSA
1 S/T Quality	Clarity of objectives and quality of concept	Contribution to long term integration of high quality S/T research Quality and effectiveness of the JPA and associated work plan	Progress beyond the state-of-the-art	Contribution to the co-ordination of high quality research Quality and effectiveness of the co-ordination mechanisms and associated work plan
2 Implementation	Appropriateness of the management structure and procedures Quality and relevant experience of the individual partners	Quality of the consortium as a whole (including ability to tackle fragmentation, and commitment towards a deep and durable integration) Adequacy of resources for successfully carrying out the joint programme of activities	Quality of the consortium as a whole including complementarity, balance	Quality of the consortium as a whole only if relevant
3 Impact	Contribution at the European or international level to the expected impacts listed in the work-program under the relevant activity	Appropriateness of measures for spreading excellence, exploiting results and disseminating knowledge through engagement with stakeholders and the public at large	Appropriateness of measures for the dissemination and/or exploitation of project results, and management of intellectual property	Appropriateness of measures for spreading excellence, exploiting results and disseminating knowledge through engagement with stakeholders and the public at large

Note FET is as above but will use weightings.

4.5.4 Notification of Intention to Submit

It is required to prepare and submit a proposal using the Electronic Proposal and Submission System (EPSS). You need to pre-register with EPSS and receive a password. This now serves two purposes; first to enable use of EPSS itself, but also now gives advance notification of upcoming proposals which enables an informed selection of evaluators by Commission staff. Please note that final proposal package maximum size is 10 MB.

4.5.5   On-line preparation and submission using EPSS

You prepare the A forms on-line and use OpenOffice, Word, Acrobat (Writer) or similar package to prepare Part B. Ensure the following for Part B –

1. You are using A4 page layout and not US letter format
2. You save and submit in pdf format

This system allows the consortium under the control of the coordinator to build up Part A of the proposal on the web. The coordinator has to separately create and upload Part B. The final submission step is merely releasing the proposal to the Commission.

To use the EPSS online submission, coordinators have to register with the system to receive a login and password(s). There are two types of passwords controlled by the registered coordinator. The first is his own that allows him to control the entire process. The other is the individual passwords given to his partners that allows them to fill in their A2 form on-line.

Chapter 10 of this book is a much more detailed section on how to prepare and submit a proposal with an emphasis on a STREP.

4.6   Proposal Timeline

In order to have some perspective on how to plan your proposal, the following may be useful. It is from the perspective of the Coordinator and is merely a guideline indication. The overall process time is dependent on size and complexity of the proposal. The time line below is an indication for a STREP; an IP or NoE should start much earlier.
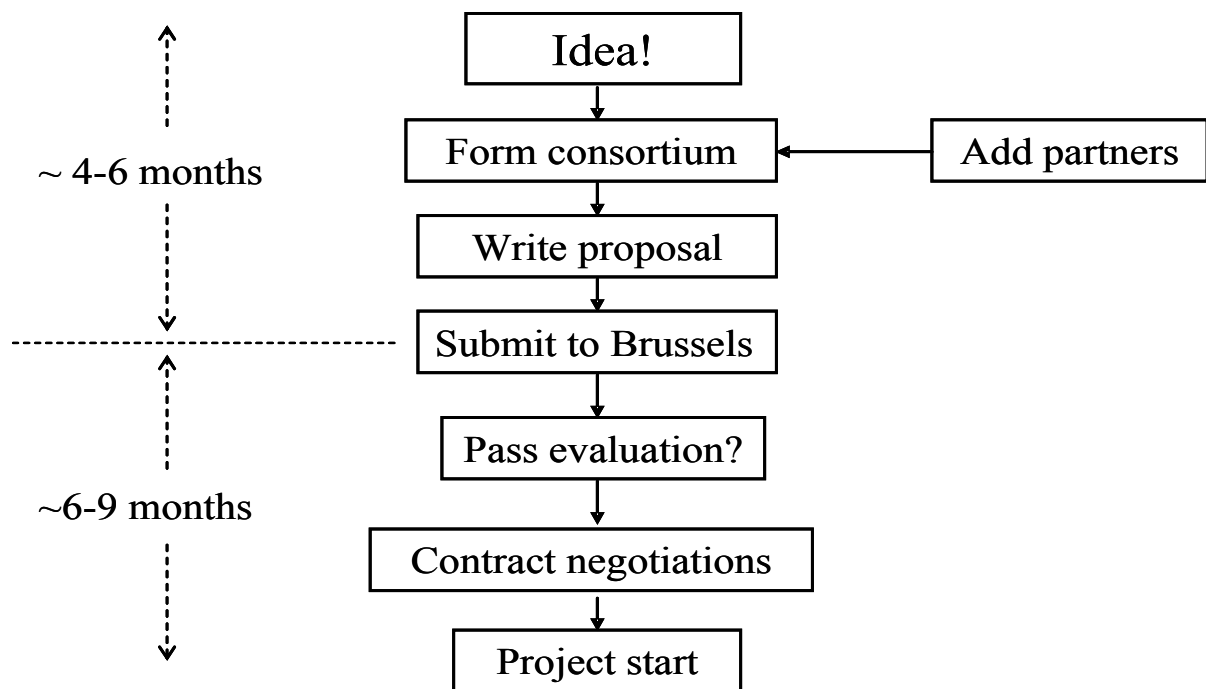
The Idealist project study of submitted IPs indicated that two thirds of the so called "core teams" of IPs were formed by the time the call was issued. IST calls are issued a minimum of three months and frequently four months prior to the closure date. Calls over the winter or summer holidays are generally four months and other times three months.

4.7   Proposal evaluation

The proposals go through an initial vetting by Commission staff to ensure that they comply with submission rules i.e. that they were received by the closing date and time; that it is complete and within

the scope of the call. Otherwise, the proposal is rejected (or in formal terms "ineligible") and does not proceed to the proper evaluation. In general a time line for the evaluation is included in the proposers guide for each call.

A goal is to give a quick "no" where possible in order to minimise the period of uncertainty. However, as we are dealing with large amounts of public money the process has to be fully transparent and fair. This results in it inevitably taking longer than one might expect. However it is fair and there is an independent monitoring panel for every evaluation that reports formally to the Director General in Brussels but also makes its report and recommendations available to the Independent Management Team. The process is continually being refined in light of experience and recommendations.

The evaluation follows this process -

Deadline	0----	Received proposals logged, acknowledgements issued, numbers assigned as necessary
Validation	2----	
	4----	Evaluation carried out in Brussels by external experts selected by the Commission
Evaluation complete	6-----	Each Objective evaluation usually lasts for one week – several proceed in parallel
Reports prepared	8----	Short listed IPs and NoEs invited to hearings
		Ethical review carried out if required
Coordinators informed	12----	Call Evaluation Report & ESRs to ICT Committee (ICTC)
		ESRs (Evaluation Summary Reports) to Coordinators
		Draft Implementation plan to ICTC and Bilateral activities
		Final Implementation plan presented to ICTC
	16----	Contract negotiations with Project Officers underway via Coordinators and meetings in Brussels
		Negotiations complete, approved by ICTC, Commission decision and contract signature
First projects start	--24	
Initial payments	-- 30	Initial payment to Coordinator within 45 days of contract signature

Time in weeks

The process is as fair as it can be made. A clear audit trail is kept in case of disputes. Each technical area invites a panel of experts to carry out the evaluation. Each evaluator has to sign a confidentiality agreement as well as a non-conflict of interest declaration.

Briefly, Part B is evaluated independently by evaluators three or five evaluators from the panel and scored. They have to assess it against a series of criteria. Each then assigns score of 0 to 5 with 5 being Excellent. These criteria have minimum thresh holds and those that pass continue in the process. The

three or five evaluators then meet to discuss and reach a consensus on a specific proposal and to agree on a joint score for each criterion and this leads to an overall mark. This meeting is generally chaired by a Commission official who has to remain neutral. All of the criteria and thresh holds are detailed in the Workprogram. STREP and CSA proposals are in general evaluated by three evaluators but the IPs and NoEs are evaluated by five. An Evaluation Summary Report (ESR) is also prepared from the individual evaluator score sheets for each proposal evaluated and this is eventually returned to each Coordinator. This so called consensus meeting is really to agree on a joint position and scoring so this ESR can be prepared and be agreed to by all of the involved evaluators. It occasionally happens that no unanimous consensus can be reached. In these cases either the proposal is evaluated by an additional evaluator or a majority view is taken.

Frequently, evaluators may make suggestions in the ESR that the requested funding should be reduced for specific reasons or other changes made if the project is to be funded. These are only recommendations but are generally accepted by the Commission and taken into account. It is specifically not allowed for the evaluators to query or dispute man rates etc. in the proposal as this is deemed to be out of their competence – they are technical experts. Such things are discussed at contract negotiation time with the Project Officer.

There is then a panel meeting where all of the evaluators covering a technical area meet together and review the relative rankings of the proposals and agree a priority list of those that did not fail on one of the criteria thresh holds. This is an effort to normalise scoring. They include comments and recommendations from the evaluators. For IPs and NoEs an additional step is to invite short-listed consortia to appear before the panel to answer questions regarding their proposal.

The panel then reconvenes and as a result of the hearings may modify some of the scoring and consequent ranking of individual proposals.

Generally within eight to ten weeks of the closing of the call for proposals, these ESRs are sent out to the Coordinators and each will indicate whether it has been ranked or not. However in the first call it usually always takes a little longer due to its size and the newness of the process. Unranked proposals are almost certainly not going to be funded. Depending on the amount of funding available per technical area some, most or all of the ranked proposals in each area will be contacted to initiate negotiations on a contract. Some proposals may be held in a reserve list for when and if funding becomes available as some proposals may fail if agreement on a contract cannot be reached or if additional funding can be found.

Proposals likely to be considered for funding will be subject to a separate Ethical Review whenever there is any suggestion (by the proposers, evaluators or Commission staff) that ethical issues could be raised by the subsequent project. This is discussed below in Section 12.

Each funding country is represented on the ICTC (ICT Program Management Committee) and these delegates can clarify status and as necessary suggest changes to the resulting rankings. On completion of the contract negotiation activity, this committee gives an opinion on the negotiated contracts.

It is this phase from completion of the evaluation until contract issuance and signature the ICTC delegates can assist in resolving "problems" that may arise.

4.8   What to do if your Proposal Fails

You have been part of a consortium and received back the ESR (Evaluation Summary Report) and it shows that your proposal has not been retained. This could be because it did not reach the threshold score on one or more criteria or was not ranked high enough to get funded. In either case you should follow these steps in an orderly fashion – the lead being taken by the Coordinator.

4.8.1   Check the ESR carefully

Go over the ESR very carefully to ensure that it is factually correct. This does not include what you would consider invalid opinions. If the evaluators did not correctly understand the proposal, it is almost always because it was not written correctly. If there are factual errors, it is possible to clarify via the National Program Committee delegate, if this is really an error. The delegate will be aware to whom such representations should be made. In the past, this has very rarely led to a re-evaluation of the proposal. **It is the intention in FP7 to introduce an appeals process for the first time.**

4.8.2   Get further information

Ask for clarification of the reasons for failing. The ESR is a sanitised consensus summary of the individual evaluation reports. The relevant Project Officer will have the originals and will usually be prepared to read most of the content to you over the phone and add his own thoughts. This information can be extremely helpful if you wish to resubmit. It is normal to make contact via the Coordinator's National Program Committee delegate.

4.8.3   Use of the Program Committee - "Appeals" and "lobbying"

Lobbying during the evaluation is not helpful and counter-productive. The best lobbying time is when the call is issued. But here we discuss post evaluation activities and "pseudo appeals" specifically. There is a great deal of misinformation about this process. Firstly the NCPs (National Contact Points) are not involved unless they also happen to be the National Delegate. Also, it is impossible to have a proposal's score changed in any way. At best if there has been an obvious clear mistake (not a matter of opinion) or if there has been a clear procedural error, then it has been known that a proposal has been re-evaluated. Although I am unaware of such a re-evaluation resulting in a proposal passing. It is so rare. The best that can be done is, if a proposal has passed the evaluation but is ranked too low to get funding, to encourage additional funding to cover it. But here again, it is unknown to skip intervening proposals. So this may only work if it is very close to the funding line.

In the past the best that come from lobbying in most cases is perhaps a better chance of getting funded next time. If your proposal has passed the evaluation but is either on the reserve list or not being considered for funding because of its relatively low score, the National Program Committee delegates of the principal consortium members led by the Coordinators can make representations in Brussels to try to promote the proposal and get it funded. This can succeed, especially if the Commission staff think the proposal is better than the evaluators scored it. In the past, the staff generally has some funding in reserve for such representations or could borrow it from the following year's budget. However it has been noticeable that with the change of Director General in DG INFSO, such flexibility seems to have been extremely limited.

It is probable that in FP7 a formal appeals procedure will be instituted, but its exact terms of reference and process is so far unclear.

4.8.4   Resubmit where possible

Finally, it may be possible to improve the proposal and resubmit, assuming there is a suitable call coming up. In such cases you have to note on the Forms that it has been previously submitted and it is essential to have an in depth discussion with the Project Officer to ensure you address their concerns adequately. Of course there may not be any suitable call – in which circumstance the only option is to try to ensure a suitable Action Line is included for the following year and then go for it or, if all else fails, forget it.

5 Types of Project, Roles & Structure

There are many different ways to characterise projects and roles. I try here to mention the main categories. This should be useful for newcomers to become familiar with the possibilities as well as to be aware of the terminology if it arises in discussions. It is important to understand this when you are considering forming a consortium or joining one. I have estimated the ICT specific characteristics and have summarised some of their different aspects as follows –

Funding scheme	Minimum participants*	Typical participants	Typical Duration	Typical Funding
STREP	3	4 – 8	2 – 3 years	1 – 3 M€
IP	3	8 – 15	3 - 4 years	6 – 25 M€
NoE	3	6 – 12	3 - 4 years	2 – 8 M€
CSA (CA)	3	3 – 12**	1 – 3 years	0.5 – 2 M€
CSA (SA)	1	3 – 12**	1 – 3 years	0.5 – 2 M€
SICA	4***			

* Legal minimum, is three need to be from member, accession or associated state. For SA legal minimum is one from Member/accession or associated state.
** Very dependent on the type of activity - many have considerably larger consortia.
*** From two Member or Associated States and two from ICPC countries (or regions of a single large country).

5.1 Refined Instrument Definitions

As a result of the FP6 mid-term review (the Marimon report) and other inputs it became clear to the Commission that there were differing interpretations of the meaning of the various instruments. Such inconsistencies existed not only between the Commission staff and Proposers but between different Units, Divisions and Directorate Generals of the Commission itself. In an effort to clarify the situation they have repartitioned the instruments (away from "new" and "old") as to be aimed at three types of action:

- Generating , demonstrating & validating new knowledge (STREPs and IPs)
- Durable integration of research activities/capacities (NoEs)
- Supporting collaboration, coordination & other activities (CSAs)

In FP7 they now appear to accept the notion that IPs can be viewed as large STREPs and vice versa.

5.1.1 STREP versus IP

Instrument	Purpose	Target audience	Activities	Flexibility	Enlargement of partnership within the initial budget	Specific characteristics
IP	Ambitious objective-driven research dealing with different issues through a "programme approach"	Industry, including SMEs Research institutes Universities (Possibly) Potential end-users	One or more of: Research Demonstration Training Innovation linked activities Management of the consortium	Periodic update of work plan	Possible through "competitive calls"	"Program approach", focussing on multiple issues As a rule several components Often multi-disciplinary

STREP	Objective-driven research more limited in scope than IPs and usually focussed on a single issue	Industry, including SMEs Research institutes Universities	One or more of: Research Demonstration Innovation linked activities Management of the consortium	Fixed overall work plan	Possible	"Project approach", focussing on a single issue As a rule one component Often mono-disciplinary

5.1.2   NoE

Instrument	Purpose	Target audience	Activities	Flexibility	Enlargement of partnership(within budget)	Specific characteristics
NoE	Durable integration of the participants' research activities	Research institutes Universities Mainly indirectly: Industry (possibly through steering committees, governing boards, scientific committees) SMEs (possibly through take-up actions)	Joint Program of Activities (JPA): Integrating activities Joint research program Spreading of excellence And Management of the consortium	Periodic if appropriate update of the work plan	Possible through "competitive calls"	Institutional commitment at strategic level from the very start and for the whole duration As a rule limited number of partners

5.1.3   CA versus SA

Instrument	Purpose	Target audience	Flexibility	Enlargement of partnership (within the initial budget)	Specific characteristics
CSA (CA)	Coordination, networking	Research institutes Universities Industry including SME	Fixed overall work plan	Possible	No funding of research activities Consistent set of activities focussing on coordination ("program" approach)
CSA (SA)	Preparation of future actions, support to policy, dissemination of results	Research institutes Universities Industry including SMEs	Fixed overall work plan	Possible	No funding of research activities Project approach Possibility of one single participant

5.2   Small or medium-scale focused research actions

This is a continuation of the RTD projects used under earlier Framework Programs and renamed STREPs in FP6. However they are subject to some new emphasis in FP7. Although the formal name has changed in FP7, we shall continue fro the time being to call them STREPs for short in this book.

Targeting a specific objective in a sharply focussed approach; they shall have a fixed overall work plan where the principal deliverables are not expected to change during the lifetime of the project.

Their content will consist of either of the following two, or a combination of the two:
1. a research and technological development project designed to generate new knowledge which would improve European competitiveness and/or address major societal needs
2. a demonstration project designed to prove the viability of new technologies offering potential economic advantage but which cannot be commercialised directly (e.g. testing of product-like

prototypes)
3. project management activities.
4. Such type of projects could also include innovation-related activities, in particular with respect to the management of the knowledge produced and the protection of intellectual property.

It is strongly suggested you should avoid the use of demonstration activities as the result could be lower funding. In most cases the same work could be carried out using different terminology under RTD instead of Demonstration.

Small or medium-scale focused research actions should 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:
1. coordination of the technical activities of the project;
2. the overall legal, contractual, ethical, financial and administrative management;
3. coordination of knowledge management and other innovation-related activities;
4. overseeing the promotion of gender equality in the project if appropriate;
5. overseeing science and society issues related to the research activities conducted within the project if appropriate;
6. obtaining audit certificates by each of the participants;
7. maintenance of any consortium agreement;

5.2.1 Structure of Small or medium-scale focused research actions

A typical traditional structure as follows -
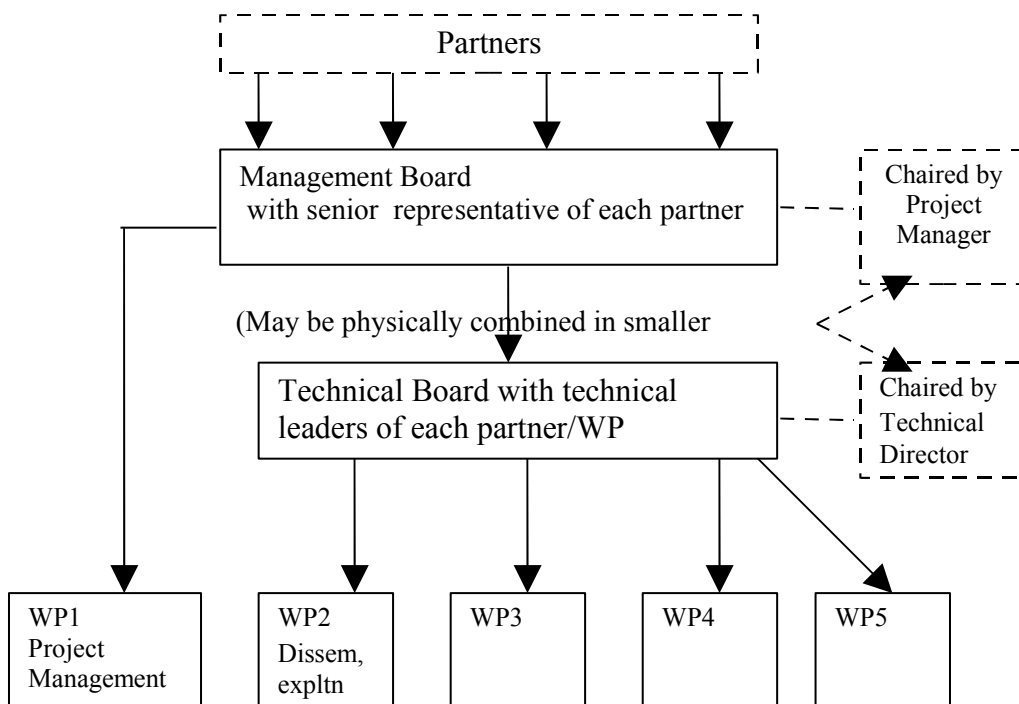
For smaller projects and depending on the technical abilities of the company representatives, it is possible and more effective to combine the Management and Technical Boards although they must continue to deal with both aspects.

5.2.2 Checking Suitability of a Small or medium-scale focused research action

First thing is to check in the Workprogram that the specific topic is suitable for STREPs. Some topics are

identified as being unsuitable. If it is suitable then one would prepare a proposal as per the guidelines similar to previous RTD proposals. However, it is clearly inadvisable to submit a STREP that is very large. i.e. stick to 1 - 3 MEuro funding over 2 or 3 years maximum and say 4 to 8 participants.

It is vital from a size point of view not to stray into the Integrating Project domain. Of course the project itself would deal with R & D and potentially a small scale trial as well as dissemination as in the past and could not contain take up or training actions.
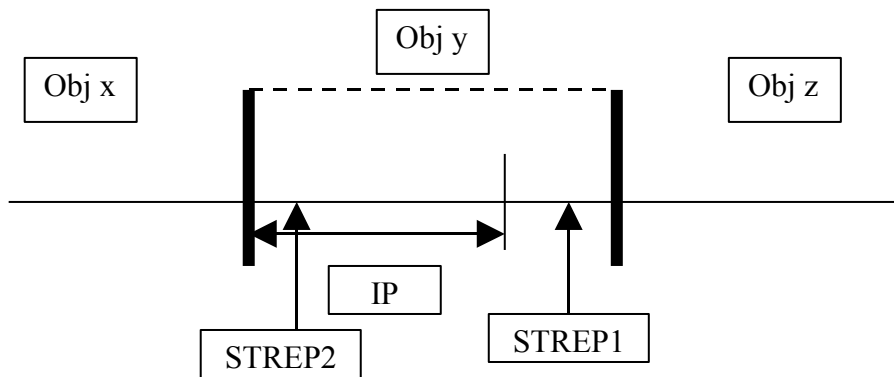
In above diagram, IP, STREP1 and STREP2 are all targeted at Objective y. STREP2 has strayed into the IP domain while STREP1 has not. How can this be avoided? I suggest the following process -
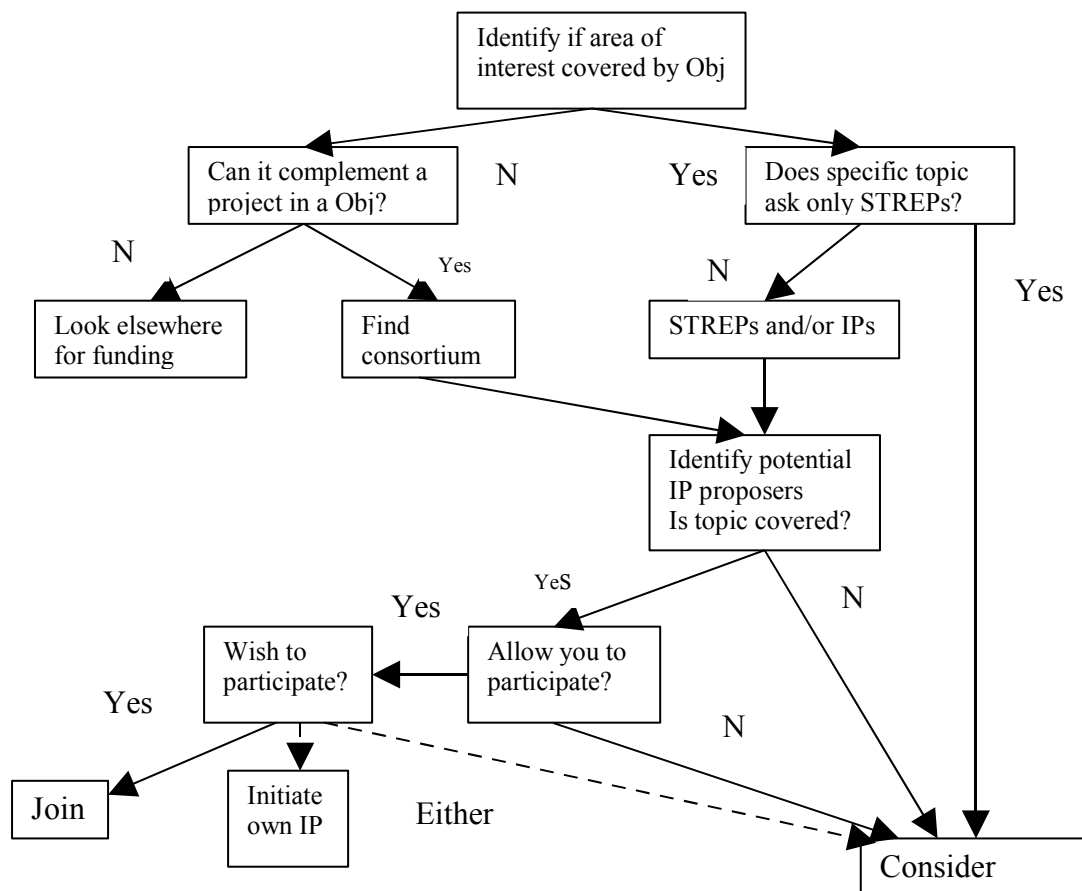
.
Chapter 10 of this book deals in detail with how to construct a STREP proposal.

5.3   Large-scale integrating projects

Larger scale actions, including a coherent integrated set of activities tackling multiple issues and aimed at specific deliverables; there will be a large degree of autonomy to adapt content and partnership and update the work plan, whereas appropriate. Their content will consist of a combination of most or all of the following (indents 1. and/or 2. being a must):

1. objective-driven research and development, i.e. clearly defined scientific and technological objectives, aiming at a significant advance in the established state-of-the-art; in addition, typically of multidisciplinary character
2. a demonstration project designed to prove the viability of new technologies offering potential economic advantage but which cannot be commercialised directly (e.g. testing of product-like prototypes)
3. innovation activities relating to the protection and dissemination of knowledge, socio-economic studies of the impact of that knowledge, activities to promote the exploitation of the results, and, when relevant, "take-up" actions; these activities are inter-related and should be conceived and implemented in a coherent way
4. training of researchers and other key staff, research managers, industrial executives (in particular for SMEs), and potential users of the knowledge produced within the project. Such training activities should contribute to the professional development of the persons concerned
5. any other specific type of activity directly related to the project's objectives (as identified in the relevant work programme or call for proposals)
6. project management activities.

Integrating Projects are defined as being extensive, independent and ambitious. Integrating Projects should have a common research objective and Workprogram. The project can also decide on its operation independently. It could organise calls for proposals to select additional participants. Projects can be divided into sections that are independent of each other to some extent. However, there must remain a connection between the sections. Therefore, the projects demand a good coordinator and strong management.

The focus of an Integrating Project can, however, also include demonstration, technology transfer or training of researchers and/or potential users. The Commission funding covers each sub-project at the rates and rules appropriate to that activity. An Integrating Project may receive up to several million Euros a year. The projects are selected on the basis of calls for proposals.

There must be enough participants in the Integrating Projects to obtain sufficient critical mass for the matter. The minimum is from three countries. In practice, the projects will certainly be larger. However, in practice in ICT, sizes of IPs differ from topic to topic. Some may be 5-7 MEuro funding and others 15-20 MEuro funding for example. Each potential coordinator should verify what size is anticipated in that specific Strategic Objective.

Two different potential configurations of IP are possible as per the following illustration. The Monolithic was the only form of project that was permitted in FP5 RTD and in FP6 STREPs. Incremental Participation for IPs and NoEs was introduced in FP6 and continues into FP7. It is up to the proposers to decide the most appropriate one. However in practice extremely few IPs have chosen this option in the past.

IP - two possible configurations
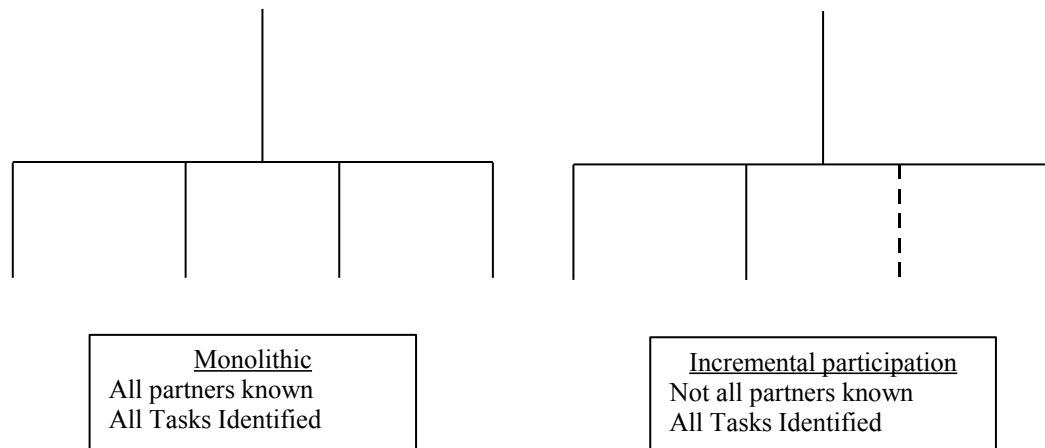
All the activities carried out in the context of an Integrating Project should be defined in the general framework of an " **implementation** plan" comprising activities relating to:
1. research, **and as appropriate** technological development and/or demonstration;
2. management, dissemination and transfer of knowledge with a view to promoting innovation;
3. analysis and assessment of the technologies concerned, as well as the factors relating to their exploitation.

In pursuit of its objectives, it may also comprise activities relating to:
1. training researchers, students, engineers and industrial executives, in particular for SMEs;
2. support for the take-up of new technologies, in particular by SMEs;
3. information, communication and dialogue with the public concerning the science/society aspects of the research carried out within the project.

The combined activities of an integrated project may represent a financial size ranging from several million Euros to several tens of millions of Euros.

Integrating Project proposals should comprise the following elements:
1. the scientific and technological objectives of the project;
2. the main lines and timetable of the execution plan, highlighting the articulation of the various components;
3. the stages of implementation and the results expected in each one of them;
4. the role of the participants within the consortium and the specific skills of each of them;
5. the organisation and management of the project;
6. the plan for the dissemination of knowledge and the exploitation of results;
7. the global budget estimate and the budget for the different activities, including a financial plan identifying the various contributions and their origin.

The partnership may evolve when necessary, within the limits of the initial Community contribution, by replacing participants or adding new ones. In most cases, this will be done through publication of a **competitive** call. The **implementation** plan may be updated periodically. This updating may entail the reorientation of certain activities and the launching of new ones. In the latter case, and where an additional Community contribution is needed, the Commission will identify these activities and the participants who will carry them out, by means of a call for proposals.

<u>So, what is the best strategy for IP?</u>
I would suggest approaching an IP as follows -

- It appears attractive to use the "Incremental" model and put some money aside for future additional partners. However, given the extremely tight budgets, such a call for additional participation could use much valuable research money. It may be better to ensure all partners are on board from the start. i.e. use the "Monolithic" model.
- For a reasonably small IP i.e. say 8 - 12 participants over 4 years and requiring say 6 - 10 MEuro funding, ensure it is broken down into sub-projects addressing individual aspects and types of work e.g. research, development, take-up and dissemination as appropriate.
- In FP6 it sometimes happened that for something substantially larger they occasionally only funded the initial two years. We do not expect this to be case in FP7..

I strongly recommend you discuss the best course to follow with the respective Head of Unit in Brussels/Luxembourg.

5.3.1 Structure of IPs

Some valid IPs could be structured as large STREPs (below) - in particular where there are not many partners i.e. say less than ten. But in most cases I would expect it to be structured into sub-projects – these could be called Activities or Areas or simply Sub-projects. I also believe it necessary to differentiate structurally between the partners as follows -
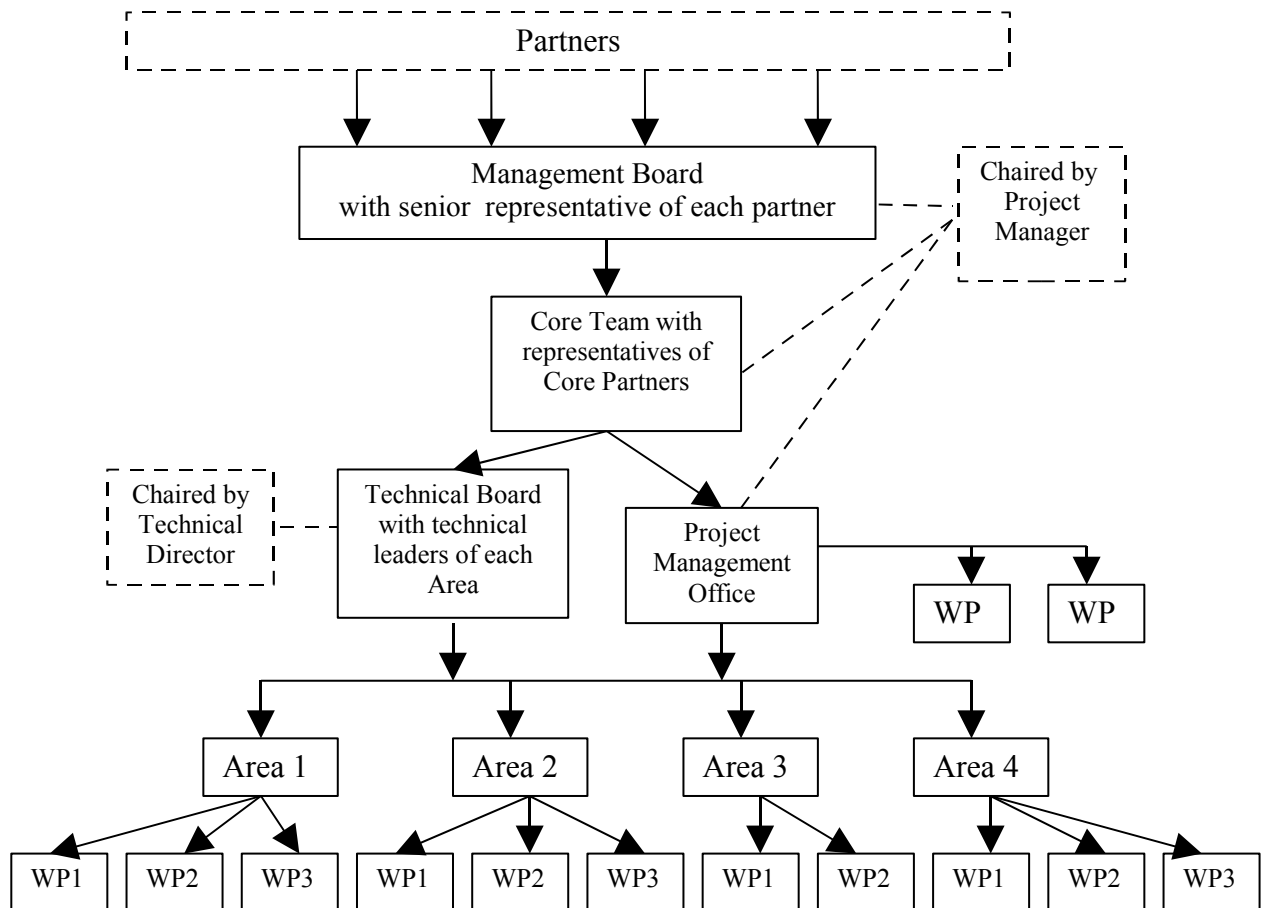
In the above structure, I have indicated a possible configuration. Here all partners are not equal as would be defined in the consortium agreement. There are "Core partners" and "others". Overall, each partner is represented on the Management Board but the ongoing detailed management authority is vested in the Core Team Board. Some decisions are delegated to the Core Team. This is to shorten the decision cycle and enable faster consensus. A separate Project Management Office is identified and it runs several budgeted, common activities, broken into work packages. In addition, the overall technical work is broken

down into sub-projects, called "Areas". The overall technical work is coordinated and controlled by the Technical Board, but each "Area" would have its own internal technical coordination.

All of the above is to make the project more transparent and manageable. Thus it tries to break down the span of control to manageable parts. How the areas, work packages etc. are defined is entirely dependent on the style of management envisaged as well as the form of the project itself. For example the project could have two areas running in parallel exploring different approaches, followed by a validation, then a development/refinement phase and then a trial. i.e. the areas could be time related or they could be phased in different ways.

The roles of the project management office could, if appropriate, include an activity related to a planned internal call for additional participants, including evaluation of proposals. It could also include activities common to Area projects such as say dissemination, aspects of innovation, training etc. For costing purposes it would be a good idea that activities being charged at different rates be grouped in separate Areas or Work packages.

5.3.2 *Potential Scope of an IP*

In the documentation you can detect multiple potential configurations for an IP. IPs are expected to identify one or more of these "integrations" as being present. Most calls would expect a variation in those accepted but the ideal configuration for each area must be clarified prior to preparation. The following forms (slightly modified) can be identified -

1. Vertical integration of a range of multidisciplinary activities.
2. Horizontal integration: integrating various research activities from fundamental to applied research and with other types of activity, including take-up activities, protection and dissemination of knowledge, training, etc., as appropriate.
3. Integration of the full "value-chain" of stakeholders from those involved in knowledge production through to technology development and transfer.
4) Sectoral integration of actors from private and public sector research organisations, and in particular between academia and industry, including SMEs.

The effective management of knowledge and its dissemination and transfer, will also be an essential feature of each integrated project together with the analysis and assessment of the technologies developed and of the factors relating to their exploitation, where relevant.

In order to illustrate a particular point related to ICT, we offer the following -

Technology life cycle
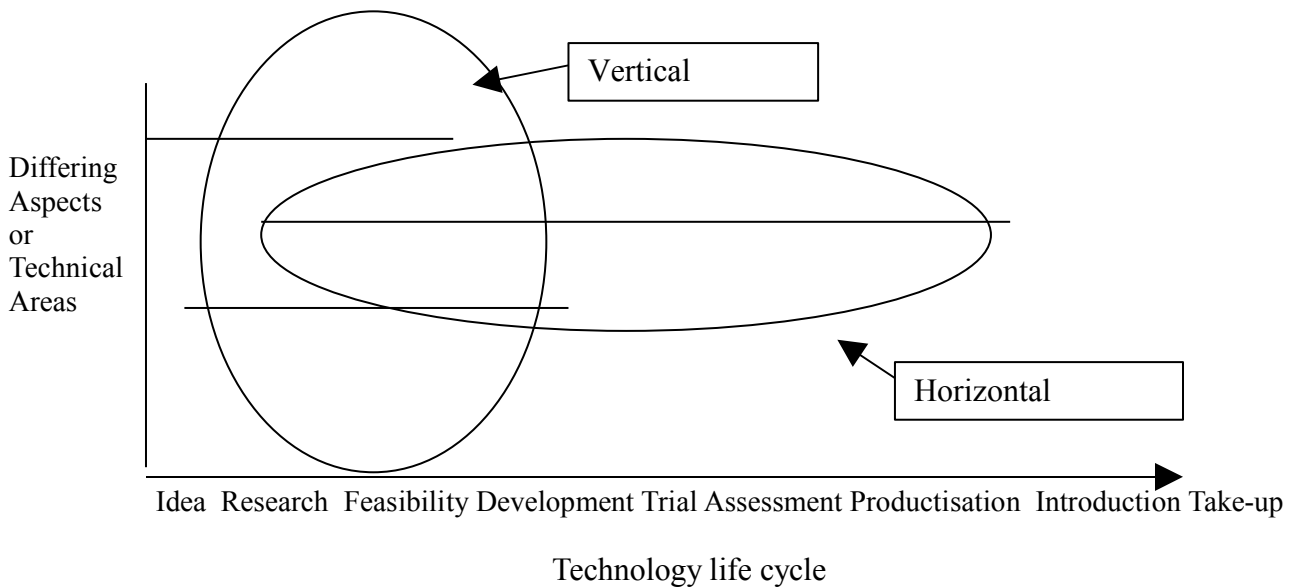
Even within a single Focus of a specific Workprogram Objective they may wish two separate IPs . One of each as illustrated above. It depends on the needs and goals of the Objective.

5.4 Network of Excellence

The Networks of Excellence are intended to gather top research institutes to collaborate in one virtual centre of excellence. The network must have a joint program of activity which will facilitate the integration of the institutes. The NoE must also carry out actions supporting integration and dissemination of expertise.

The measures that support integration refer to close virtual and physical collaboration, personnel exchange and the development or use of common resources. The dissemination of expertise can consist of the training of researchers from outside the group and dissemination of information on achievements.

The networks are selected on the basis of a call for proposals and gathered around the core group. The EU funding may amount to several Million Euros a year. The amount of money depends on the network's own input. "Grant for integration" is a cost principle developed for the Networks of Excellence. The principle is: the more you integrate, the more you receive funding. The participants sum up the resources they have integrated, and the Commission grant is based on the number of researchers in the network when the call formally closes.

They are seen as providing support to a Joint Program of Activities implemented by a number of research organisations integrating their activities in a given field, carried out by research teams in the framework of longer term co-operation. The implementation of this Joint Programme of Activities will require a formal commitment from the organisations integrating part of their resources and their activities.

The funding scheme will support the long-term durable integration of research resources and capacities (researchers, services, teams, organisations, institutions) in fields of strategic importance for European research, through the establishment of a single virtual centre of research, in order to overcome demonstrable, detrimental fragmentation, thus strengthening European scientific and technological excellence on a particular research topic.

Networks of Excellence (NoE) will aim at consolidating or establishing European leadership at world level in their respective fields by integrating at European level the resources and expertise needed for the

purpose. This will be achieved through the implementation of a Joint Programme of Activities (JPA) aimed principally at creating a progressive and durable integration of the research capacities of the network partners while at the same time advancing knowledge on the topic.

Since Networks of Excellence are aimed at tackling fragmentation of existing research capacities, they should be implemented provided that:
- research capacity is fragmented in the (thematic) area being considered;
- this fragmentation prevents Europe from being competitive at international level in that area;
- the proposed integration of research capacity will lead to higher scientific excellence and more efficient use of resources.

The implementation of the Joint Program of Activities will require a formal commitment from the organisations integrating part or the entirety of their research capacities and activities.

The Joint Program of Activities (JPA) is the collective vehicle for achieving the durable integration of the research resources and capacities of the Network of Excellence. In order to do so, the JPA should consist of a coherent set of integrating activities that the participants undertake jointly. The JPA will have several components:
- activities aimed at bringing about the integration of the participants research activities on the topic considered, such as:
  - ➔ establishing mechanisms for coordinating and eventually merging the research portfolios of the partners
  - ➔ staff exchange schemes
  - ➔ complete or partial relocation of staff
  - ➔ establishment of shared and mutually accessible research equipment, managerial and research infrastructures, facilities and services
  - ➔ exploration of the legal requirements (facilitators/barriers) for durable integration,
  - ➔ setting up of joint supervisory bodies
  - ➔ measures for joint public relations …

- jointly executed research to support the durable integration, e.g. systemic development, or development of common tools, or at filling gaps in the collective knowledge portfolio of the network, in order to make the research facilities usable by the network. (NB: in addition to this research, participants in a network will pursue their "own institutional portfolio", including research, development or demonstration in the area covered by the network itself.
The latter research, development or demonstration activities are not part of the "joint programme of activities" and thus will not be part of the eligible costs of the network)
- activities designed to spread excellence, such as:
  - ➔ The main component of these activities will be a joint training programme for researchers and other key staff;
  - ➔ Other spreading of excellence activities may include: dissemination and communication activities (including public awareness and understanding of science), and, more generally, networking activities to help transfer knowledge to teams external to the network.
  - ➔ Spreading of excellence may also include the promotion of the results generated by the network; in such a context, networks should, when appropriate, include innovation-related activities (protection of knowledge generated within the network, assessment of the socio-economic impact of the knowledge and technologies used and development of a plan for dissemination and use of knowledge), as well as any appropriate gender

and/or ethical related activities

- all the network's activities should be carried out within a coherent framework for the management of the consortium linking together all the project components and maintaining communications with the Commission.

Within ICT, these would appear to be inappropriate for SMEs. They are aimed purely at Academic Institutions, Public or private Research Laboratories and, exceptionally, industrial research centres. Of course SMEs or industrial companies could have non-research roles in a NoE such as management, training, technology transfer as well as perhaps contributing to a technical steering committee. There are also IPR issues related to industrial participation in NoEs that do not appear to have been resolved to everyone's satisfaction.

Please note that the grant is determined by the "number of researchers to be integrated" and this is determined as of numbers on date call closes. **Addition of further partners during project will not increase the funding**.

NoE – JPA for integrating/shaping research

RTD activities before NoE   Coordinated   NoE Effect
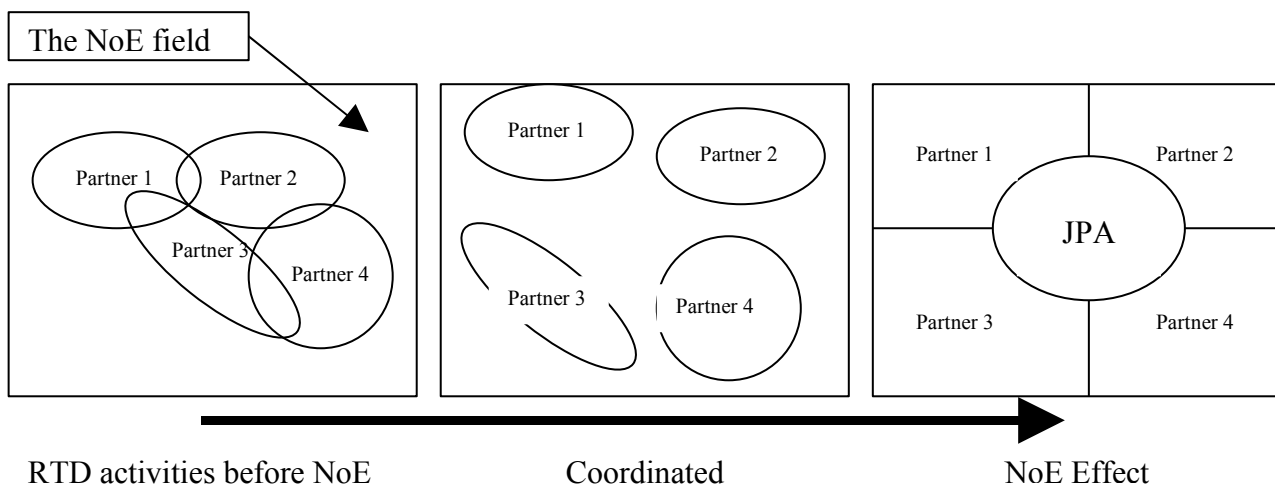
Diagram above represents the scope of the Joint Program of Activities for a Network of Excellence on the right. Note how it goes beyond coordination by ensuring better coverage of the technical area, not just avoiding duplication.

The size of the network may vary according to the areas and subjects involved. As an indication, the number of participants should not be less than six or so. On average, in financial terms, the Community contribution to a network of excellence may represent several million Euros per year.

The partnership may evolve when necessary, within the limit of the initial Community contribution, by replacing participants or adding new ones. In most cases, this will be done through publication of a **competitive** call.

The Community's financial contribution **shall take the form of a grant for integration, the amount of which is determined in relation to the value of the capacities and resources which all the participants propose to integrate. It shall** complement the resources **deployed by** the participants **in order to carry out the Joint Program of Activities.** It should be sufficient to act as an incentive for integration, but without creating a financial dependence that might jeopardise the lasting association of the network.

5.4.1 NoE Practical Points

As outlined already above, within ICT, these would appear to be inappropriate for SME research. They are aimed at Academic Institutions, Public or private Research Laboratories and, exceptionally, industrial research centres. Of course SMEs or industrial companies could have non-research roles in a NoE such as management, training, technology transfer as well as perhaps contributing to a technical steering committee.

I would suggest that the quality of the participants is of paramount importance, not the quantity. Each laboratory must have executive commitment and be able to demonstrate it. For University departments for example the commitment of the Vice Chancellor or equivalent officer is vital. In most relevant research areas there are obvious centres of excellence in Europe and as many of them as possible should be involved. However an important commitment in the proposal is technology transfer and training of other "second tier" laboratories and NoEs should plan to broaden its membership on an incremental and manageable basis. There are major concerns about the ability of NoEs to manage a large number of participants and therefore a lot of attention must be paid to this aspect.

Technology transfer to industry and training is also extremely important and some resource and mechanism should be defined. Participation of key companies in the Network could emphasise this but generally they would not have a research role.

It is a peculiar fact that the proposals for NoEs don't need to supply a formal breakdown of the costs. However, I highly recommend coordinators asking partners for their man rates, cost models and other costs and then showing a small calculation against the JPA with man month estimate and costs per activity.

5.4.2 Structure of NoEs

We suggest the structure to be along the following lines -
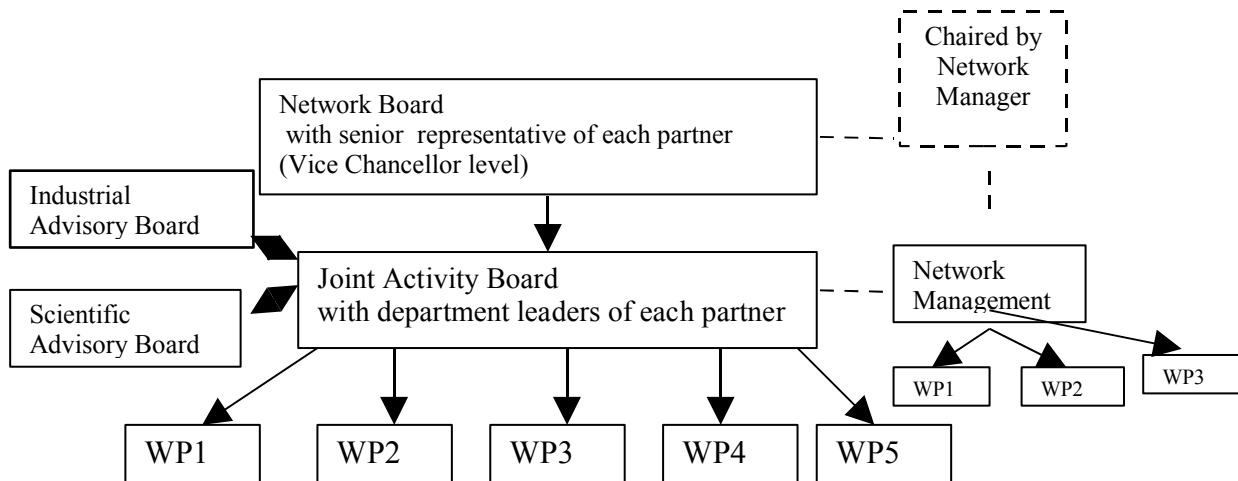
It is necessary in an NoE to match the organisation to the instruments goals. Thus we talk about "Network Board" and the management of the "Joint Program of Activities". In addition a strong emphasis will be required on some management body; I have termed it Network Management. It would have a role related to information sharing, joint events, conferences, network expansion etc. as detailed in the JPA. A funded Scientific Advisory Board would seem to be a good idea. This would consist of invited world experts in this area. In addition I think it important for steering the relevance of the research and to aid in technology transfer that an Industrial Advisory Board also be constituted.

5.5 Coordination and support actions (CSA)

Support to activities aimed at coordinating or supporting research activities and policies (networking,

exchanges, trans-national access to research infrastructures, studies, conferences, etc). These actions may also be implemented by means other than calls for proposals.

The Funding Scheme allows for two types of actions to be financed:
"co-ordination or networking actions",
"specific support actions".

5.5.1   *Coordination or networking actions (CA)*

Coordinating or networking actions will always have to be carried out by a consortium of participants, normally three from three different countries.

The coordination or networking actions cover the following activities:
- the organisation of events - including conferences, meetings, workshops or seminars
- related studies, exchanges of personnel, exchange and dissemination of good practices,
- and, if necessary, the definition, organisation and management of joint or common initiatives together of course with management of the action.
- Coordination of activities with relevant National and Regional actions.

The coordination and networking actions normally stretches over a longer period. See section 5.5 for further details.

5.5.2 *Support actions (SA)*

Support actions may be carried out by a single participant, which can be based in any member state, associated country or a third country. Therefore there are no restrictions on the size of the consortium.

Although normally awarded following calls for proposals, there are also the possibilities to award specific support actions through public procurement carried out on behalf of the Community or to grant support to legal entities identified in the Specific Programmes or in the work programs where the Specific Program permits the work programmes to identify beneficiaries.

The objective of specific support actions are to contribute to the implementation of the Framework Programs and the preparation of future Community research and technological development policy or the development of synergies with other policies, or to stimulate, encourage and facilitate the participation of SMEs, civil society organisations and their networks, small research teams and newly developed or remote research centres in the activities of the thematic areas of the Cooperation programme, or for setting up of research-intensive clusters across the EU regions.

The specific support actions can be of different types covering different activities:
- monitoring and assessment activities,
- conferences,
- seminars,
- studies,
- expert groups,
- high level scientific awards and competitions,
- operational support and dissemination,
- information and communication activities,
- support for transnational access to research infrastructures or preparatory technical work, including feasibility studies, for the development of new infrastructures,
- support for cooperation with other European research schemes,
- the use by the Commission of external experts,
- management or a combination of these.

5.6   SME specific measures

Special Measures are provided for Small and Medium sized Enterprises (SMEs). They are largely inappropriate for the ICT program in general, but should not be dismissed out of hand. In FP7 and CIP there is a greater emphasis on enterprise groupings that represent larger communities of SMEs. See also 2.12. There are two types and they use modified instruments as outlined below.

5.6.1   Co-operative Research - (CRAFT)

This is a scheme for SMEs not having their own R&D capability. Several SMEs having the same research requirement get together and find some third party that has the capability to carry out the research on their behalf with funding from the program. The ICT program implements this reluctantly and it usually involves a long delay.

Co-operative Research is a scheme whereby a number of SMEs from different countries having specific problems or needs assign a significant part of the required scientific and technological research activities to RTD performers. These activities may also be carried out by innovative and high-tech SMEs in co-operation with research centres and universities.

The Co-operative Research scheme is an evolution of the CRAFT scheme used in earlier Framework Programs. Projects are relatively short term; duration must be at least one year and with a maximum of two years and may address any research topic or field, being based on the specific needs and problems of the SMEs concerned.

Other enterprises and end-users will be able to participate in Co-operative Research Projects, under conditions ensuring they do not assume a dominant role. The Intellectual Property Rights of the results belong exclusively to the SME participants. The other enterprises and end-users will benefit from the use of the results.

It is important to note that the organisation that carries out the R&D has no right to the results as they are fully funded and the SMEs derive no direct financial benefit only the rights to use and own the results.

The aim of CRAFT projects – which can focus on any scientific or technological topic or field is:
· to support the R&D needs of SMEs,
· to facilitate trans-national R&D co-operation between SMEs,
· to encourage co-operation between SMEs and Europe's research community.

Two types of activities are eligible for funding under CRAFT:
· R&D and Innovation activities
· Consortium Management

CRAFT projects run for a minimum of one year and a maximum of two years. Each project should cost between €0.5 and €2 million.

They must include at least three SMEs, established in two different EU Member States or countries associated to FP7. At least one of these must be based in a Member State or Associated Candidate Country.

The consortium must also include at least two RTD performers, which are organisations with the facilities necessary to carry out research on behalf of the SMEs. These research centres or universities must be based in at least two different Member States or associated countries. At least one of these must be based in a Member State or an Associated Candidate Country.

Other enterprises or end users with an interest in solving the particular research needs of the SMEs may

participate in the project, but they must contribute to the costs of the project without taking on a dominant role at any stage. These enterprises must also be independent from any of the other participants taking part.

The co-operative research instrument is in effect a variation of the STREP.

5.6.2 Collective Research

Collective Research Projects will be substantial projects of two to three years duration, conducted on a European basis. A project of longer duration could be accepted if it is necessary to deliver its objectives and when duly justified. The Intellectual Property Rights of the results belong exclusively to the Industrial Associations/Groupings.

Collective Research is a form of research undertaken by RTD performers on behalf of Industrial Associations/Groupings in order to expand the knowledge base of large communities of SMEs and to improve their general standard of competitiveness.

They will be substantial Europe-wide projects lasting between two to three years. An 'SME core group' should contribute to the project, from the definition phase to the dissemination of the final results.
The intellectual property rights belong exclusively to the Industrial Associations/Groupings, while the SME core group will benefit from the exploitation of the results.

Uses a two step procedure - in other words an initial short proposal is made and a subset of proposers are then invited to submit full proposals within a set time-frame. The Guide for Applicants defines the content expected for both short and full proposals.

Collective Research projects are usually large-scale, Europe-wide initiatives set up to:
· Reinforce the technological basis of particular sector(s);
· Develop 'technological tools' (for example, diagnosis, safety equipment, etc.);
· Perform pre-normative research to provide a scientific base for setting European norms and standards;
· Address common problems and challenges (for example, to meet regulatory requirements, such as health and safety in the workplace, environmental performance, etc.)

Collective Research projects can include the following type of activities:
· Research and innovation-related activities: based on well-defined and sharply focused research objectives;
· Consortium management activities: includes the overall coordination of the project by one of the industrial partners, groupings or RTD performers;
· Training activities: particularly the training of SME managers and technical staff on the use of the knowledge produced by the project.

The average Collective Research project will run for two to three years and will cost between €2 and €5 million. Projects lasting longer and costing more could also be eligible for funding, but only in cases where the research partners can prove that this is necessary to reach the project's overall objectives.

They must contain at least two independent associations/groupings or one European industrial association/grouping. Consortia must also contain an 'SME core group' made up of at least two eligible SMEs from different EU or Associated States, at least one of which is based in a Member State or candidate country.

Finally, overall consortia must achieve a nationality balance in terms of the organisations involved. Project participants must be established in at least three different EU or associated states and two of these must be Member States or candidate countries.

The collective research instrument appears to be a blend of the STREP and IP instruments.

5.6.3   Comparison between Cooperative and Collective Research

On the surface I found it difficult to differentiate clearly between the two instruments and so provide the following tables to highlight the differences/similarities:

The Basics

Instrument	Duration	Funding	RTD Performers	SMEs	Groupings	Other
Cooperative	1-2 years	€0.5 – 2M	At least 2 From 2 states	At least 3 From 2 states	-	Possibly enterprises or end users if required
Collective	2-3 years	€2-5M	At least 2 From 2 states	At least 2 From 2 states	2 national or 1 European	-

The activities

Instrument	Overall participation	Objectives	Activities	Proposal
Cooperative	3 states as per rules	• SME innovation • SME cooperation • SME trans-national cooperation	• Management • Research & Innovation	Single step
Collective	3 states as per rules	• Sectoral research • Pre-normative • Tools • Common problems	• Management • Research & Innovation • Training	Two step

The legalities

Instrument	Consortium agreement	RTD Performers	Coordinator	IPR
Cooperative	Yes	• >40% costs • Fully funded	• SME • RTD performer	SMEs
Collective	Yes	• >40% costs • Fully funded	• Industrial Group • RTD Performer	Industrial groupings

5.7   FET Open Scheme

This is part of the Future and Emerging Technologies within the ICT program. It is primarily aimed at Universities and Research Institutions but they do like to see at least one commercial partner with a minor role to ensure eventual exploitation. It has some distinguishing features -

1. It is a two step process.
2. It is aimed at long term research with exploitation not expected in less than ten years time.
3. The subject matter can be anything related to ICT - there are no specific topics.

The success rate here is relatively high and therefore it should be considered for anything very speculative or very long term and high risk. Note it should not be used for resubmitting a proposal that failed on a regular call as the time horizons are significantly different.

5.7.1   One step and two step proposals

Most calls use the one step proposal. In this mode, a full proposal is submitted in response to a specific Call for proposals. In some specific areas the two step process is used. FET Open is one such area. Under FET Open the first step proposal should be anonymous. The identity of participants would only appear in

the accompanying forms.

Two step proposals are aimed at reducing the cost of submitting a proposal and increasing the chances of success for a full proposal. Outline proposals are first evaluated, if successful, full proposals are requested. The idea is that there will be at least a 50% success rate on full proposals. The part of the program where this applies is under Future and Emerging Technologies.

5.8   Project Roles

Most official business in this program is conducted in English. It is "Euro-English" and it is sometimes difficult even for a native English speaker to comprehend - not all the words are in an English dictionary and even if they are, the meaning may be different. This is particularly true with project roles. Most of the terms have synonyms - I will identify them.

5.8.1   Beneficiary

A Beneficiary was formally known as a Contractor. Every partner to a project, in effect, signs the agreement with the Commission and is formally known as a Beneficiary. However formally, only the Coordinator and the Commission sign, the others accede to the agreement.

5.8.2   Coordinator

Also previously known as Prime Contractor or Project Coordinator. Please note that this is a legal entity i.e. an organisation not a person. This is the principal interface to the Commission - both during proposal and project stages and is responsible for submitting the proposal. The Coordinator also conducts the contract negotiation. It is normal practice for the Coordinator to supply the Project Manager. A distinction between Financial Coordinator and Scientific Coordinator is no longer recognised in the contract. The Coordinator is responsible for the financial control. Any distinctions of role between the partners must be embodied in the Consortium Agreement.

5.8.3   Sub-contractor

A Sub-contractor is responsible to a Beneficiary.   **Use of sub-contractors is permitted but frowned upon. In general, R&D work must not be sub-contracted. Same applies to key management activities. However, we understand that some of those rules will be relaxed.**

The normal use for subcontracts is to outsource work of a low-tech nature required for a project. There are many types of example such as special enclosures for devices, veterinary services, event organisation etc. In the past the Commission was very vigilant to the attempted use of subcontracts to try and get round some of the program rules.

Sub-contractors will not sign any contract with the Commission. A new aspect is the need for some form of open tender before awarding sub-contracts. How this will be applied remains to be seen.

5.8.4   Project Manager

Every project must have a Project Manager. He could be called a Project Director. He will be responsible for the Management of the Project and execution of the contract and is the formal interface to the Commission. He is normally appointed by the Coordinator and chairs the Project Management Board. The Project Manager is in overall control of the project. He approves all outputs and reports, is the prime external interface and also may be the Technical Director (if one is deemed necessary). In a large IP, some of these technical roles may be delegated to technical leaders of various sub-projects.

6   Financial Aspects

Please note that there have been significant changes from FP6, including changes in nomenclature. This aspect of FP7 is open to significant further changes. This section is our current best assessment of where the rules stand. Be extremely cautious on the use of this information and double check everything with the Commission before making decisions based on it. Please also ensure you are using the latest version of this Book by checking on-line for amendments.

6.1   Cost Calculation

Formally Cost Models are no longer used in FP7, however they still exist in effect under a different guise.

All legal entities shall use what was previously known as the full cost (FC) model. However:

1. Organisations can choose to use a fixed overhead rate to cover their indirect costs. This rate is set at 20%
2. Academic institutions, research organisations, other non-commercial or non-profit organisations established either under public law or private law and international organisations or SMEs which 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 in the interim for a transitory special derogation as explained below.

Thus in effect we have three different funding regimes. A fourth "Simplified method" will also be introduced. It will offer the possibility for an organisation to get their method of calculating overheads certified by an auditor and agreed by the Commission.

6.1.1   Default funding regime

This regime is similar to the previous FC cost model. It allows all eligible direct and indirect costs to be charged to the project. Costs are reimbursed at different rates according to the activity and project type.

The Community financial contribution is calculated as a maximum percentage (%) of the total eligible costs for a specific action, within the limits permitted by the intensity of the public support, regulated by the Community framework for the state aid to the research and technological development.

In this model the Community financial contribution covers (fully or partly) the total costs. The financial contribution is calculated as a maximum percentage **of the total eligible costs** of the action (always within the limits of Community State aid framework).

	Large industrial	*SME*	*Academic*	*Other*
Consortium Management	100%			
RTD	50%	75%		
Demonstration	50%			
Training	100%			

Of course indirect costs (i.e. organisational overheads can be added as before). A fixed default overhead rate option of 20% is also available.

The overhead rate for CSAs (i.e. SAs and CAs) will be limited to 7% instead of 20%.

Natural persons will also be eligible for funding as in FP6. That means that only eligible non-personnel costs will be allowed.

The *beneficiary* should use the <u>same cost basis</u> already used in other contracts with the Commission within FP7 or if it is a new comer as contractor, it should **select a cost basis** **and maintain it for all its participation in FP7 contracts. Where organisations submit proposals from various departments, it is essential that the first approved proposal basis is used by all departments in future proposals.**

6.1.2   Fixed indirect costs option

This allows all eligible direct costs to be charged to the project with a flat rate to cover indirect costs. Direct costs are reimbursed at different rates according to the activity and project type. A flat-rate rate of a maximum of 20% calculated on the eligible costs of the action, excluding those related to subcontractors (including third parties), is allowed to cover all related indirect costs.

This choice is critical from a financial point of view. **We strongly recommend every commercial organisation to use an accountant experienced with the rules to determine the best model and assess the overhead rate as applicable.** Virtually no new participants do this and most end up receiving substantially less funding than they could have received.

6.1.3   Transitionary derogation for transition from AC

A transitionary rule will permit those organisations who cannot identify project indirect costs (i.e. previously could have used the AC model) to optionally claim more than the default 20% fixed overheads for projects under calls that close during the first three years of FP7. For projects resulting from calls closing until 31 Dec 2009, they can use 60% overheads and for projects resulting from calls closing the calendar year ending 31 Dec 2010, they can use 40%.

An important change for those that could previously have used AC is that permanent staff can now be funded, however they would receive less for Demonstration activities than under AC rules.

6.1.4   Costing Notes

The EC funding limits for each activity, together with the limits established by the Community framework for State aid and the principle of the co-financing, define the financial "regime" applicable to the contractors.

6.1.5   Rates of Support per activity type

The types of activities per instrument are as follows:

Types of instrument or actions / Types of activities	Research & technological development or innovation activities	Demonstration activities	Training activities	Management of the consortium activities	Other specific activities*
Network of Excellence				●	●
Large collaborative projects	●	●	●	●	●
Small collaborative projects	●	●		●	
Cooperative research	●			●	
Collective research	●		●	●	
Coordination or Networking actions				●	●

The percentage of funding to be expected will not exceed the following rates per activity.

Maximum reimbursement rates of eligible costs	Research & technological development	Demonstration activities	Training activities	Management of the consortium activities	Other specific activities*
Network of Excellence				100%	100%
Large collaborative projects	Large industrial companies 50% Others 75%	50%	100%	100%	100%
Small collaborative projects	Large industrial companies 50% Others 75%	50%		100%	
Specific research project for SMEs	Large industrial companies 50% Others 75%		100% (for collective research only)	100%	
Coordination or Networking actions			100% for CA	100% (indirect costs: flat rate 7%)	100% (indirect costs: flat rate 7%)

* Other specific activities means:
> - for NoE Joint Program activities, except consortium management
> - for CA: activities except consortium management
> - for SA: any specific activity covered by Annex 1

The members of the consortium can decide how to distribute the financial contribution received from the Commission. This may be in strict accordance with the reimbursement rates made by the Commission or may be in accordance with the consortium's preferences. Whatever the choice, it is important that it is clearly indicated in the consortium agreement in order to avoid problems.

6.1.6   *Mixed systems*

Where a legal entity has a MIXED accounting system (composed of one which allows to distinguish indirect costs and another which doesn't allow it), so long as the direct costs of the project can be identified, the normal model can be used. Where it is not possible to distinguish the share of the direct and indirect costs to this project it is possible to use the derogation model, so long as the legal entity meets the criteria for its use.

6.2   Allowable Consortium Management Costs at 100%

Costs for management of the consortium shall be reimbursed up to 100% of the incurred eligible costs. But what constitutes management costs? There are two categories:

1. The following costs must be included here.
- Audit certificate costs (but without overhead as it is technically viewed as a subcontract)
- For large collaborative projects and NoEs, the costs of implementing competitive calls by the consortium (Publication and Evaluation) to find new members (if required)

2. The following may be included in the consortium management cost activity
- Updating and managing the consortium agreement (incurred after project start only)
- Managing at a consortium and participant level of the technical activities of the project
- Overall legal, contractual, ethical, financial and administrative management of the consortium
- Co-ordination at consortium level of knowledge management and other innovation related activities

● Overseeing promotion of gender equality in the project
● Overseeing science and society issues related to the research activities

The first category above takes precedence over the second within the permitted funding levels. Overheads can be added to management costs except for subcontracts, third party costs and audit certificates (regarded as subcontracts) and other direct costs, where the overheads have been calculated as a percentage of salaries. Generally consultants should be partners, not subcontractors.

The consortium management costs will not be limited to 7% as per FP6. However, the ceiling level will be subject to contract negotiations - in ICT very strong justification will be required for levels higher than 7%.

6.3   Explanation of activity costs

6.3.1   Research Costs

Research cost would normally cover all the material/immaterial resources deployed by the participant to carry out the research activities as indicated in the Annexes to the action. Those activities are strictly attached to generation, expansion and deepening the scientific and technological knowledge and to the achievement of identified scientific/technological objectives and relevant deliverables according to the time schedule of the project.

6.3.2   Demonstration Costs

Demonstration costs cover those activities of the project which can be seen as demonstrating in a real live use environment a product to prove their viability for future applications and commercialisation. I strongly suggest that in ICT projects this is avoided and in place of it either "Trials" or "result validation" are carried out on prototypes or pre-production systems and as appropriate classified under the Innovation or Research activity types respectively.

6.3.3   Innovation Costs

Consortia are encouraged to include **innovation-related activities** in their project, and such activities will be supported by EC funding under the same conditions as R&D activities.

Typical examples of innovation-related costs include:

1. **intellectual property protection**: protection of the knowledge resulting from the project (including patent searches, filing of patent (or other IPR) applications, etc.);
2. **dissemination activities** beyond the consortium: publications, conferences, workshops and Web-based activities aiming at disseminating the knowledge and technology produced;
3. **studies on socio-economic aspects**: assessment of the expected socio-economic impact of the knowledge and technology generated, as well as analysis of the factors that would influence their exploitation (e.g. standardisation, ethical and regulatory aspects, etc.);
4. **activities promoting the exploitation of the results**: development of the plan for the use and dissemination of the knowledge produced, feasibility studies for the creation of spin-offs, etc, "take-up" activities to promote the early or broad application of state-of-the-art technologies. Take-up activities include the assessment, trial and validation of promising, but not fully established, technologies and solutions, and easier access to and the transfer of best practices for the early use and exploitation of technologies. In particular, they will be expected to target SMEs.

In addition, innovation costs cover also those activities carried-out by "*organisations that possess specific competence in management, dissemination and transfer of knowledge*" which are allowed to participate in FP7 projects, even if they don't carry out any R&D activity.

6.3.4 Eligible Costs

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

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

6.4   Personnel costs

Under FP6 contractors were not permitted to use average employment costs. They are now permitted – as long as the average is a fair representation of the salaries of those charging to the project. Averages are normally also used to estimate the project budget over its duration.

All eligible costs must be determined in accordance with the beneficiaries' usual accounting principles. As far as productive hours are concerned, contracting parties must calculate their specific productive hours according to their normal procedures (taking into account national holidays, illness, training, etc.).

Beneficiaries using direct staff hours would normally apply a utilisation rate (i.e. hours actually used after holidays, sickness, etc). This utilisation rate must be calculated for the life of the project and must reflect the real productive hours.

If a legal entity established in a third country participates without receiving any EC funding, it has to calculate the person months and costs according to its usual accounting and management principles. This input should be identified in the technical annex to the grant agreement (Annex I) and the budget estimated for that beneficiaries' costs be included as part of the total costs of the project (but not part of the estimated maximum EC contribution). If a legal entity established in a third country receives EC funding, it is treated like any other beneficiary: it must meet all the provisions of the contract including those concerning the eligible costs .

Working time to be charged must be recorded throughout the duration of the project through any effective tool (including time sheets), in accordance with the contractor's normal accounting rules. The person in charge of the work designated by the contractor should certify the records. An estimation is insufficient. Employees normally record time sheets on a daily basis while the certification of the person in charge could be done monthly. Certified time sheets must include the person's identity and her/his time spent on the project. If the person is working in different "activities" under the contract it is necessary to be able to distinguish among the tasks as they relate to each activity. ("activity" here means at a specific rate.) In addition, a full overview of the working time should be possible in the event of an audit (i.e. for persons working part-time on the project it should be possible to determine where their time was spent when not on the project).

6.4.1   Personnel Definitions

The definition of personnel necessary to carry out the activity (RTD, Demonstration, etc) should conform with the following cumulative criteria:
1. Directly employed by the beneficiary in accordance with national law
2. Under the beneficiaries' sole technical supervision (in essence the technical output must belong to the contractor)
3. Remunerated in accordance with the normal practices of the beneficiary provided these are acceptable to the Commission.

6.4.2 Personnel Status

On the other hand different categories of the "status" of personnel can be possible:

- "Permanent employee", who has a permanent working contract with the legal entity.
- "Temporary employee", who has a temporary working contract with the legal entity.
- "In-house consultant" or "intra-muros consultants" is a worker that, in addition to the two conditions mentioned above, fulfils simultaneously the following conditions:

> Works in the offices of the concerned participant;
>
> Works only or mainly for this participant;
>
> Has a "work contract" with this participant;
>
> The "work contract" mentions explicitly the tasks he has to perform in the indirect action supported by the Commission in which this participant is involved;
>
> The participant may effectively control and assess the performance of the work assigned to this intra-muros consultant;
>
> By way of explanation, it is implied that the consultant makes use of the employer's administrative services, and therefore has no "overheads" of his own. By way of explanation, it is implied that the consultant makes use of the employer's administrative services, and therefore has no "overheads" of his own.

For the justification of the costs incurred, in the case of "work contracts", <u>the costs excluding VAT</u>, should be taken from the invoice received for the work performed. Invoices should indicate the project on which the persons have worked, the tasks carried out and the hours spent.

6.4.3 Overtime

The Commission will not normally approve payment of personnel costs in respect of overtime payments. Assuming your organisation rules allow it, overtime is allowed if you work 100% of your time on one project only. The problem arises when you work on more that one project because you cannot identify which project the overtime belongs to. Therefore, if you work on more than one project overtime is disallowed.

6.5   Overhead Costs

Prior to FP6, overhead costs were applied generally to personnel costs, however in FP7 they can be applied more broadly as was the case in FP6.

6.5.1 Overhead Calculation

Direct costs are those costs directly related to the project, which can be clearly identified and justified by the accounting rules and principles of the beneficiary. Overhead costs (also referred to as Indirect costs) are those costs which are not directly related to the project, not identified as direct costs and which do not include any costs already directly charged to the project. They are determined in accordance with the accounting principles of the beneficiary but must be related to the project, subject to audit trail and be real.

The calculated overheads could include the following types of costs:

- in house technical service departments utilised by project such as QA, design services
- allocations for internally funded R&D if it is normal practice
- costs related to general administration and management;
- costs related to ongoing professional training of staff
- costs of office or laboratory space, including rent or depreciation of buildings and equipment, and all related expenditure such as water, heating, electricity, maintenance, insurance and safety costs;
- communication expenses, network connection charges, postal charges and office supplies;
- depreciation on common office equipment such as PC's, laptops, office software;
- miscellaneous recurring consumables.

See 6.7 below regarding non-eligible costs.

The *beneficiary* should use his own "normal" accounting basis for calculating overheads, whether it is based on salaries only or on all direct costs. The reporting rate is based on historic accounting information per published accounts of the organisation.

The indirect costs claimed must be based upon the actual costs for the life of the project not on the last set of financial accounts. Only indirect costs relevant to the project are eligible and they have to be actual costs for each period concerned. While an estimate can be used to identify the expected costs over the life of the project, only actual costs may be claimed at each reporting period. Any necessary adjustments to reflect corrections to amounts claimed in a previous period must be identified in the subsequent period.

The basis for allocating the indirect costs (e.g. project direct staff hours / total direct staff hours) must be calculated for the life of the project. It is not possible to use the figure (e.g. total direct staff hours) for the period of the last financial accounts. Only indirect costs relevant to the project are eligible and they have to be actual and adjusted where they deviate from the estimates.

6.5.2 *Flat rates for indirect costs where applicable*

It is possible for organisations that claim not to be able to identify their indirect costs to choose not to calculate their overheads and charge a fixed rate of 20% of direct costs except any subcontracting and third party costs. In these cases, either the *beneficiary* has opted for the flat rate or is not capable of identifying its real costs. However see the transitional derogation option in 6.1.3 above.

Indirect costs covered by a flat rate should normally include all costs related to general administration and management. Subject to the accounting principles of the *beneficiary* the following items:

- costs related to general administration and management;
- costs of office or laboratory space, including rent or depreciation of buildings and equipment, and all related expenditure such as water, heating, electricity, maintenance, insurance and safety costs;
- communication expenses, network connection charges, postal charges and office supplies;
- common office equipment such as PC's, laptops, office software;
- miscellaneous recurring consumables.

Therefore, beneficiaries using this flat rate should not try to charge such costs direct to the project.

6.5.3 *Example of third party costs eligible for project and conditions for acceptability*

Third parties making available resources
- "Third parties" to be indicated in Annex I
- Costs may be claimed by the beneficiary
- Resources "free of charge" may be considered as receipts

Resources placed at the disposal of a participant by third parties could be eligible and therefore be refunded. This provision was introduced in FP6 and was specifically conceived with a view to encouraging the participation of common legal entities (e.g. EEIG and similar entities without legal personality) instead of its members.

This provision is implemented in practice as follows:
- In accordance with the Rules for Participation, this provision requires that a prior agreement between the third party and the beneficiary exists prior to the signature of the EC grant agreement. The contractor has to submit the aforementioned **agreement to the Commission during the negotiation phase.** In the event of agreement of the Commission the third party and its tasks, will be mentioned in Annex I of the grant agreement. Any other provision that could emerge during the implementation of the action cannot be considered as potential eligible cost from a third party.
- These costs, even if incurred by a third party, will have to be certified by an external auditor, and

they are under the contractor's responsibility, which will declare them for its account.

If you cannot comply with the above then it could be classed as a receipt to the project

6.5.4 *Overheads on "Consortium Management Costs"*

Beneficiaries may charge overheads on consortium management costs using the same basis as for all other costs except subcontracts, audit certificates and third party costs. Normally the percentage would be as defined by the organisations normal accounting principles, either on all direct costs or salaries only, depending on standard basis within the organisation.

6.6 Equipment costs

Depreciation of durable equipment should be applied according to the organisation's normal practice.

However complying with the principle of sound financial management, the cost claimed for durable equipment leased with option to buy cannot exceed the costs that would have been incurred if the equipment had been purchased and depreciated under normal practices. (i.e. interest element must be excluded).

The following formula gives an indication on how to calculate depreciation that could be charged to the project, for contractors **using accrual based accounting system**:

Depreciation = A/B x C x D
>   Where:
>   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: as per regular accounting practice for the organisation within its published accounts
>   C = the actual cost of the durable equipment,
>   D = the percentage of usage of the durable equipment for the project.

The durable equipment may be purchased or leased with option to buy.

Normally the depreciation should be a linear and contractors cannot charge the total depreciation cost of the durable equipment in their first financial statement.

On the other hand, those beneficiaries **using cash based accounting system,** they may charge the total depreciation cost of the durable equipment in the first financial statement, providing that they buy and use it for the project this durable equipment during this first financial/scientific period.

Many Universities and Public Research Institutes operate cash based accounting system. In this system, there is no accrued accounting for depreciation. Consequently an appropriate charge (the proportion of the cost of equipment used on the project) for depreciation is normally made on a one-off basis in the same year of the purchase of the equipment.

As a consequence, beneficiaries using a cash based accounting system may have their depreciation costs of durable equipment reimbursed in a single amount in line with their normal accounting system. In other words, they may charge the total depreciation cost of durable equipment in the financial statement covering the period of purchase of this durable equipment.

To avoid misunderstandings, such contractors must declare in their financial statement that they use cash based accounting system.

6.7 Non-eligible costs

Costs calculated in accordance with other conventions e.g. "current costs", "notional rents", "opportunity costs", etc. are not eligible. Therefore, no notional costs should be charged, e.g. in respect of revaluation of buildings or capital equipment, estimated or imputed interest, estimated rentals, etc.

Costs, which are not eligible, include in particular:
"return on capital employed", including dividends and other distributions of profits
- provisions for possible future losses or charges
- costs related to any interest
- provisions for doubtful debts
- unnecessary or ill-considered expenses
- marketing, sales and distribution costs for products and services, unless they are <u>directly related to and necessary for the action</u>
- indirect taxes and duties, including VAT
- any cost incurred or reimbursed from other sources such as in respect of another Community project
- leasing costs (or part thereof) where the leasing arrangement has the effect of unnecessarily increasing the charge made to the project (e.g. where the cost without interest of the leased equipment is higher than if purchased).

6.8 Costing of Network of Excellence

In a Network the funding determination is entirely different. The maximum annual payment to the Network is determined by the number of researchers. Please note that the grant is determined by the "number of researchers to be integrated" and this is determined as of numbers on date call closes. The lump sum would be € 23,500 per researcher per year (with update every two years)
Addition of further partners during project will not increase the funding.

The financial regime for Networks of Excellence is based on the concept of an incentive for integration; i.e. a fixed amount to support the Joint Program of Activities. The estimation of the financial amount of the grant takes into account the degree of integration (by defining a minimum threshold to be reached in the evaluation), the number of researchers to be integrated, the characteristics of the research field and the joint programme of activities. Grant agreements for Networks of Excellence will contain a table such as the following to determine the average annual amount of the grant:

50 researchers	€ 1 million/year
100 researchers	€ 2 million/year
150 researchers	€ 3 million/year
250 researchers	€ 4 million/year
500 researchers	€ 5 million/year
1000 researchers and above	€ 6 million/year

The grant for an intermediate number N of researchers would be calculated by linear interpolation:
A - nearest lower given number, B – nearest upper given number, G_A – given grant for A researchers, G_B – given grant for B researchers:
Grant for N researchers: $G_N = G_A+(G_B-G_A)/(B-A)*(N-A)$

In addition to the amount calculated on the base of the above table, an additional amount of 4,000 Euros per year (up to a maximum of 10 % of the grant for the researchers) will be granted for each registered doctoral student in the network. Note – above figures are "maximum grant" - in many cases it will be only a proportion of it.

For the disbursement of the grant it must be demonstrated that costs of at least the value of the grant are

used for the implementation of the Joint Program of Activities and that the cost of integration does not exceed 25% of the costs of the RTD activities integrated.

An important point is that in order to claim their costs in a cost statement, participants must account for their claimed costs in an identical way as for IPs or STREPs. i.e. they will calculate it based on their chosen rates for expenses incurred in the JPA. It will normally be the case that there may be no relationship between the proportional calculation of the budget, based on researchers to be integrated and the costs claimed. i.e. the number of researchers contributes money to the central budget but it can only be withdrawn as expenses are incurred as per the JPA.

6.9   Creating a Participant's Budget
There are differences between the type of Instrument and the activity. This section is purely an overview of the things to be taken into account. Please note that there are no predefined rates or costs. Budgeting should be done on expected actual costs to be incurred.

6.9.1   Items common to all costing methods
It is vitally important for each participant to involve an accountant experienced in the new FP7 rules to determine the best costing option for the organisation. If the organisation has existing FP7 contracts, it should continue to use the chosen method. However it is possible, within certain constraints, to change this.

The accountant should also calculate, for budgetary purposes, the man rate or rates to be used for this participant for this proposal. This rate is made up of two distinct parts: the salary and the other costs of employment. The gross salary should be a future estimate with allowance for inflation built in. Added to that should be non-salary costs of employment such as employers social security, any payroll tax, retirement plan, insurance, provision for severance pay, car or other benefit. Each of those is of course highly dependent on the norm for the individual country. These two parts together make up the base cost of employment.

We assume in this section that the number of man months or man days that the participant is entitled to for each activity that he will contribute has been agreed within the consortium.

The calculation of labour cost should be straight forward, if the number of man months and their costs are already known.

Other costs should now be addressed. The principal of those will be international travel, equipment and sub-contracts. The travel to be expected should be calculated by number of expected trips per activity and the normal cost of a trip which comprises travel, accommodation and living expenses. The acceptable levels for those would be those recognised within each country by the tax authorities. Equipment should be handled as per 6.6 above.

Sub-contracts are somewhat different in that they include projected audit costs (see 6.11, below) as well as other sub-contracts as justified in the proposal and not related to core activities of the project. Such work should be minimised (see also 6.16, below).

In addition to the above other costs such as material should be identified and taken into account. It is also important from an administrative point of view to have a split of all costs by activity type.

Finally non-large commercial organisation participants can choose to add 20% for unspecified overheads to everything except sub-contracts and third parties. See 6.1 above and 6.9.4 below.

6.9.2   The fixed overhead participant
Main point here is first to have a check undertaken to ensure you are not better off using the calculated

overhead option. As otherwise the overhead is only 20%, if you can justify say 40%, you would be better off. In case of doubt, you may wish to postpone the use of an external expert to determine your valid overheads until your proposal is accepted. In those cases, I would advise to put down some rate such as 50%, as thought appropriate. During contract negotiations, when you more or less know you will get funded you can always request less and even revert to the 20% option. The point being, when you establish in a proposal a budget, it is very difficult to get it increased. It is relatively easy to give some back! However, in the latter case, try increasing your budgeted manpower to use up available budget! Most people underestimate to keep proposal costs low.

6.9.3 The calculated overhead participant

See 6.5.1 above for details of what can be included in your calculated overheads. The Commission says it will accept the current practice in a company for computing of R&D overheads. Most companies do not have such a system set up, so this is an opportunity to establish one of maximum benefit to you with respect to what you can claim. A danger is that a company may be participating in other external funded R&D programs with their own more restrictive rules. There is no compulsion to use this in calculating your overheads.

6.9.4 Note on NoE budgeting

Although the overall grant requested will be calculated by the number of researchers integrated – see 6.8, above, the Joint Program of Activities in my opinion should be costed as per other types of projects. If for no other reason than to justify the requested funding.

6.10 Receipts of the Project

As under FP6, projects can be partially funded from other sources. In these circumstances, the income should normally be deducted from the relevant costs before calculating the costs for purposes of the EU contribution (whether it be 50%, 75% or 100%). In addition, contributions in kind (staff or technical assistance from a third party, equipment, materials etc.) should be reported. Receipts should have a neutral effect on the EU contribution since the income and expense are identical. However they must charge and report it. In this case, the "equivalent cost" will be a full receipt.

6.11 Claiming costs in a running project

Payment modalities:
- One pre-financing (upon entry into force) for the whole duration
- Interim payments based on financial statements (payment = cost accepted * funding rate)
- Retention (10%)
- Final payment

In an R&D project, claims are normally made at the end of each year or occasionally at the end of six months from formal start date of the project via a Cost Statement. The actual period is determined during contract negotiation. It is foreseen in FP7 that for example STREPs may be able to negotiate substantially different periods with valid reasons. The cost claim is submitted to the Coordinator by each partner within thirty days, normally with an Audit Certificate. It is usually accompanied with a progress report. These are then consolidated and checked by the Coordinator who passes them onto the Project Officer for checking and payment less any advance. The Commission normally has sixty days to pay with interest due if they are late. Time spent while waiting for any supplementary information or justifications is not included in the sixty days. The key source of information with respect to this aspect is the contract and in particular Annex 2.

6.11.1 Dealing with Exchange Rates in Financial Statements

Contracts, funding, payments and cost statements in FP contracts are all in Euros. Several EU Member States and all Associated States use currencies other than the Euro. Thus there is some risk in taking what is effectively a fixed price contract in a foreign currency.

It has been normal practice and usually mandated by FP contracts, when submitting periodic cost statements to use the official Euro exchange rate of the first of the month following the period. The official monthly exchange rates are made available on the web under the Europa server. Currently at http://europa.eu.int/comm/budget/inforeuro/ In the past when there has been wide fluctuations of the Euro against other currencies this has caused some problems and a great deal of concern in some organisations. Although there was always means to minimise or offset at an organisational level, the problem was addressed in FP6 directly. In FP6 they introduced a different in the exchange rate policy. It is now possible in the cost statement to choose to convert the previous period on a monthly basis as costs are incurred at the then current rate. However you have to stick with one method for the whole cost period. This hopefully will give some relieve from currency fluctuations.

6.12   Audit Certificates or Certificates on Financial Statements
Audit Certificates are now formally called "Certificates on Financial Statements"
- Certificate is compulsory whenever the cumulative amount of interim payments and balance payments to a participant is equal to or more than 375,000 Euros.
- For indirect actions up to two years, only one certificate shall be requested.
- No certificates if action is entirely reimbursed by means of lump sums or flat rates
- The Certification process itself is new, see 6.12.1 below

Having beneficiaries provide audit certificates with cost statements allows payments to be made more quickly and enables each payment period be considered as final. This is all for the clear benefit of all participants and should remove a serious previous obstacle to smooth running of projects.

For each period for which an audit certificate is required, each beneficiary shall provide an audit certificate prepared and certified by an external auditor, certifying that the costs incurred during that period meet the conditions required by the agreement. The certificate should expressly state the amounts that were subject to verification. Where third parties' costs are claimed under the contract, such costs shall be audited in accordance with the provisions of the contract.

The cost of this certification is an eligible cost under the activity relating to Management of the consortium. Each contractor is free to choose any qualified external auditor, including its usual external auditor, provided that it meets the cumulative following professional requirements:
>   a) the external auditor must be independent from the contractor;
>   b) the external auditor must be qualified to carry out statutory audits of accounting documents in accordance with the 8th Council directive 84/253/EEC of 10 April 1984 or similar national regulations.

Certificates can be be provided by independent auditors qualified under the 8th Directive.

A beneficiary that is a public body, secondary and higher education establishments and research organisations may opt for a competent public officer to provide certification, provided that the relevant national authorities have established the legal capacity of that competent public officer to audit that public body.

Certification by external auditors according to the contract does not diminish the liability of contractors according to the contract nor the rights of the Community with respect to carrying out its own controls and audits.

The reasonable cost of audit certificates should be included in the management costs of a project (see 6.2 above) and are then 100% refundable (except for VAT) by the Commission within its contribution. As previously mentioned, overheads can not be put on this cost as it is regarded as a sub-contract.

6.12.1 Certification

Certification is new in FP7.

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

Certification on Financial Statements (CFS) = AUP for expenditure verification

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

Certification on the methodology = AUP for system verification aims at certifying the methodology of calculating (average) personnel costs and overhead rates

- Valid throughout FP7, on a voluntary basis, must be accepted by EC
- Particularly aimed at legal entities with multiple participations. Waives the obligation of certificates for interim payments
- Simplifies certificate for final payment

Advantages for system verification

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

6.13 Accounting Principles

First of all it is vital that you read the Commission documents "Financial Rules" which at time of writing have not been formally released. Note that in FP5 and FP6, the Financial Guidelines were only a draft for the duration of the program and were non-binding.

All organisations, including universities and other public institutions must keep proper books of account and supporting documentation to justify their eligible costs claimed that they charge and relevant documentation must be kept for a period up to five years after the end of the action.

Explanations and justifications, especially concerning the allocation and apportionment of overheads, must be readily available for inspection by the Commission and its authorised representatives and by the European Court of Auditors.

Each potential beneficiary must satisfy the condition that it will have all the necessary resources as and when needed for carrying out the action. In preparing Financial Statements the following principles must be applied:

1. The participant must be presumed to be carrying on its business as a going concern
2. The methods of valuation must be applied consistently from one financial year to another

The Financial Statement should possess the following qualities that render the information they present useful to the readers; they must be:

1. <u>Understandable</u>. Excessive detail and overly complex reporting formats should be avoided. Information should be presented clearly and simply.
2. <u>Relevant</u>. Relevant information is timely and covers full nature and extent of the financial activities presented. Information is relevant if it helps those who use it to carry out their activities.
3. <u>Reliable</u>. Reliable information represents what it purports to represent. It is accurate within acceptable tolerances, free from bias, complete and verifiable.
4. <u>Timely</u>. Information cannot be out of date and must reflect the most recent information available.
5. <u>Consistent</u>. To be understandable, financial reporting should be presented on the same accounting basis to the extent possible. If the basis of accounting and presentation has changed from one *accounting period* to the next because, for example, a more appropriate accounting policy or standard has been adopted, this fact and the effects on the financial report resulting there from should be highlighted and explained clearly.
6. <u>Comparable</u>. As with consistency, the basis of accounting and presentation, and the effects of any changes from one period to the next, should be highlighted and clearly explained.
7. <u>Materiality</u>. Insignificant events may be disregarded, but there must be full disclosure of all important information. Therefore, an item is material if its disclosure is likely to lead to the user of accounting information to act differently.

The external independent auditor in performing its duty has to confirm that above-mentioned principles and factors concerning the quality of information are fulfilled and financial statement gives a true and fair view of the financial position corresponding with the underlying economic reality. Financial statements must be derived from the generally used accounting system of the contractor. The contractor must be able to verify the audit trail between the financial statement and its bookkeeping (general ledger) regarding all transactions recorded in the financial statement.

6.14 Example of different bases of cost calculation

This example is the potential effect on a University (all 3 possibilities) or on an SME (only first two possibilities unless it cannot identify its overheads) depending on its choice of cost model for the identical work.

Overhead method	Calculated at 90%	20%	Derogation
Project labour costs (permanent and temporary)	100	100	100
Other direct costs, excluding subcontracts/3rd parties	25	25	25
Total direct costs	125	125	125
Overheads: 20% of direct costs		25	
Derogation 60%			75
Calculated at 90% of direct costs	112.5		
Subtotal	237.5	150	200
EU contribution: (say)			
RTD 75% of 99% of cost	173.3	93	148.5
Management at 100% of 1% of cost	2.4	1.62	2
Funding	175.7	95	150.5

Please note that this does not include other possibilities such as "demonstration" which is different in FP7.

6.15 Participation without funding

In FP7 it is possible for legal entities from EU countries to participate without receiving funding. Their costs will be taken into account for calculating the total cost of the project but not the Community financial contribution. For these cases, the contract can include the special clause for such contractors, indicating that they are not subject to financial audits and audits on accounting and management principles referred to in Article II.29.1. As a consequence, Section 1 of Part B of Annex II (eligible costs of the project, direct costs, indirect costs, cost reporting models, receipts of the project Community financial contribution, reimbursement rates, audit certificates, interest yielded by pre-financing provided by the Commission, payment modalities) do not apply to those contractor(s).

6.16 Pre-financing

Interest on pre-financing - the guidelines are clear that bank interest earned by the coordinator on pre-financing monies is a receipt of the project. The Financial Regulation requires that interest earned from the pre-financing by the coordinator is a receipt. The FP grant agreement will say that "the coordinator shall inform the Commission of the amount of any interest or equivalent benefits yielded by the pre-financing **it** has received from the Commission." The Community financial contribution shall be offset by any interest or equivalent benefits yielded by the pre-financing of the project. However, interest earned by contractors once the pre-financing has been transferred to them is not declared as a receipt.

The pre-financing provided to the contractors remains the property of the Commission until reimbursed to the contractors. The pre-financing will be spent continuously from the moment it is transferred until the financial statement is accepted. On the other hand, the principle of co-financing also means that the contractors should draw equally from the pre-financing and from their own resources during each period.

6.17 Sub-contractors

As a general rule beneficiaries must have the capacity to carry out the work themselves. Subcontracting is a derogation to this general rule and is limited to specific cases.
- Subcontracts: Tasks have to be indicated in Annex I
- awarded according to best value for money
- External support services may be used for assistance in minor tasks (not to be indicated in Annex I)
- Specific cases: EEIG, JRU, affiliates carry out part of the work (special clause)

6.17.1 Conditions related to activities subcontracted:
1. Subcontracts may relate only to a limited part of the project They may only cover the execution of a limited part of the project. Therefore, generally core elements of the project can not be subcontracted.
2. Recourse to the award of subcontracts must be justified having regard to the nature of the action and what is necessary for its implementation.
3. Even though certain services may be performed by a subcontractor, the contractor maintains fully responsibility for carrying out the project, retains the intellectual property generated, if any, and must ensure that certain of provisions of the grant agreement are reflected in the agreement with the subcontractor.
4. The subcontractor must be a legal entity.
5. Subcontracts are carried out only by third parties. Subcontracting between contractors is not possible, except in very particular cases (It might be the case where a different independent department of one contractor, not involved in the project, has provided a service to another contractor. However, this should be avoided to the extent possible.)
6. Any subcontractor, whose costs will be claimed under the project, must be made to the best bid based on price/quality and in compliance with the national legislation of the contractor concerned.
7. A subcontractor is not considered as a participant. A subcontractor is a third party carrying out tasks identified in Annex I or other minor tasks not relating to the core work of the project, by means of a subcontract with one or more of the contractors.
8. As a third party, the subcontractor is not reimbursed by the Commission directly but by the contractor

on the basis of the agreement concluded between the contractor and the subcontractor. Once the subcontractor is paid by the contractor, this contractor will be able to claim the reimbursement of that subcontracting expense to the Commission as a form of direct eligible cost.

9. As direct eligible costs, the reimbursement rate of subcontracting cost will depend on the type of activities under which the cost of the subcontract has been incurred and the instrument in which the contractor is participating.

10. VAT is a non-eligible cost. Therefore eligible costs of subcontracting exclude VAT. For example, where the total price paid for a subcontract is €1,200 (the cost of the services were €1,000 and the VAT €200), the direct eligible cost is € 1,000.

11. Subcontractors do not submit Financial Statements. However, the costs incurred by the contractor for subcontracting must be identified in the contractor's Financial Statement. The contractor must ensure that its audit certificate also covers the eligible costs of the amount paid to the subcontractor.

6.18   Internal or intra participant cross purchasing

In many projects the situation often arises where a participant wishes to make use of a product, equipment, service or material that it itself supplies as part of its normal business. It has traditionally been possible to put such a charge against the project for this when required if it has been foreseen in the Technical Annex and the amount can be shown not to contain any profit. This can be demonstrated if the price can be build up from its manufacturing or supply cost and not as a discount on its normal selling price. In the past I have used the "internal transfer price" that the company normally used for in house purchase of its own products.

A similar situation often arises if a partner requires to buy a product from a different partner for use in the project. The same answer applies i.e. if a non-profit cost is used and it has been foreseen in the Technical Annex to the contract.

In all such cases, it is advisable to discuss this specifically with the Project Officer ahead of time with agreement in writing in case of any future questions on the subject. This is particularly important as it is obviously an area if not strictly supervised could lead to significant abuse.

6.19   Financial Guarantee Fund

In FP7 this replaces financial collective responsibility. It will be established and operated by the Commission. Each participant will make a contribution to the guarantee fund of maximum of 5% of the EC contribution, to be returned at the end of the project.

If interest generated proves not to be sufficient to cover sums due to EC, a retention of a maximum of 1% of EC contribution will be made at the project end. There will be an exemption of retention for public bodies, higher and secondary education establishments, legal entities guaranteed by a MS/AC.

Ex-ante financial viability checks limited to coordinators and participants requesting > EUR 500.000 (unless exceptional circumstances)

This is a completely new facility introduced in FP7 to try to counter the many problems experienced in FP6 by the collective Financial Responsibility, especially by SMEs.

The plan is that all participants will receive 90% advances instead of 85% as in FP6. However 5% will be withheld and put into a central guarantee fund managed by the European Investment Bank. The interest on the deposits will be kept by this fund.

When a project completes, this 5% will be returned to the participants with the final payment except for participants not covered by government guarantees (i.e. most commercial organisations except state owned ones). Those participants will have 1% withheld by the fund if required.

If during a project, a partner defaults financially and the partners decide as a result to terminate the project, then the fund will ensure that they are all paid for completed accepted work. If the partners decide to continue work, then the fund will compensate the project for any lost funding caused by the default. In both cases the Commission would then pursue the defaulting partner for the lost funds. Any recovered funds would go back into the guarantee fund.

6.20 Reporting

Periodic reports to be submitted by coordinator 60 days after end of period
- progress of work
- use of resources
- Financial Statement (Form C)

Final reports to be submitted by coordinator 60 days after end of project
- publishable summary report, conclusions and socio-economic impact
- covering wider societal implications and a plan on use and dissemination of results

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

7 Use of External Consultants

Most companies and organisations, especially those new to the program, tend to use external consultants to assist them in becoming involved and frequently also during the project itself. Given that the rules, language and customs of the Program are substantially different from other Programs, such use of consultants could be extremely helpful and assist new organisations to have a successful experience.

This section tries to provide some background on the use of consultants to ensure successful projects and value for money on all sides. Most of what I write here is common sense but must only be taken as opinion, hopefully informed, of what you should expect and what the options are. **As with most other activities, it is important that someone in your organisation be the champion and either himself or someone else in the organisation is appointed who has the day to day responsibility for the activity and works closely with the consultant and to learn the process.**

Another impact of the is that the formal split of funding between participants in an approved contract is not in the contract, only an "indicative" split. This raises the problem for some consultant contracts which are whole or partially based on a success fee. See discussion below under 7.3.5.

7.1   How to select a consultant

As with use of any subcontractor there are a few basic guidelines. I of course am completely unbiased. However, the following would be a sensible way to proceed –
- Discuss with organisations who already have projects which consultants they would recommend
- Access any lists of available Framework Program consultancies
- Invite several to come and present what they would offer to you
- Ensure they discuss their modes of payment and operation (see below)
- Ask each consultancy for reference customers and previous successes
- Check if each has served as an evaluator in a related EU program (this is not mandatory, but is an added endorsement) - even having access to an experienced evaluator is very useful
- Take up references
- Have your lawyer check the contract and ensure you understand its implications
- Choose a suitable one after considering the rest of this chapter

7.2   What their role should be

Do not expect the consultant to do all the work for you – this is undesirable even if they wish to. A consultant should be used to assist you in participating in a winning proposal. The emphasis should be on assist. In addition to the actual work related to the proposal, you should avail yourself of the opportunity to learn and understand the process. Consultants are best used for any combination of the following tasks -
- Informing your organisation of the options
- Assisting you to identify business reason to participate and goals
- Assistance in identifying appropriate technical topic
- Checking the validity of the selected technical topic i.e. its appropriateness vis a vis what you wish to achieve
- Assisting you in finding partners or proposal to join
- Assisting in preparation of heads of agreements within the consortium
- Assisting you on appropriate cost model to use and, as necessary, estimating your overhead rate
- If you are coordinator, assisting you in writing the proposal
- Project Managing the proposal process
- Assuming the evaluation is positive, assistance in contract negotiation
- Finally, assistance in setting up the new project, including your in-house systems

However you should first understand which of the above you can carry out yourself (if any). You can then utilise consultants to carry out or assist in the remaining tasks. Please note that it may be best depending

on specific circumstances to split the tasks between different consultants. Finally, the last two tasks will only be required when the proposal passes the evaluation – you shouldn't contract for this unless there is a dependency on the success of the application.

7.3   Payment methods

Consultants undertake work for a fee. It is important that the method of reward does not unduly cause a conflict of interest. Such conflicts can never be completely avoided but they should be appreciated. They are mainly related to the method of payment. The various options are as follows -

7.3.1   Up front agreed sum for specific work

It is normal to agree a lump sum cost to carry out the preparation and submission of a proposal or partnership in one. It is also possible to agree a phased work plan with staged payments for each activity. Each phase is dependent on successful completion of the previous one.

7.3.2   Agreed sum plus success fee incentive

This is a variation of the one above with some success fee on acceptance of the proposal. Such a success fee is either pre-fixed or more usually related to the amount of funding assigned for the partner employing the consultant. A pre-fixed fee will cause less potential conflict of interest. A suitable criterion for success is receipt of invitation to enter into discussions on a contract. Of course account must be taken of funding changes during negotiation or failure to conclude a contract.

7.3.3   Pure success fee incentive

It is absolutely vital not to have an arrangement that puts your interest in conflict with that of the consultants or at least to minimise the conflict. Thus I strongly advise against retaining consultants purely on a contingency basis. With such an arrangement you may end up with a project that you would be better not being in. However, it may be unavoidable and such contingency fees would quite correctly be higher. As above the success fee could be pre-fixed or a percentage; the former is better.

7.3.4   Project participation

This is almost always proposed in combination with one of the above. It is especially open to misuse and should not be undertaken lightly. Consultants may wish to participate in the project in their own right. In targeted research projects, this should be avoided unless they have something technical to contribute. In IPs and/or NoEs, such a participation is specifically allowed for at 100% funding. It should only be used to cover the administrative and financial part of the coordination, not the technical direction or strategic project management. In particular they should not be permitted to chair the management board.

7.3.5   Problems with Success Fees in FP7

As mentioned in the introduction to this chapter, when a contractor signs a contract with the Commission, only the overall project budget is defined, not the split between participants. There may be some consideration of this in the collaboration agreement but only details for the first eighteen months would be known for IPs for example. Thus a success fee based on a percentage of funding contracted is actually impossible to assess. Percentage success fees as outlined under 7.3.2 or 7.3.3 above must be defined differently. Some options are –
1. Move to a fixed success fee
2. Have a percentage based on total project funding (lower of course)
3. Have it based on the indicated funding breakdown as per the contract with the Commission
4. Have it paid as advance payments are transferred on an annual basis.

7.4   Points to watch

Be aware of the effect of the various practices of consultants can have on your proposal and the benefits accruing to you as a result. I outline below some points to look out for and only to agree to them if you understand the implications.

7.4.1   Fixed or calculated overhead rate

In FP6 SMEs had a choice of using FC or FCF cost model. Although in FP7, they do not have this choice, there is an equivalent choice. That choice is whether to calculate their overhead rate of use the fixed rate option. It appears that for most participants, except the smallest, it will be more advantageous to use a calculated overhead rate. However this implies a check on the level of overheads that would be allowable and this requires expertise on the Framework rules as well as a knowledge of accounting practice. Most consultancies do not have the expertise to correctly assess these aspects. They also may not wish to subcontract a knowledgeable accountant to check it – even though it would normally be an activity that could take only a half-day. Thus they may suggest that organisations use the flat rate overhead without any justification. I believe that all SMEs can justify more than this. It is prudent and worthwhile to employ a financial consultant with knowledge of the Framework Program financial rules.

7.4.2   Rights to the Output

Please ensure that the work done by the consultant on your behalf and paid for by you belongs to you and he has no rights in it. i.e. If a proposal is produced by the consultant, it belongs to you. That you receive the source without any copyright or restrictions. For example you can reuse it for some other purpose or even give it to another consultant or subsequently resubmit it to a different call without him.

7.4.3   Last minute pressure

This is where someone undertakes all the work in preparation of a proposal but at the last minute refuse to submit it unless you pay more than previously agreed. The best way to minimise this is to have a written contract with the consultants and at a minimum a signed agreement with partners well before the cut-off date.

Such problems can also occur with partners. Again, it happened to me on my first proposal in the early eighties. At that time one of our key partners refused to sign the proposal the day before the deadline, unless we gave them a much larger portion of the work. They of course said it was their MD who was insisting. Without them, we could not have submitted and there was insufficient time to get someone else involved. A "heads of agreement" up front could have avoided much conflict.

7.4.4   Consultants signing up your partners

Consultants may undertake work on your behalf and as part of their contract explicit or implicit, insist that any potential partners also sign consultancy contracts with them. Under some circumstances this may be acceptable but at a minimum you should be made aware of this and agree to this in advance because it can result in some of the best prospective partners for you in a business sense being lost. Experienced or large organisations may not agree to such an arrangement and you most likely will end up with a consortium made up of only other inexperienced, small organisations and this will have a much lower chance of success as well as perhaps not meeting your business goals.

7.4.5   Consultants adding you into a consortium where they are already being paid by coordinator

 This is the corollary to 7.4.4 when a coordinator is paying a consultant to help them build a consortium and submit a proposal and he then asks you for additional funding with or without the knowledge of the coordinator. This puts him in a major conflict of interest. You should insist in your contract with you of any other financial interests he may have in this same proposal.

7.4.6   Ensuring you agree with proposal

I am aware of cases where consultants have prepared a proposal and submitted it without it really being understood by the main organisation involved. I have done this myself in the past as a consultant. This may be because no one in the organisation has had the time or the personal commitment to work on it or even to read it closely. It also may be because the consultant did not give you a reasonable opportunity to react or sufficient explanation of the options or consequences of the proposal. In any case, it is vital that you do take the time and understand and agree with what is being proposed in your name.

7.4.7   Use of CRAFT

As previously explained, CRAFT is a type of project where multiple SMEs that don't have an R&D capability require a third party to develop some new technology on their behalf. However the SMEs involved need to fund the other 50% of the R&D and the Research Organisation will not have IPR rights for the work undertaken, even though they will get 100% funding. Most R&D organisations are Universities or research institutes and would in any case under an RTD project get 120% funding and they will own the IPR at the end. Again CRAFT is not really welcomed in the ICT program. Research organisations should usually consider an RTD project instead.

7.4.8   Ensure access to all information

I have seen consultants receive important feed back from external sources such as the NCP or the appropriate Project Officer in Brussels and it not being passed on in full to the customer. Especially when you are dealing with technical subjects, I believe it important for the customer to automatically be copied on all correspondence. Examples of this include clear statements that the subject of the proposal is unsuitable. Some consultants may be understandably reluctant to pass this on and subsequently lose the business. I myself have had on several occasions to deal with upset proposers whose proposal failed for a fundamental reason that myself or the project officer had foreseen and told the consultant but this had not been passed on.

7.4.9   Pressuring you to be Coordinator

As the Coordinator of a proposal normally has to commit more resource to its preparation as well as in the subsequent project, consultants see more lucrative work opportunities open to them when they work with Coordinators. There is therefore a natural tendency to encourage customers to be the Coordinator. As projects on average have four to twenty or so partners, the majority of participants are not Coordinators. In section 3.4.1 above, I outlined the benefits and drawbacks of being the Coordinator. These should be the guiding principals and not the consultant's interests.

In a country relatively new to the Framework Program, there is much less experience with the internal working of projects and therefore it would be normal for the percentage of Coordinators to be proportionally less. A 10% Coordinator rate in approved projects would even be on the high side for newer countries. Thus there should be considerable opportunities for consultants to assist people to be normal partners. This would have less of an emphasis on proposal writing and more on identifying suitable opportunities and consortia and assisting with the planning and negotiation and budgeting. In total effort, it could well be equivalent to the work for a Coordinator. My plea is for consultants to also suggest this more frequently than they currently appear to do.

Of course the other end of the scale is where the client pays for the consultant to build the consortium and prepare the proposal, but for some reason that client is not put forward as the coordinator. Some times this is correct, but it should be ensured that his up front commitment is somehow reflected in his official role in the project.

As you have a much better chance of success being a partner in a consortium that is lead by one of the key industrial players, consultants can really assist their clients by getting them involved in such suitable consortia. This can take just as much effort as writing a proposal and not only would you have a better chance of success, but also the resulting business relationships could be much more beneficial.

7.5   Summary

Using consultants correctly can enhance your likelihood of success, but they don't come cheap. A consultant who is willing to work 100% on success fee, is likely to be underemployed with other customers and you must draw your own conclusions on the reason why.

Most consultants would normally be open to negotiation on their fees, so explore their flexibility.

When you take up their references with previous satisfied customers, ask them what they paid.

Ask the consultant who would actually be doing the work - many times consultants may off load onto third parties and free lance consultants. Insist on meeting and checking out the persons who will be working on your behalf.

8 What to do when your proposal is to be funded

If you are the Coordinator, you will initially hear informally (but in writing) from the Commission about the disposition of your proposal and you should forward this immediately to your partners in the consortium. If you are not the Coordinator, ensure he passes on the feed-back immediately to you. In the past, preliminary results frequently leaked. Leaks originate from evaluators, project officers and even more senior Commission staff. In some countries the Program Committee delegate may also notify the result informally.

The process in is slightly different for IPs and NoEs proposals passing the initial evaluation are then invited to appear before the evaluation panel to answer questions. Final decisions on pass, fail and relative rankings will only be made for those after the hearing.

Note Hearings may be dropped in ICT in FP7.

8.1 Contract Negotiation

I have outlined this previously – but in essence via the coordinator, the consortium is invited to contract negotiations with the Commission. In parallel, several activities need to happen. I have tried to illustrate them diagrammatically as follows:

| Track 1 | **Coordinator Financial Viability check** | ← | Financial Data | ← | Coordinator to provide |

| Track 2 | **Technical annex** | ← | Tech & resource input | ← | All required to provide |

| Track 3 | **Consortium agreement** | ← | Business view | |

Tracks 1 and 2 with Commission - Track 3 is between partners
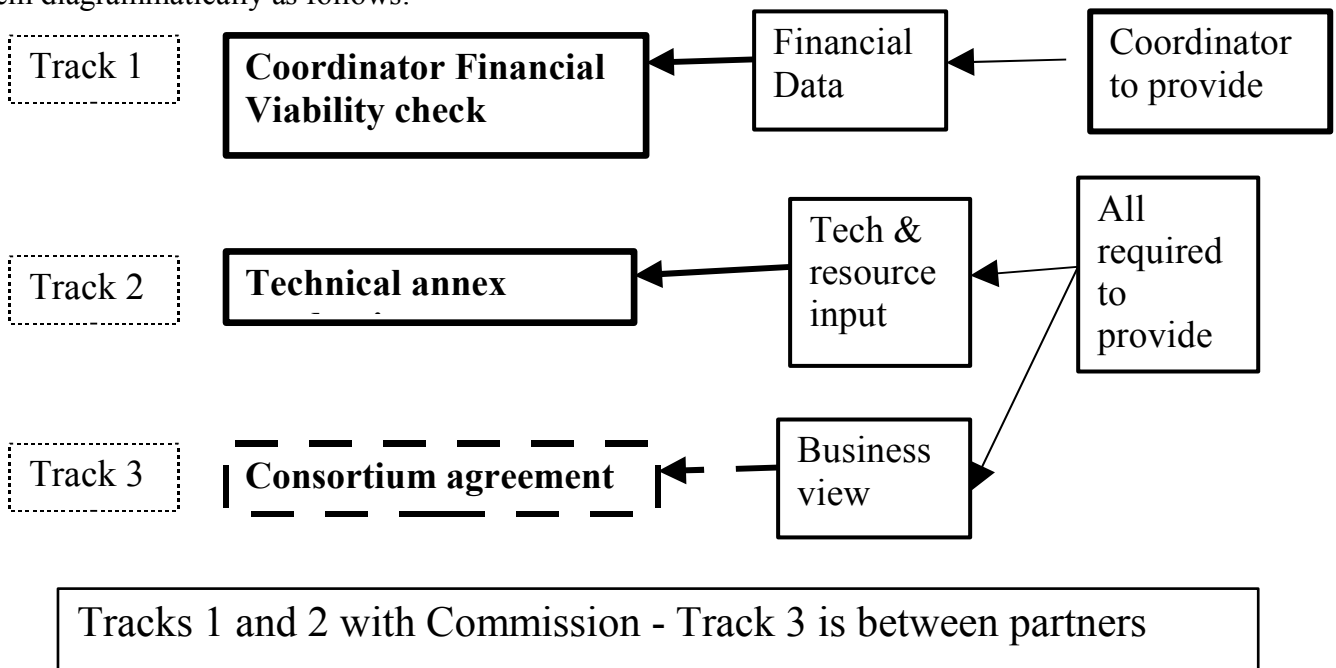
Note that for partners not guaranteed by government, there may be a requirement under Track 1 above for them to also undergo a financial viability check by the Commission if their indicated funding is greater than 500,000 Euros.

8.1.1 Collective responsibility

In FP6 there was financial and technical collective responsibility. However, in FP7 the collective financial responsibility no longer exists (see section 6.18 above).

8.1.2 General - Handling of GPFs

There is a lot of mystique surrounding this aspect of the process, however the rules and procedures are clearly laid out and documented. It is a key activity as it allows you to modify your proposal and even change the consortium and funding under certain circumstances.

The process is initiated by a letter from the designated Project Officer to the Coordinator inviting him on

behalf of the consortium to enter into negotiations on a contract. In parallel he will receive a package of material and a timetable for the negotiations. Several dates will be suggested for meetings in Brussels or Luxembourg to initiate the negotiations. By that initial meeting the Coordinator will generally have to -

- Prepare first draft of the Technical Annex based on the proposal
- Have to have the Grant agreement Preparation Forms (GPF) ready from each partner
- And, in parallel should deal with the Consortium Agreement
- Legal incorporation papers for any partners who are new to FP

During the negotiation under some circumstances, there is some opportunity to change partnership/Coordinator.

The tool to be used by the coordinator to prepare the Grant agreement Preparation Forms (GPFs) is the GPF Editor.

At the start of contract negotiations the project officer will send the coordinator a set of electronic GPFs, that already contains some of the known information. They consist of A1, A2, A3, A4, A5 and A6 forms – with A2 having multiple sheets.

1. A1 General Information and Abstract
2. A2 a, b and c Information on partners (one set per partner)
3. A3 Financial information on the project (multiple sheets)
4. A4 Coordinators bank information
5. A5 Confirmation of additional financial information (coordinator)
6. A6 Simplified balance sheet and P&L account (coordinator)

Note that all partners fill in A2 sheets but only the coordinator fills in the rest. Also you must ensure that each partner organisation's legal name is in the local language as it is used to check its legal existence .

It is mandatory for the coordinator to supply the forms via the GPF Editor, as in Brussels it is then a simple process to plug it into their in house systems. It is probably easiest for the coordinator to send each partner his A2 forms and he can then fill them in by hand and fax then back for the coordinator to enter into the Editor. Of course the correct way is for each partner to do it electronically himself using the editor and emailing it back to the coordinator. In practice it may end up as a combination depending on abilities of the partners. However you should down load the paper GPF forms as they have useful explanatory notes on the different fields.

Please note that eventually the project officer will require signed GPFs. But initially they should be submitted electronically unsigned until they are all accepted as correct then signed versions need to be collected and forwarded via the coordinator. It is always good practice for each partner to fax a signed version to the coordinator in parallel to mailing it to him and for the coordinator to fax on a full signed set to the project officer - this allows him to initiate the approval process a little faster.

8.1.3   *Financial Viability of Coordinator*

The Commission will transfer funding to the consortium via the Coordinator and public money must be handled in a "safe" fashion. Thus the Commission will have to look at the Financial Viability of the Coordinator or any participant whose indicated share of the funding exceeds 500,000 Euros. This is represented above by Track 1. Due to the prominent position of the coordinator, the financial viability controls are significantly stricter.

8.1.4   Negotiation on Annex 1

The principal activity during contract negotiations is to agree the exact content of the work to be carried out. It is basically copied from the proposal incorporating any requested changes. It is intended that the format and structure of proposals will match that of the Description of Work making this task simpler.

This is an opportunity for some modifications, either initiated by the consortium in the light of events since submittal of the proposal or more likely as a result of suggestions by the evaluators and/or requests from the Commission. Any such changes are only allowed with the agreement of the Project Officer and his major concern is that the essence of the proposal evaluated has not changed.

8.1.5   Funding Distribution between partners

The indicated breakdown is included in the contract but is not binding and can be reallocated within the consortium. Thus understandings on this between the partners should be included in the Consortium Agreement.

8.2   Consortium Agreement

This is between the partners and the Commission will not wish to see it. However this is a mandatory document within ICT program for all projects (potentially some exception within FET Open) that must be prepared and signed by the partners prior to official start of the project and by each additional partner prior to him joining the project. I suggest that it should be based on a Memorandum of Understanding signed by each partner as they join the consortium prior to proposal submittal.

In view of the larger flexibility which is offered to FP contractors, and in order to make the most efficient use of it, they are obliged to enter into a specific consortium agreement, unless this has been exempted by the call for proposals. The Consortium Agreement sets out the internal management guidelines for the consortium and can provide for arrangements relating, for instance, to the granting of specific access rights in addition to those provided for in the standard IPR provisions. This is likely to be helpful in many projects, although the new IPR provisions were developed in such a way as to be self-sufficient, i.e. to make it possible to execute a project without defining additional IPR provisions.

Consortium Agreements may not conflict with the provisions of the contract or the Regulation. Although, the participation rules state that Consortium Agreements are mandatory, except where otherwise provided in the call for proposals, they do not specify what they must contain. Accordingly, this requirement does not conflict with any flexibility objective and should not be seen as an administrative burden, but as a signal drawing the attention of the contractors to the importance of Consortium Agreements.

Nothing prevents the contractors to prepare several consortium agreements governing different aspects of their project (some before the signature of the contract and some possibly after), or to amend their initial consortium agreement or to make bilateral or other arrangements involving smaller groups of contractors.

A check-list for consortium agreements is available in the Commission rules site. Additional information relating to consortium agreements, are available, notably from the IPR-Help desk. Since the Consortium Agreement is a "private" agreement involving only the contractors, the Commission does not sign it and will not even check its contents. Nevertheless, the contract with the Commission will always prevail in case of conflicts with the consortium agreement, even in those cases where a Commission staff would have received the text of the Consortium Agreement and would not have raised any objections.

Technical co-operation contracts could include any or all of the following clauses:

8.2.1   Consortium Check-list - Outline of Contents

1. General Information (Identify each party to the agreement – iary(s) to the EC contract).
2. Preamble (Subject of the Consortium Agreement) including definitions based on the contract, Rules

and any additional definitions as needed by the consortium).

3. Subject of the contract (Title of project).
4. Technical provisions
    o   Technical contribution of each party (as set out in Annex I to the EC contract);
    o   Technical resources made available;
    o   Production schedule for inter-related tasks and for planning purposes
    o   Expected contribution, maximum effort expected
    o   Modification procedure;
    o   Provisions for dealing with non-performing contractor(s).
5   Commercial provisions
    o   Confidentiality;
    o   Ownership of results / joint ownership of results / difficult cases (i.e. pre-existing know-how that is very closely linked to the result, making it difficult to distinguish the pre-existing know-how from the result);
    o   Legal protection of results (patent rights);
    o   Commercial exploitation of results and any necessary access rights; Commercial obligations;
    o   Relevant patents, know-how, and information;
    o   Sub-licensing;
    o   Pre-existing know-how excluded from use in the project.
6   Organisational provisions
    o   Committees – establishment, composition, procedures, role and nature:
    o   Steering, management, technical, IPR, financial etc;
    o   Co-ordination of committees;
    o   Amendment / revision of the agreement.
7   Financial provisions
    o   Financing plan;
    o   Modification procedure; Mutual payments, common costs;
    o   Distribution of management costs;
    o   Auditing of costs:
    o   Audit certificates;
    o   Provisions for dealing with non-performing contractor(s);
    o   Third party resources - identifying parties and resources.
8   Legal provisions
    o   Legal form of the co-operation;
    o   Duration of the agreement versus duration of the EC contract (i.e. 6 months one year longer, etc.)
    o   Penalties for non-compliance with obligations under the agreement;
    o   Applicable law and the settlement of disputes;
    o   Secondment of personnel;
    o   What to do if all the contractors do not sign the EC contract.

In addition I suggest that the following also be considered -

1. Distribution of the 100% management provision between partners
2. Distribution of the effort and funding between the partners
3. Process and rights of new participants added into the running project
4. Participation in competitive projects
5. Possible identification of a core project team, its membership and authority

8.3   Project Initiation

When the negotiations complete successfully the Project Officer will seek the approval of program committee and in parallel prepare the contract for signature. There also has to be a formal Commission

decision to award the contract. Eventually the partners or their representatives will sign the contract. When the coordinator and the Commission sign the contract, unless otherwise stipulated, the project will officially start on the date as indicated in the contract. This can be backdated to the date at which the project officer has a complete set of signed GPFs and an agreed Technical Annex or more normally, the first of the month following this. Additional contractors can join as they sign.

Only costs incurred from that date will be recognised provided that they fall within those allowable by the contract. The initial payment to Coordinator will be made within 45 days of contract signature. It is normally fixed at 85% percent of the first period's budget and should be divided by the Coordinator between the partners as per their proportion of the initial budget as specified in the Consortium Agreement. The Coordinator should forward the advance to each partner as soon as possible in Euros without any charges.

Most important advice for the Project Manager is **"READ AND BE FAMILIAR WITH THE AGREEMENY AND ITS ANNEXES. (DON'T FORGET ANNEX 2!)"**

It is normal within a couple of weeks of project start to have a kick-off meeting - usually hosted by the Coordinator. It is also normal good practice to invite your Project Officer to attend part of the kick-off meeting. At that meeting the Project Manager should get agreement on his proposal of how the project will be managed and controlled - the so called "project handbook". Any outstanding issues related to the Consortium Agreement should be resolved and the detailed project plan and future meeting schedule agreed.

8.4 Cash flow during a typical project
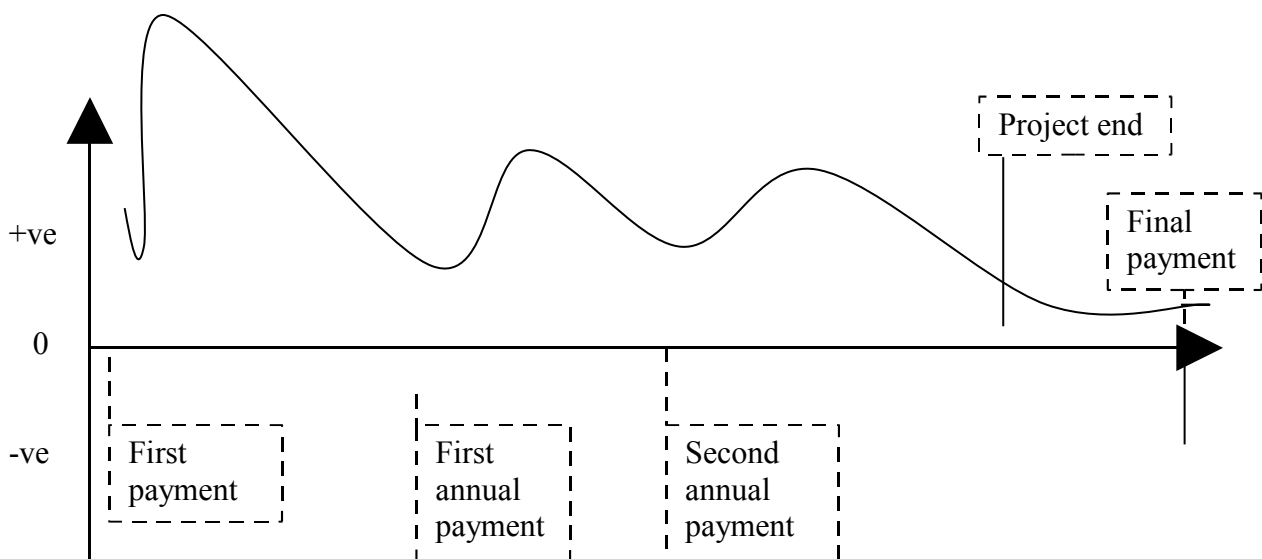
A frequent misconception is how long payments take after submitting cost statements. In Annex 2 to your contract it will probably say that deliverables are deemed approved if the Commission don't make observations within 45 days of receipt. They usually have 45 days to pay after they are approved or deemed to have been approved. Of course frequently they ask for clarification after 40 days and that effectively stops the clock. It is not unusual for payments to take 6 months. Note that if the Commission are late in payment (as defined in the contract) you are theoretically entitled to claim interest however, I am unaware of anyone ever succeeding in getting any.

A normal event for payment delays is that one or more partners don't supply their cost statements to the coordinator in time. The consortium agreement should stipulate that any partner more than x days late than requested date will have his cost statement delayed until the next period as only a single combined cost statement can be submitted by the coordinator. It is unfair for all partners having their payments delayed because of the incompetence of one. If the late one is your coordinator – tough luck – you have a

major problem!

8.5 Problems during the project

It is vital to establish a good working relationship with the Project Officer. If you are not the Coordinator, then do it on your own. When you happen to be in Brussels set up an informal meeting to get to know each other and perhaps invite him to lunch. This meeting should not be portrayed as being directly related to the project but rather more related to helping you understand the area under his control to potentially identify other things of interest and of course to get to know each other and the ways of working.

Projects themselves should treat the Project Officer as a member of the team and he should be invited to project meetings and events. This is a team game – and both the partners and the Project Officer have a stake in its successful outcome.

It is important to understand the ethos behind the contract. It is not the intention of the Commission to hold companies to ransom for two or three years and force them to undertake work that perhaps, because of external or internal events, is not in their commercial interest to do. There should be a critical review every year or when there is a significant related event. In this review it may become obvious that the original intentions of the project are no longer valid and some hard decisions must be made. In my own experience I can identify the following – I shall discuss them individually and then look at the options and their potential impact.

Partner problems
> 1. Technical problems
> 2. Market problems
> 3. Problems with the Commission
> 4. Contract changes

8.5.1 Partner problems

A partner organisation may die on you during the project i.e. they stop working or notify you they are leaving the project. In either case it is up to the Coordinator as soon as possible to contact the partner in question to confirm the situation. It is important for any such communication to be written. If it is not, then confirm the conversation in writing. As there may well be legal implications having a written log is vital. The next step is to escalate it to the partner's senior manager – the person who signed the contract on their behalf. It is important to remind them of the terms of the contract and that if they are in breach, they will have to repay any monies received such as the advance payment. In parallel it is important to keep the Project Officer in the picture and listen to his advice. If the partner in question is the Coordinator – and this has happened to me – then contact the Project Officer as soon as possible to decide on the best course. It may also help to involve the delegate to the ICTC Committee of the partner in question.

In most such cases, the remaining partners generally succeed in completing the project, either by splitting the work between them or via a contract amendment inviting a substitute organisation to join the consortium. It is also useful to discuss the emerging situation with your own ICT Committee representative for help and advice.

8.5.2 Technical problems

Sometimes, as a result of work undertaken in the project, it becomes obvious that for technical reasons the original goal is unachievable to the point it is a waste of effort to continue. Here it is important to recall that RTD projects are intended to push forward the state of the art. The Commission sees their funding as compensation for the implied technical risk. It is therefore normal that in a fair percentage of projects, it becomes apparent that the technical goals are unachievable – to the point of the results being unexploitable commercially. If this is not a result of consortium negligence and they have used their best

efforts, it should be possible to close the project down with everyone being paid to date for the work undertaken. There is a result from the Commission's point of view and that could be seen as a particular line of research not being fruitful. This should be documented in the final report and the project wound up amicably.

On the other hand, it may be possible to modify the project within its overall objectives and achieve meaningful results. It is basically up to the discretion of the Project Officer as to whether the change would be within the overall framework of the current contract or not. He would generally seek the support of the external technical reviewers. Thus it may be possible to modify the project significantly and continue. This of course would require the agreement of not just the Project Officer, but also all the consortium.

Given the likelihood of this occurring in higher risk projects, it is prudent to have written into the project plan technical checkpoints at strategic times. This would allow for assessment and potential replanning. Such foresight makes it much easier to change direction or wrap up the work, if it should prove necessary.

8.5.3 Market problems

As the IT industry is extremely dynamic, external events may occur that results in it no longer making commercial sense to continue agreed work as it stands. Such events could include any of the following –
1. A market player coming out with something your project will not have for say two years.
2. A market discontinuity that you believe will result in technology moving in a different direction such that there will probably not be a market for your results.
3. Some other external event such as legislative that will drastically reduce the market viability of your results.

As for the scenario outlined above, assuming you are not in contract default, there are two basic choices if you have the agreement of both your partners and the Project Officer. These are to wind up the project amicably with everyone being paid for work to date or to seek to modify the project to take account of market changes where there is a sensible path forwards. This second option happens to some degree in most projects, even if it is to take account of accommodating or interfacing to new artefacts that appear on the market. Ideally again, such a likelihood should be foreseen in the project plan.

8.5.4 Problems with the Commission

From your point of view and that of the consortium, everything is going well but there is some problem as seen by the Project Officer or the external reviewers. This is not the best time to introduce as a reason one of the previous three situations. It is essential you involve the Project Officer immediately, even if only off the record, if you suspect one of the previous problems occurring. Some research areas have a formal procedure to highlight problems as seen by the Commission generally after an annual review. They are flag raising – An orange flag is a major warning that in the Commission's view the project is in default of contract and a get well plan needs to be agreed and implemented. A red flag means that the Commission does not believe that the project can be saved and steps are to be taken to close the project down. In that case it is sometimes possible to negotiate that not all money needs to be repaid, depending on circumstances. However, there is a real danger that this may not be possible.

If the situation arises in which such steps are initiated "out of the blue" then there has been a major disconnect between the Project Manager and the Project Officer. The problem may be entirely on one side, but generally there is blame on both sides. Such surprises would not occur if there is good, open communication between them. It generally will result in some additional work having to be undertaken, frequently unfunded, or some work or deliverables being redone. With good will it is frequently possible to prevent getting to an orange flag, red flag situation.

A common reason for this type of problem is when Project Officers are changed and understandings reached with the original one are undocumented and/or the new has a completely different view or

approach to the project. As part of resolving all disputes of the above nature, it is a good idea to discuss it with your country ICT committee representative, as frequently he can interface with the Project Officer in question and his management to get the other side of the story. The potential solutions for each type of problem are tabulated below -

Type	Options	Notes
Partner problems	• Force them to continue • Force them to complete current responsibilities • Sue them and divide the work • Bring in a replacement	• Involve PO ASAP • Involve senior management • Involve ICTC representatives
Technical problems	• Conclude the project • Modify the project significantly	Assumes work was undertaken properly
Market problems	• Conclude the project • Modify the project significantly	Assumes work was undertaken properly
Problems with the Commission	• Convince Project Officer it is OK • Undertake some additional work • Redo some work	It may be necessary to escalate within the Commission i.e. to Head of Unit level but I suggest you involve ICTC representatives

It should be also noted that as part of resolving any of the above problems it is usually necessary to replan the work. Such replanning could involve extending the project timeframe, but generally there is little chance of additional funding. With such replanning it is possible to drop some partners and/or bring some new partners in but only with the agreement of the Project Officer and the consortium.

8.5.5   Contract changes

Any project replanning that would result in extending the contract or making a major change in the content of the work requires a contract amendment that has to go through a laborious process in Brussels and can take several months. With respect to increasing the contract timeframe – this frequently occurs and is fairly normal, however if you need to do this be extremely sure you can hold to the new timeframe. It is much more difficult to get a second extension. If you are unable to spend all your allocated funding within the contract period including any extensions, any work done subsequently in order to complete the contract will be at your own expense and the balance of the funding will be lost.

8.6   Project end

In all research projects and most others, a Final Review is held at project end. The project formally finishes on the date as defined in the contract unless some extension has been agreed. Expenses incurred after this date are not chargeable unless specifically allowed in the contract. For example it is normal to allow up to forty five days for charges related to the final review and preparation of the Final Report and for Dissemination activities for all parties, not just the Coordinator.

8.7   Potential audits

The Commission reserves the right to request a financial audit up to five years after the end of a project. It is an individual contractor that is audited and not a project. An audit could impact any and all projects the contractor has carried out under a framework contract. Audits are carried out on site usually by a local accounting company contracted by the Commission for this purpose and having no conflict of interest. I believe about 10% of participants are audited. Some of those are random and some are when there is suspicion of some irregularity. Contractors who have undertaken many/large projects are more likely to be audited.

The draft audit report is first given to the contractor for comments as is the final audit report. Any such contractor comments if provided, will be given to the Commission with the final report if the contractor does not agree with its contents. It is then up to the Commission to decide what action to take if any. Action can include claims for repayment of funds or for payment of funds if errors are found in the contractor's favour.

8.8   Grant Agreement amendment

These can be amended during a project. There are two main reasons for this:

1. Project is expected to over-run its original timeframe
2. Change of contractor or a contractor's legal details

In all cases, the Coordinator requests amendments on behalf of consortium. Subject to the Consortium Agreement, this step is usually first agreed to by the project partners.

*   Coordinator can accept an amendment proposed by the Commission (NEW)
*   For adoption/withdrawal tacit approval by the Commission is given after 45 days if no objection is raised

9 Project Management

In my experience, the first critical item in the execution of a successful project is good project management. Poor project management can destroy even the best technical project.

There is some confusion as to the role of the Project Manager. This is not an administrative chore. A Project Manager will require some administrative support, but that is far from the essence of the job. The administrative functions such as status tracking, financial reporting, change control and project library maintenance are really a minor part of the overall job. See also section 7.3, 7.4 and 7.5 for related issues. However I will repeat here **"READ AND BE FAMILIAR WITH THE CONTRACT AND ITS ANNEXES. (DON'T FORGET ANNEX 2!)"**

9.1 Introduction to project management

Successful Project Management of a Framework Program Project requires various skills and knowledge. In my view it requires a person with the following attributes –

1. Good appreciation of the relevant business area
2. Participation in a previous Framework project
3. Knowledge of Framework procedures
4. Good interpersonal and communication skills
5. Well organised and systematic in own work
6. Good knowledge of ISO 9001
7. Good knowledge of English
8. Some knowledge of project technical area
9. Some knowledge of financial management

Project Management is a combination of all of the above skills. Extra strength in some areas could compensate for weakness in others. Remember this function includes legal responsibility aspects and thus keeping of good records is essential. Any telephone calls and agreements, especially with the Project Officer should be minuted and/or confirmed in writing, at least by email.

9.2 Kick off Meeting

It is normal to organise a kick-off meeting shortly after the contract has been signed and the project formally starts. It is wise to wait for this so costs associated with the meeting are allowable. Again it is accepted practice that the kick-off meeting be held at the premises of the Coordinator. This is of course open to discussion if there is some good reason to hold it elsewhere. It is also good practice to invite the Project Officer to the meeting - at least to the last part of it.

It is an ideal opportunity to agree and approve a Press Release on the project. This could be your initial dissemination action and would be appreciated by the Commission. Of course it could be released in modified form by each partner in his own local area. Don't forget to mention that the project is partially supported by the European Commission ICT program.

Kick off meetings are usually spread over two days with an opportunity for an informal evening get-together in between. The meeting should include the following topics, under two headings -

Administrative Session
1. Introductions
2. Presentation of host organisation
3. Brief presentation by each partner on its organisation
4. Review of management structure and decision making mechanism
5. Review of project administrative and financial procedures

6. Discussion on advance payment amounts and procedure
7. Agreement on Project Handbook
8. Further discussions on Consortium Agreement and potential amendment
9. Formal procedure review with Project Officer if present
10. Dates for subsequent Project Meetings - at least a year forward

It is important to ensure that each partner has a full copy of the contract and all annexes as well as the Consortium Agreement.

Technical Session
- Review of overall project and technical objectives
- Review of work plan, assignments and activities for first year
- Detailed discussion on Task and Work package tasks and timetable by WP leaders

9.3 Essential Documents

There are various documents that need to be prepared. They include the following -

9.3.1 Project grant agreement with annexes

It is vital to read and be familiar with the provisions. Note that there are instrument specific conditions. Annex I of the contract is the Technical Annex i.e. Workprogram and is the basis of the project. Any projected deviation from it must be treated seriously and discussed within the consortium and with the Project Officer.

9.3.2 Project Handbook

The contents of a project handbook should be oriented to each specific project and its needs but should contain the following type of sections. Note this is not exhaustive but is an example of the type of information that could be included. The Project Manager should ideally distribute a draft prior to the kick off meeting for discussion at it. Changes should be discussed at the meeting and then be formally adopted at the meeting with a final version to be distributed shortly thereafter.

1. Change Control
2. Contents
3. Background and Rational
4. Cross-references
5. Document Numbering Scheme
6. Document standard format
7. Project Structure
8. Reporting procedures, frequency and format
9. Roles
10. Specific responsibilities within the project
11. Management Board Draft Meeting Agenda and Minutes
12. Technical Committee Draft Meeting Agenda and Minutes
13. Where applicable how to handle consortium calls for additional participants
14. Handling of gender equality
15. Ethical issues if required
16. Communication procedures
17. Conflict resolution
18. Tracking system for actions
19. Corrective actions

9.3.3 Project reporting guidelines

The formal reporting requirements are included in the project grant agreement and its appendices. There

are usually program specific appendices. Formal reporting is basically financial and progress reports.

Formal Progress Reports are usually required every six months but within the programs there may be requirements for interim reports on a more frequent basis. The content and frequency of progress reports will be stated in the grant agreement. If it is unclear, check with the Project Officer. It is also important to verify at the start of the project the form of the reports and existence of any template.

9.3.4 *Progress tracking*

I find that the minimum I need to manage a project is a continually updated chart that has a row for each planned event and deliverable (formal and informal). Each entry must have a unique number tied into the document change control system. Against each you also need the planned completion date and any subsequent revisions. It should also show completed activities and the date and cross reference the deliverable document. For more complex projects this can be part of a project management software suite. I would however ensure though that any automated tool I used would be able to produce project status charts as required.

9.4   Dealing with Crises

In section 8.5 I dealt with the type of crises that can occur and how to deal with them. The main point is that the Project Manager should not avoid addressing these problems until it is too late. It is vital that potential problems are identified early and dealt with. Informally keeping the Project Officer informed is also a good idea. How close you confide in the Project Officer depends largely on your working relationship and their basic attitude. The majority of the Project Officers appreciate being involved and don't jump the gun on problems, however there are some in whom it would not be a good idea to confide. I am afraid I cannot name names, but it should quickly become apparent in your initial dealings with them.

9.5   Completing the Project

There has been a notable tendency for Project Officers to decide to hold the project Final Review in the month following the project end. This should be only as an exception and only with the agreement of the consortium. It will inevitably lead to requesting an extra 45 days for the final reports and will lead to much longer delays in the final payments. The Final Review is only a review of the technical aspects; financial details should not be subject to review by the external reviewers.

The project is not formally complete until the final report has been submitted and accepted by the Commission. Assuming the final cost statement has also been submitted correctly, final payment can be expected in at least sixty days but may be much longer. Some projects have been known to have to wait for two years for their final payment through no real fault on their part. A combination of internal Commission reorganisations and project officer changes is often to blame. Parallel consortium changes and consequential changes to the contract also tends to freeze payment processes.

Of course there may be some ongoing dissemination that was committed to and there may be some activities related to exploitation that may also have to be completed. Such things are subjects of discussions and agreements with the Project Officer.

However, if you wish to change the use and/or application of funds, you must apply for and receive authorisation at least sixty days prior to the formal end of the project.

10   Project Ethics and Good Practice

10.1 Introduction

Having been involved in many projects since 1984 – I have seen it all – good and bad. However during the past three years I have seen a real deterioration of behaviour.

In FP6 the Commission devolved many responsibilities to the consortia. This has opened the doors even wider for abuse of trust.

Larger sums of money are generally also involved with the creation of the New Instruments. This along with the retirement of the original 1984 players has resulted in a general deterioration of behaviour. This was combined with the introduction of a large number of new participants from the mainly New Member States who are largely unfamiliar with normal behaviour. This paper is an effort to document the various aspects and suggest approaches to rectify this in FP7

10,2 Why behave ethically?

The Framework Program funds *collaborative* research with *partners* **cooperating** in consortia.

Good, ethical behaviour will result in mutual trust and respect and lead not only to a more productive experience but also generally better overall results.

"A fish rots from the head" – not all the problems arise from the actions of the coordinator but many of the worst do.

Each of the particular points and recommendations I make in this paper is based on some specific previous experience I have noted when it has not been done. These are not hypothetical points!

10.3 Actions at different stages

10.3.1 Building a consortium

At this stage the coordinator generally attracts partners to join him in participating in a proposal.
Occasionally the coordinator is not the originator of the proposal idea – in those cases, the originator should have his legitimate interests protected.

Partners should not be privately competing in a parallel proposal – full disclosure is ethical – sabotage is unethical. This can normally be handled by having each partner sign a non-competitive non-disclosure agreement. However, in order to make a proposal more attractive, the presence of a major player is important and few of them will sign such a document.

1. Partners should be formally informed that they are part of the consortium and should not be dropped without adequate discussion and agreement.
2. Coordinators should not normally "charge a fee" to join the consortium unless all are treated equally and it is to cover legitimate and agreed costs.
3. Partners should be informed who all the partners are. Sometimes they are not and this may lead to a conflict of business interests.
4. Partners should not be "milked" then dropped. Major players should not rely on naivety of new players and take advantage of them.
5. Don't lead partners on and then abandon the proposal at the last moment leaving them without any alternate opportunities.

10.3.2 Submitting the proposal

Partners should not be told what man rate to use or what cost model they must use. Each partner should

determine its own. Checking it is eventually the concern of Commission Services. On the other hand partners should quote rates in line with the program rules i.e. they must be consistent with normal practice within that organisation.

1. Each partner should be given drafts as the proposal is being built – even if they are not major contributors
2. The valid requests of partners as to their needs to carry out the work should be honoured.
3. Travel budgets should be calculated for each partner based on an estimate of the number of trips and the cost of travel from that geographic location. Equal or average budgets for all partners in unrealistic and unfair to many partners.
4. When the proposal is finally submitted, it should be with the general agreement of the partners. Partners should each be sent a copy of the final proposal and a copy of the acknowledgement of receipt
5. Don't try last minute blackmail. By this I mean threatening to withdraw when it is too late to modify the proposal or find a substitute unless certain demands are met.

10.3.3 Evaluation
One should keep your partners in the picture. When you receive the ESR it should be immediately distributed to each partner. On the other hand, partners should feed back any information they may receive informally.

Any necessary lobbying should be organised by the coordinator via the various Program Committee representatives as needed and as may be appropriate in the local circumstances of that specific call.

10.3.4 Contract negotiations
Conduct them in an open manner and fully involve your Workpackage Leaders
1. Forward the invitation to negotiation to all in good time and ensure partners have a copy of the "Framework for Negotiation"
2. Allow interested partners to attend, subject to space
3. Ensure partners receive meeting report and a copy of Commission minutes of the meeting
4. Be responsive to documentation requests
5. Respect various needs of the partners while fine tuning the budgets. Do not use standard travel budgets – allow each partner to use projected real costs
6. Ensure as far as possible partner comments taken into account
7. Keep in full confidence financial status information of individual partners
8. Do not modify individual partners participation based on individual circumstances such as relative man rates without the agreement of the partner concerned.
9. Handle budget cuts fairly and take into account individual partners concerns to maximum extent possible.

10.3.5 Consortium Agreement
1. The agreement should ensure participative management – not a dictatorship Coordinator should have a single vote (and perhaps casting vote).
2. Must prevent single partners from blocking decisions
3. Must protect interests of minor players
4. Perhaps have some arbitration process for disputes, especially regarding reallocation of funding/tasks
5. Should ensure partners receive their funding net of receipt charges
6. Try to ensure financial viability safeguards do not bankrupt partners

10.3.6 During the project
Remember this is a research project – do not project manage it like a civil engineering project. Management needs to be light weight and participative.

All partners should be kept fully informed of relevant developments as they occur. Notify partners immediately on receipt of pre-financing or any payments from the Commission and ensure that funding is transferred without any undue delay net of bank charges.

1. Partners should not directly interface with the project officer without agreement of project manager (unless there is a major un-resolvable disagreement)
2. Partners should be open about problems as soon as they become apparent, especially operational ones
3. Partners should be responsive to emails & telephone – if away have mobile or someone cover
4. Partners should not do anything illegal – if in doubt discuss before hand
5. If there is an organisational change in an organisation ensure a smooth handover

10.3.7 Project End
1. Don't lose project funding by last minute un-forecast under-spend by some partners.
2. Don't hold up others being paid by not being prompt with your own cost statements!!
3. The project is not over until all reports are accepted – ensure ongoing availability of staff in case of problems
4. The final payment may be crucial to some partners – expedite its payment
5. Don't turn your back on your partners!

10.3.8 Sabotage
As noted in 1.5.16, we are aware of companies joining a project with a specific goal of trying to minimise the commercial impact of any results on their own (proprietary) commercial activity. This is not to be encouraged, but as mentioned above, it has occurred very occasionally in the past.

10.4 Summary and Recommendation
Projects should be a good experience not just a technical success. They should be seen as an opportunity to broaden your business & professional contacts. Unethical behaviour reflects badly on you, your organisation and your country. On the other hand, being a reliable partner can ensure you being invited into additional projects – the opposite is equally true.

I would hope that this paper could form the basis for a Code of Best Practice with a recognised logo that could be promulgated to participants. Organisations could then subscribe to honour this code and could use the logo in their consortium dealings. Any problems related to the code by those subscribing to it could appeal to an appointed ombudsman to resolve disputes according to the code.

11 European Technology Platforms

This is a relatively new concept that has appeared during 2004. It is seen as a lead into FP7. In my opinion they are beginning to look like what IPs were originally conceived to be!

11.1 Official view

Officially, platforms are seen as follows -

> European Technology Platforms are ambitious, demand driven initiatives, set up in areas where Europe's future competitiveness will depend upon major upstream research and technological advances. This can be achieved through public-private partnerships to bring together the efforts of all concerned stakeholders in the creation, implementation and deployment of a common European Strategic Agenda. Technology Platforms are planned to be one of the main pillars of FP7. Their funding, however, will arise from a variety of sources. Industry will play a leading role in each platform but the efforts of all other key stakeholders must also be mobilised, including the research community, public authorities, standardisation bodies, the financial community, civil society, and consumers. Technology Platforms are objective-oriented, requiring a vision and a strategic research agenda with a detailed action plan.

The concept was initially introduced in the Commission Communication in their communication "Investing in research: an action plan for Europe" 3% of GDP for research. They saw the aim of Technology platforms aim at providing the means to foster effective public-private partnerships between the research community, industry, financial institutions, users and policy-makers, in order to mobilise the research and innovation effort and facilitate the emergence of "lead markets" in Europe.

ETP is a mechanism that:
- brings together the main stakeholders in an RTD field.
- to identify common RTD goals of industrial relevance
- develop a roadmap to achieve these goals.
- roadmap addresses technology & non-technology barriers
- stakeholders include industry, academia and the investors in research, public or private
- stakeholders should commit to supporting financially the roadmap and monitor its implementation

The Council invited the Commission to set up a limited set of ETPs, each with a well identified research and industrial community ready to collaborate in developing a roadmap and to engage in its implementation. There was seen the need to pool resources and create a critical mass including public and private resources at national and European level (Community, Eureka,..). A clear commitment to invest in the realisation of the roadmap is a key aspect of a Technology Platform. ETPs are NOT just forums for discussion or advisory groups.

Overall, there are currently 31 ETPs defined in FP7. Among them, there are nine ICT ETPs in total as follows:
- Mobile Communications (e-Mobility)
- Embedded Systems (ARTEMIS)
- Nano-electronics (ENIAC)
- European Initiative on Networked and Electronic Media (NEM)
- Networked European Software and Services Initiative (NESSI)
- The European Robotics Platform (EUROP)
- The Photonics Technology Platform (Photonics21)
- Integral Satcom Initiative (ISI)
- European Technology Platform on Smart Systems Integration (EPoSS)

The nine ICT related ETPs are inevitably interrelated to a certain extent. Similar topics and aspirations appear in multiple ETPs but address them from different perspectives. Organisations that are interested in specific ETPs should also have a look at those that have a common interface with it. See 11.2 below.

Originally it was thought that they would be partially funded via the Article 171 mechanism (see below) similarly as Galileo, but now it is seen more as a combination or choice between Article 169, Article 171 or more likely - at least initially - via Eureka.

11.2 Interfaces between ICT Platforms

One can view the inter-relationship between the ICT ETPs as illustrated below. We have tried to identify specific interfaces and have numbered them for ease of reference.
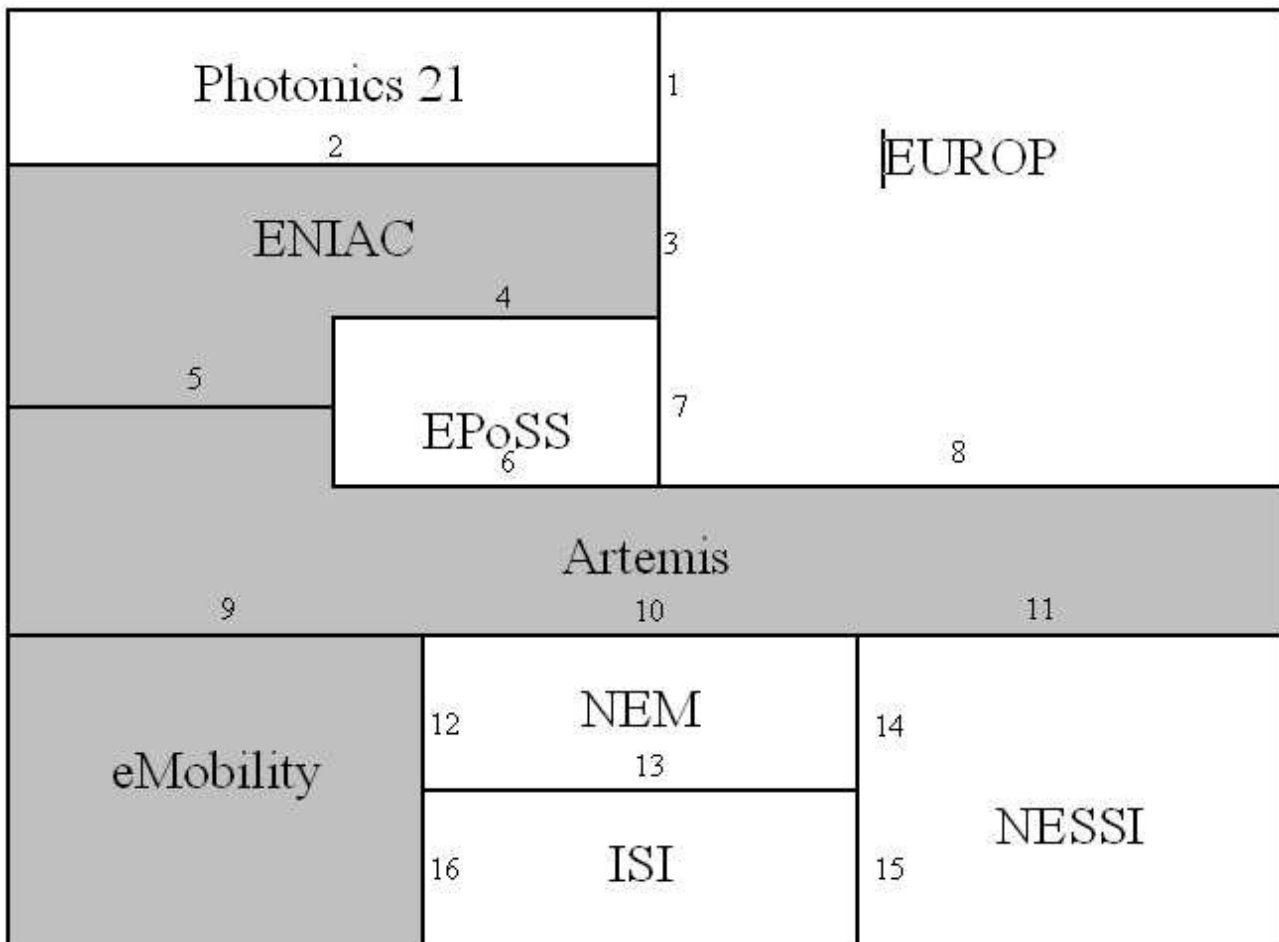
As can be seen above, we believe there are currently 16 such interfaces. We believe it important that each pair of ETPs involved in an interface, define the demarcation. This has begun in several instances. For example we are aware that ENIAC and Artemis have a written agreed position on Interface 5.

11.3 Joint Technology Initiatives

JTIs are planned to be used by only two ICT ETPs; Artemis and ENIAC. Both of them have set up legal entities to manage the JTI.

 JTI funding is planned via Article 171 which reads:
"Community may set up joint undertakings or any other structure necessary for the efficient execution of Community research, technological development and demonstration programmes"

Support must be proposed by Commission but requires a Council decision. One example was Galileo.
In such a way, private and public resources are brought together into one "pot". The management structure should consist of stake holders with a "Concessionaire" for implementation.

However the rules for this as applied to ETPs, have not yet been agreed. It is not expected that the Commission will formally rectify any such agreement until mid-2007. How this time-frame may affect funding activities is so far undetermined.

11.4   Relationship with Eureka

Several of the ICT ETPs are closely aligned to specific Eureka areas or Umbrellas. Not only is there a broad overlap in technological area, there is also a complete overlap between the major players. i.e. the companies and even the specific company staff involved in Eureka are the same people who are running the relevant ETPs. The two ETPs that are planning JTIs will probably use a similar call mechanism as they use in Eureka for proposals under JTIs.

11.5   How ETP activities will be funded

The differences between FP7 and the JTI funding may be seen on several levels:
- upstream versus downstream research (this also implies different distribution between industrial and academic participation, and funding rates),
- all EU member states plus associated countries participation versus some active countries in JTI, funding of research infrastructure.

11.5.1 Via Framework funding

In this way part of each ETP Strategic Research Agenda has been incorporated into the ICT Workprogram. Anyone is then free to make proposals against it in response to a normal call. However, it is envisaged that consortia will form within the membership of each ETP to propose. In fact it will be the leadership of each ETP that will (at least informally or wearing different hats) agree who will bid what. This will be particularly so in respect of IPs and NoEs.

11.5.2 Joint Technology Initiative

Each year (probably starting in 2008) the ICT program will put aside certain funds to be available to support the two ICT ETP JTIs. This will be different from the money envisaged in the Workprogram. This funding complemented by industrial funding, National funding and funding from the European Investment Bank will be used to fund projects from the specific SRA not covered by the ICT Workprogram.

The details are still being agreed.

12   Ethical Considerations in FP7

All EU-funded research activities must comply with a strict ethical code. Article 3 of the Sixth Framework Programme (FP6, 2003-2006) stated that: "All the research activities carried out under FP6 must be carried out in compliance with fundamental ethical principles." There will be a similar article under FP7.

As technology improves, the Ethical Issues within FP projects are increasing. For this reason, in the new FP7 ICT "Guide for Applicants", there is a new added annex called "ICT-Ethics" which deals with the ethical issues that have to be addressed.

All applications for funding must include a section outlining how the ethical issues raised by the proposed project will be handled. If this provides insufficient information or it touches on sensitive ethical issues, an Ethical Review Panel is called in to assess whether the proposed research complies with the ethical rules of the EU Framework Programme.

The Commission then takes into account the results of the scientific evaluation and the ethical review when deciding on the proposals to be funded. Projects which cannot comply with fundamental ethical principles are excluded.

12.1   Ethical Issues at the Proposal Stage

The Commission advises proposers that "If there are ethical, safety, socio-economic or other issues associated with the subject of the proposal, show how they have been adequately taken into account - indicate which national and international regulations are applicable and explain how they will be respected. Explore potential ethical aspects of the implementation of project results."

Proposers have to describe in their proposal the ethical issues raised by their projects in detail and explain how they will handle these. Important elements that the proposers should address are:

- National legal and ethical requirements:
  Proposals must explain how the national legal and ethical requirements of the country where the research is performed will be fulfilled, indicating the timing of approval of the national authority.
- Ethical Management:
  Within IPs & NoEs. (also STREPS if necessary).

In addition, applicants are requested to fill in the following table:

Does your proposed research raise sensitive ethical questions related to:	Yes	No
Human beings?	√	
Human biological samples?	√	
Personal data whether identified by name or not?	√	
Genetic information?	√	
Animals?		√

Proposers who tick "YES" in any of the boxes are invited to follow a web-link towards further "Crucial information" were there is a more detailed ethical issues check-list to fill in and detailed information on the main ethical issues that may emerge and on how they should be addressed

http://ec.europa.eu/research/science-society/page_en.cfm?id=3205

Applicants are also requested to confirm that the proposed research does not involve:

- Research activity aimed at human cloning for reproductive purposes
- Research activity intended to modify the genetic heritage of human beings which could make such change heritable
- Research activity intended to create human embryos solely for the purpose of research or for the purpose of stem cell procurement, including by means of somatic cell nuclear transfer
- Research involving the use of human embryos or embryonic stem cells with the exception of banked or isolated human embryonic stem cells in culture

12.2   Typical ICT Ethical Issues

Within the ICT program several aspects are particularly important with respect to ethics. They include the following:

- surveillance of people;
- informed consent of participants;
- privacy including some uses of RFID;
- sensitive data security;
- compliance with data protection legislation;
- potential danger to persons or property during experiments or trials;
- spamming or initiation of unsolicited emails;
- potential issues related to environmental contamination

12.3   Sensitive Ethical Issues

The Commission considers sensitive ethical issues to include research which:

- involves children and others unable to consent;
- use of human tissues such as embryonic and foetal tissue;
- use of genetic and other sensitive personal data;
- use of non-human primates and genetically modified animals;
- Human cloning for reproductive purposes;
- Germline gene therapy (research relating to cancer treatment of the gonads can be financed.);
- Creating human embryos solely for the purpose of research or of stem cell procurement, including by means of somatic cell nuclear transfer;

They all require particular attention.

12.4   Request for Ethical Review

All proposals that are flagged as having Ethical Considerations are subject to an Ethical Review. There are many ways in which a proposal can be flagged as having Ethical Considerations. It can be flagged by all or one of the following:

- The Proposers
- The Scientific Evaluators
- The Project Officer / Commission

Scientific evaluators are requested to identify whether there are ethical issues that need further attention. If there are, then a separate Ethical Identification Report (EIR) is filled in by the Evaluators to be passed onto the Ethical Review Board. Both the Scientific Consensus report (CR) and the Evaluation Summary Report (ESR) will indicate whether further ethical attention is required.

12.5   Ethical Review

In FP6, 11% of all funded projects have undergone an ethical review:

- Biomedicine and Genetics: 45%
- Food and green biotech: 11%
- Mobility: 11%

- Nanotechnology: 9%
- ICT: 8%
- Other: 18%

The European Commission initiates the ethical review of project proposals by independent external experts that raise sensitive ethical issues or where ethical issues have not been properly addressed as part of the funding evaluation process. In specific cases, further ethical reviews may take place during the implementation of a project.

Ethical Reviews are an integral part of the legal requirements of FP7. The Purpose of Ethical Review is to ensure that FP7 ethical rules are complied with and that the European Union is not supporting research which would be contrary to the fundamental ethical principles of FP7.

The aim of the Ethical Review is to:
- Ensure that the proposers properly address ethical issues arising from the research
- Make sure that research fulfils all ethical and/or legal requirements at national, EC and international level
- Raise the researchers' awareness about ethical issues in research (and to ensure that these issues are properly addressed.)
- Produce an Ethical Review Report

12.6 Ethical Review Workings

The Ethical Review will be performed after a positive scientific evaluation by a multidisciplinary panel of experts. Proposers will be notified prior to the Ethical Review. The Coordinator will be given the opportunity to submit "additional information" to supplement the proposal ethical information.

The Ethical Review Board has access to:
- The Proposal
- The EIR
- Correspondence between the Coordinator and the Commission regarding the Ethical Review
- Any additional information produced by the proposers.

The Ethical Review Board has the possibility of adjusting and improving proposals that impinge on fundamental ethical principles. The outcome of the ethical review, are the comments of the ethical review panel which are produced in the Ethical review report (ERR).

The ERR could include requirement for more complete information, a change in the design of the project, or in the methodology. The report of the ethical review (ERR) will be part of the technical annex.

Ethical review provides for the possibility of excluding a research project that contravene fundamental ethical principles.

12.7 Contract negotiation and the Ethical Review report

The allocated Project Officer who will be handling the contract negotiations is always invited to attend the Ethical Review.

The Ethical Review Board will report on proposals in the period between final ranking of proposals and finalisation of contract negotiations. The report of the ethical review will be handed over to the responsible scientific officer and must be included in the technical annex.

The ethical review will probably ask for follow-up reports on the sensitive issues.
- Appropriate national approval needs to be seen.

- Is there a new phase which may require further ethical review?

12.8   Ethical management

IPs foresee specific ethical management within the project if required. In this case, the ethical reporting is linked to a management component in the project.

It is expected that IPs that raise sensitive ethical issues will have an ethics management component or workpackage. These should have expertise which is both appropriate and broad-based. Applicants should provide sufficient information in the proposal for this to be evaluated.

In NoEs and STREPs there is no specific ethical management required - but if felt necessary, the ER panel might for example recommend an ethicist be included on the management board

12.9   Ethics during the Project

The Description of Work must contain the input and any follow-up that is required as a result of the Ethical Review.

If necessary, another Ethical Review may take place during the course of the Project, or the project may be subject to an Ethical Audit during or at any time up to 5 Years after the project end.

Any Project may be terminated at any time for Ethical Irregularity.

13   SME Status

The implications for SMEs in FP7 are much more positive than under FP6 rules. For financial details see 3.5.2 above.

In respect of plans for SMEs in FP7, Commissioner Potocnik has made the following statement:

"The Seventh Framework Programme (FP7) will be more inclusive for small and medium-sized enterprises (SMEs) than its predecessors, Janez Potocnik, EU Commissioner for Science and Research, assured participants attending a conference on SME participation in the Framework Programme in Kortrijk, Belgium, on 23 May 2006. SMEs are vital to the European economy, with approximately 25 million of them accounting for close to two-thirds of Europe's employment and GDP.

'Therefore, it comes as no surprise that SMEs are a key component of research and innovation policies. SMEs are often better positioned to exploit new and emerging research opportunities that address ongoing social, environmental and economic challenges,' said Mr Potocnik. The Sixth Framework Programme (FP6) aimed to create a favourable environment for SMEs, but figures show that just 22 per cent of SME proposals considered to be of a 'very high standard' received funding, whereas 50 per cent of total projects of a 'very high standard' received funding.

The Commissioner said that while FP7 aims redress this imbalance, he rejected proposals to set quotas for SME participation. 'This brings all kinds of artificial and bureaucratic processes into motion without really benefiting the best SMEs that we are trying to get in our programmes. 'There are many other things we will do to help SMEs, based on a clear distinction of different kinds of SMEs, their particular needs and what they can contribute to Europe's competitiveness,' he said.

Among the FP7 proposals designed to increase SME participation include simplification of the rules, procedures and administration for applicants. The Commissioner referred to the FP6 principle of collective financial responsibility, which he said was a particular problem for SMEs, particularly in collaborative research. 'SMEs are often confronted with demands for expensive bank guarantees. We propose to drop collective financial responsibility in the new Framework Programme and to replace it with a guarantee fund, which would cover the financial risks of defaulting project participants.'

Another proposed measure is to lower financial burdens for SMEs participating in projects. The FP6 contribution for industry participants is 50 per cent of the total cost of the project. Under FP7 proposals, the EU contribution would increase to 70 per cent for projects involving SMEs. 'My thinking was, and continues to be: if we can make life easier for the smaller actors, the life of others will also be easier,' said Mr Potocnik.

The Commissioner noted that successful SME participation under FP7 will also be determined by the organisation of national and regional administrations, and how they help their SMEs participate. He highlighted the need for an efficient network of national contact points and additional programmes to support SMEs' international collaboration outside the direct realm of FP7."

13.4.1 Types of SMEs

We believe it essential to distinguish between two distinct categories of SMEs. The first is the High Technology SME. These are the "engine of innovation". Usually being set up by several scientists and business men to develop and exploit an innovative idea or invention. Mostly they attract venture capital and the successful ones go on to have an IPO and may get listed on stock exchanges etc. A large percentage fail, either financially or technically but in my view mostly through incompetent business management or ignorance of the investment community. Those that survive mostly are eventually taken over by the big industry players and very few survive independently to grow into sector leaders in their own right. Large companies do not nurture the high risk innovative climate to be able to come up with the

occasional major break through. The industry norm is to take over SMEs in order to acquire new technology. This tendency does complicate things for SMEs early on in the innovation cycle. We can distinguish between types of SME by the following attributes -

Attribute	Low Tech SME	High Tech SME
Activity	Innovation	RTD
Potential Role	End user or exploiter	Technology/solution provider
Period of involvement	Mainly second half	From beginning
Type of project	Application trial	Enabling/application technology
R&D capability	None or very limited	High
Suitability for RTD project	Medium	High

The vast majority of SMEs however are low tech. These are the small manufacturers, retailers and service companies. They do not possess any in house R&D capability. However it is important for the general economy that they adopt leading edge technologies to remain competitive. So they have to be encouraged to take up latest technology.

SME opportunities per funding scheme are seen as follows –

Instrument	Low Tech SME	Note	High Tech SME	Note
IP	As an end user	Medium	Technology contributor	Major
STREP	As an end user	Medium	Technology contributor	Major
NoE	None	--	Management, dissemination, technology transfer, training	Minimal direct involvement with research itself

13.4.2 Funding rules for SMEs
The replacement of the cost models with a single fixed scheme as mentioned in 3.5.2 (above) and detailed in Section 6 should make it much more financially attractive for SMEs to participate. It appears financially to return the grant levels close to those of FP5.

13.4.3 Opportunities for High Tech SMEs
High Tech SMEs have many possibilities for participation as they have strong innovative R&D capabilities. In fact, they can participate in every area of the ICT program, perhaps with the exception of FET as it is much more academic and long term. The inclusion of SMEs will part of the evaluation. For those that are already involved with some of the major players either directly as part of their supply chain or indirectly, it should be much easier.

13.4.4 Opportunities for Low Tech SMEs
Traditionally the role of low tech SMEs has generally been as end users for new technology. It is too early to know the opportunity level for this in ICT in FP7; it was low in IST in FP6. However, where appropriate Take up is possible within IPs but towards the end of the project.

13.4.5 SME Financial viability issues
Given that an SME has found a suitable project opportunity, in FP6 its financial viability came under question. In FP7 a new guarantee measure should minimise this. See Section 6.18 for details.

13.4.6 Domination by large companies
In FP6 the large collaborative projects were dominated by the large industrial companies and

consequentially SMEs suffered. This may well continue into FP7 but the financial viability issue has been resolved via the new guarantees. In addition, the smaller collaborative projects will overall have a much larger share of the available budget and SME participation in those was also much higher.

13.4.7 *Implication of non-monolithic IPs*

A way for large organisations to appease the SME requirement would be also to proclaim in the proposal that suitable SMEs would be added in say after two years in an internal call for additional participation. However, that would normally only apply to low tech SMEs as I would expect the high tech ones to make a contribution from the beginning. In any case the costs involved in having an internal call will detract from the R&D funding and no one sees a problem in identifying SMEs at proposal time.

13.5 Verification of SME status

Because of the major financial implications introduced in FP7, it will be necessary to confirm that a company legally meets the SME criteria. How this will be done in FP7 is unclear so far. We hope that it will be dealt with via Audit Certificate mechanism and that there will be clear rules about charging when a company's status changes during a project.

13.6 SME Definition

Effective 1 January 2005 an enterprise is defined as an SME if it:
- has fewer than 250 employees (full time equivalents);
- has either an annual turnover not exceeding EUR 50 million, or an annual balance sheet total not exceeding EUR 43 million; and
- conforms to the criterion of independence.

Independence is defined as -
1. 1. Two legal entities shall be independent of one another where there is no controlling relationship between them. A controlling relationship shall exist where one legal entity directly or indirectly controls the other or one legal entity is under the same direct or indirect control as the other. Control may result in particular from:
(a) direct or indirect holding of more than 50% of the nominal value of the issued share capital in a legal entity, or of a majority of voting rights of the shareholders or associates of that entity;
(b) direct or indirect holding in fact or in law of decision-making powers in a legal entity.
2. 2. Direct or indirect holding of more than 50% of the nominal value of the issued share capital in a legal entity or a majority of voting rights of the shareholders or associates of the said entity by public investment corporations, institutional investors or venture-capital companies and funds shall not in itself constitute a controlling relationship.
3. 3. Ownership or supervision of legal entities by the same public body shall not in itself give rise to a controlling relationship between them.

13.7 Recognised Barriers to SME Participation

In extensive discussions with SMEs and from personal experience confirmed by questions to the Finance Help-desk, we can identify the following:

- Cash flow
- Time to contract
- Distance from Market
- Bureaucracy

13.8 SME Coordinators

As the Commission will no longer be able to ask for financial guarantees, SMEs not meeting the ex ante controls with respect to financial resources, will not be able to coordinate. This is a major blow!

14 Intellectual Property Aspects

This is an extremely important area and I will try to deal with some of the key regulation. Every participant should ensure that his own Background IPR that will be used in the project is identified and recognised by the other participants up front.

14.1 Comparison between IPR provisions under FP6 and FP7 Main changes

FP6	FP7
Pre-existing know-how	**Background (Article 2.2)**
Information and rights held prior to the conclusion of the contract	Information and rights held prior to accession to the grant agreement
Included side-ground (information and rights acquired in parallel with the contract)	<u>Excludes side-ground</u> *Side-ground created uncertainty as it was an unknown variable. In practice, it was rarely needed and was difficult to exclude in advance. During the consultation, participants generally agreed that it would be better to leave it to them to negotiate access to side-ground in the few cases were such access would be needed.*
No specific reference to "needed"	Reference to "<u>needed</u>" for implementation or use *As the FP6 definition did not explicitly include a limitation to information which was "needed", some participants were concerned because they did not make the link with the access rights provisions, which contained that limitation (i.e. some feared that they needed to give access to all their pre-existing know-how and were therefore hesitant to participate or to make huge lists excluding all pre-existing know-how). To avoid such misunderstandings, an explicit limitation was included*
Knowledge Results of the action	**Foreground** (Article 2.1) Change to "foreground" to achieve symmetry with "background" but no change in substance. *Foreground is the natural corollary to background and this term is better understood in the research and IPR-communities than the term "knowledge".*
Ownership of knowledge Owned by the participant(s) carrying out work leading to that knowledge	**Ownership of foreground** (Article 39) Slight change in wording but no change in substance

Joint ownership of knowledge	**Joint ownership of foreground** (Article 40)
Nothing specific foreseen if a joint ownership agreement was not reached (this permitted a joint owner to block licensing deals with third parties whilst not using the results themselves)	<u>Default regime if no joint ownership agreement is reached</u> (each of the joint owners may grant, after having given prior notice, non-exclusive licences to third parties (without right to sub-licence) and requires payment of a fair and reasonable compensation to the other joint owners) *This default regime will only apply if the parties have not (yet) agreed to a joint ownership agreement and will make certain that the results can be fully used while ensuring that the other joint owners receive fair and reasonable compensation. The default regime may also serve as an incentive to reach an agreement on a joint ownership agreement.*
Ownership of knowledge in cooperative (CRAFT) or collective research Knowledge is the joint property of the SMEs or the enterprise groupings, which shall agree on the allocation and terms of exercising the ownership of the knowledge in particular in the consortium agreement in accordance with rules and contract	**Ownership of foreground by specific groups** (Article 41) Foreground shall be jointly owned by the participants which are members of the specific group benefiting from the action, unless otherwise agreed by those participants. <u>Where the owners of the foreground are not members of that group, they shall ensure that the group is provided with all the rights to foreground that are required for the use and dissemination of that foreground</u> *As it may be too burdensome for the members of the specific group to manage an IPR portfolio, they may agree to a different ownership. However, the new owner(s) must ensure that the members of the group can use and disseminate the foreground.*

Transfer of ownership	**Transfer of ownership** (Articles 42-43)
Prior notice to other participants needed as long as the participant was required to grant access rights	<u>No prior notice</u> required if transfer to a specifically identified third party (with the prior agreement from all participants) *To simplify transfers of ownership to a specifically identified party (for example to the mother company or an affiliate of a participant), the participants may agree that for such a transfer no prior notifications are necessary.*
Commission had to be notified	<u>Commission does not have to be notified</u> unless foreseen in grant agreement (see cases below) *This change was introduced to simplify the transfers of ownership while retaining the flexibility for the Commission to introduce such a requirement in those projects where it is appropriate. It was a general feeling among FP6 participants that the requirement to notify the Commission across the board for each and every transfer was too burdensome, time-consuming and unnecessary.*
Commission could object to a transfer to a third party on competitiveness or ethical grounds	Commission can object to a transfer to a legal entity established in a third, not-associated country on competitiveness or ethical grounds – transfer will not take place until Commission is satisfied *The possibility to object to transfers to third parties in MS or associated countries is removed as this is not deemed necessary for competitiveness or ethical reasons. This possibility also removes a lot of uncertainty on behalf of participants. In certain types of actions (e.g. security and space research), specific provisions may be introduced in the grant agreement widening the possibility to object (see below).*

Protection of foreground	**Protection of foreground** (Article 44)
If a participant does not protect or waives protection, the Commission may protect.	If a participant does not protect, the foreground <u>may be transferred to another participant</u> or the Commission may protect *If the owner of foreground does not protect it, transfer to another participant in the project is now explicitly mentioned. The participants are usually much better placed than the Commission to evaluate the value of the results, seek protection where necessary and use the results. The Commission would be offered the option where other participants do not take up that ownership or where the original owner does not offer them the option (for example, because they are competitors).*
Community Financial Support Publications and other notices must specify that the project has received research funding from the Community. (NB *this was only in the model contract and NOT in the Rules per se*)	**Community Financial Support** (Article 45) Statement indicating Community support must be included in <u>patent applications</u>, publications and other dissemination activities *This is a mechanism to create more visibility for the Community funding and to facilitate impact assessments that has little cost for participants*
Publications Prior written notice needed to be given to the Commission and the participants. If requested, a copy needed to be made available. Thereafter, the Commission and the other participants could object if the protection of their knowledge could be adversely affected.	**Dissemination (including publications)** (Article 46) Prior notice of any dissemination activity must be <u>given only to the participants</u> (unless foreground is not protected nor transferred). Any of the <u>participants may object</u> if it considers that its legitimate interests in relation to its foreground could suffer disproportionately great harm. *The obligation to notify the Commission was removed as the other participants are much better placed to deal with such dissemination intentions.*

Access Rights	**Access Rights** (Articles 48-52)
Specific pre-existing know-how could be excluded from the obligation to grant access rights by means of a written agreement <u>prior to signature of contract</u> or <u>before a new participant joined</u>. The participants could withhold their agreement to exclusion if they could demonstrate that the implementation of the action or their legitimate interests would be significantly impaired.	Background may be <u>freely defined</u> by written agreement by the participants ● <u>No time limit for exclusion</u> of specific background ● It is clearer that <u>only "needed" background is to be excluded</u> – by definition if not needed not necessary to exclude therefore no need for long lists of exclusions. *Changes ensure maximum flexibility for the participants in organising their cooperation. The removal of the time limit permits adjustments which may be necessary during the course of the action.*
Exclusive licences to knowledge and pre-existing know-how in principle not possible so long as the participant was required to grant access rights (it was unclear whether exclusive licences could be provided if other participants waived their access rights as this was not explicitly indicated in the EC contract, thus raising the possibility of contradiction between the consortium agreement and contract)	Exclusive licences possible if all participants waive their access rights (<u>explicit</u>) *Exclusive licence can be granted if all access rights are waived, which increases the freedom of the participant concerned, the value of its IPR and the likelihood that the results will be exploited.*
Commission could object to the grant of access rights to a third party on competitiveness or ethical grounds	Commission can object to the grant of an exclusive licence to legal entity established in a <u>third, not-associated country</u> on competitiveness or ethical grounds – <u>grant will not take place until the Commission is satisfied</u> *The greater freedom to grant non-exclusive licences to third parties in MS/Associated countries encourages greater use and dissemination of results. More stringent provisions in the grant agreement remain possible in certain projects (e.g. sensitive projects from an ethical viewpoint/security research etc.) (see below) and this wording clarifies the effect Commission objection would have on the proposed agreement.*

Access Rights for execution	**Access Rights for implementation** (Article 50)
Access rights to knowledge royalty-free	Access rights to foreground royalty-free (same)
Access rights to pre-existing know-how royalty-free, unless otherwise agreed before signature of the contract	Access rights to background royalty-free, unless otherwise agreed before accession to the grant agreement (same)
Access Rights for use Access rights for use to knowledge royalty free, unless otherwise agreed before signature of the contract	**Access Rights for use** (Article 51) Access rights for use to foreground either under fair and reasonable conditions, or royalty-free – no time limit for agreement on terms *As some participants (e.g. universities) may not have the possibility to exploit their results commercially, the possibility for royalty bearing access was put on equal footing with royalty-free access and greater flexibility for negotiating terms and conditions was included.*
Access rights for use to pre-existing know-how shall be granted under fair and non-discriminatory conditions	Access rights for use to background either under fair and reasonable conditions, or royalty free *Royalty-free was added to clarify explicitly that if participants wish, royalty-free access is also allowed.*
Access rights for use 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 there is a provision for a longer period	Access rights for use may be requested up to one year after the end of the indirect action or the termination of the participation of the owner of the foreground or background, unless the participants agree otherwise *Since the two year time limit in FP6 was considered too long by most FP6 participants, a default time limit of one year is proposed - with the flexibility for the participants to choose a different (longer or shorter) limit.*
	Access rights for "frontier" research (Article 52) <u>Access rights for implementation and use shall be royalty-free</u> to other participants *As "frontier" research actions tend to cover more basic or fundamental research and the Community financial contribution may reach a 100% of the total eligible costs, access right, to other participants in the same frontier research project must be royalty-free.*

Access rights for the benefit of specific groups (NB: *this was only in the model contract and NOT in the Rules per se*)	**Access rights for the benefit of specific groups** (Articles 50-52)
RTD performers shall grant access rights to the other contractors to pre-existing know how necessary for the execution of the project, on a royalty-free basis.	RTD Performers shall grant access rights to background for implementation royalty-free
RTD Performers shall grant access rights to pre-existing know-how for use under fair and non-discriminatory conditions to be agreed.	RTD Performers shall grant access rights to background for use royalty-free
	RTD performers normally receive 100% of their eligible costs from the EC financial contribution, whereas the members of the specific group are required to use the results, therefore it is justified that they should provide royalty-free access to their background to the other participants.
	If all the owners agree, access rights to foreground shall be granted to the RTD Performer, on fair and reasonable conditions to be agreed, for the purposes of pursuing further research activities
	This allows the RTD performers to use the results in further research which was requested by them.
	When the specific group benefiting from the action is represented by a legal entity that participates in the action in their place, that legal entity may grant a sub-licence, in respect to any access rights granted to it, to those members which are established in a Member State or an Associated country
	In some cases the members of the specific group benefiting from the action are not participants so, the entity representing them must be able to grant a sub-licence to its members so that they can use the results. Normally, access rights do not confer entitlement to grant sub-licences.
Additional provisions	**Additional provisions** (Article 20)
Additional provisions re access rights, use and dissemination may be established in the consortium agreement	Additional provisions re access rights, use and dissemination may be established in grant agreements and further provisions may be established in the consortium agreement
	Depending on the nature of the project, it may be appropriate to foresee additional requirements regarding access rights, use or dissemination.

	Specific provisions (Article 22) The grant agreement may lay down specific provisions: ● in indirect actions to support existing research infrastructures and, where applicable, new <u>research infrastructures</u>: re <u>confidentiality, publicity, access rights and commitments that might affect users</u> ● in indirect actions to support training and career development of researchers: re confidentiality, access rights and commitments relating to the benefiting researchers ● in indirect actions in the field of <u>security and space research</u>: re confidentiality, classification of information, access rights, transfer of ownership of foreground and the use thereof ● in indirect actions addressing <u>security issues, other than those referred to in the preceding paragraph</u>: re confidentiality, classification of information, access rights, transfer of ownership of foreground and the use thereof *Particular types of research actions may warrant specific provisions in the grant agreement.*

14.2 SME projects

As stated above, in Collective and Cooperative Research Actions, knowledge is jointly owned by the SMEs or industrial groupings. Here also, co-owners should agree among themselves on the allocation and the terms of exercising the ownership of the knowledge, and may for instance decide that one single SME will own a certain piece of knowledge.

In addition, specific arrangements may be agreed upon before signature of the contract, e.g. with a view to provide the RTD performers with some rights, for instance access rights for conducting further research (since, as a basic rule, RTD performers do not enjoy automatically any access rights for use purposes ; this is a consequence of the fact that they do not own knowledge). Of course, such access rights may also be granted to RTD performers on a case-by-case basis during the project.

14.3 Joint Research Units (JRUs)

A JRU is a structure having no legal personality, set up by two or more distinct research organisations, e.g. in order to run a joint laboratory. (A typical example is the French "Unité mixte de recherche" (UMR) structure.) Since JRUs have no legal personality, they cannot participate as such in FP7 projects. Only one (or more) of their individual "members" can be considered as contractor(s).

In the event one such member participates in a FP7 project, it (alone) would be the owner of the results it would generate. This may lead to problems if the internal arrangements governing the JRU state that all results generated with the JRU will be co-owned by all "members" of the JRU. In that case, care must be taken to fulfil the contractual obligations, especially regarding the granting of access rights to other

contractors.

In addition, the other contractors should be informed as soon as possible of the fact that one contractor is a member of a JRU. The same is true for any other contractor using the resources of third parties which must be identified in the EC contract and for which a pre-existing contract must exist between contractor and third party.

14.4 The common legal structure

Where the contract is signed by a legal entity ("common legal structure" – "CLS") set up by several contractors for the purpose of carrying out the project, the IPR provisions apply to this CLS as such, not to the individual contractors which are its members. This means for instance that the CLS as such will be the owner of the results, and that the provisions relating to access rights do not apply to the contractors belonging to the CLS but to the CLS itself.

However, transfer of ownership from the CLS to one its "members" is not prohibited. As a consequence, it is strongly recommended that the contractors which are members of such a CLS agree on specific arrangements, relating in particular to ownership and access rights issues.

15   How to write a proposal

This chapter is inserted as a cookbook of how to go about the logistics of actually putting together a proposal. I have tried to include tips and anecdotes as appropriate – with considerable input from experience of previous Framework Programs and their results. It should be seen as complementary to other chapters of this book such as 4, 5 and 6 in particular. I have also included some other appendices which should be of considerable assistance to those writing or reviewing proposals. In the descriptions below of how to fill in the various sections of Part B, the text in italics are quotes from the appropriate Guide for Applicants.

1. Appendix 8 which his an example of a financial spread sheet to use while constructing a proposal
2. Appendix 9 which are some classic illustrations of what is meant by "blah blah".
3. Appendix 10 which his an annotated STREP template

To simplify the task I have decided to concentrate on a STREP, but the principals can be extended quite easily to other instruments. I am assuming that the reader is either the coordinator of the proposal or a consultant working with him on the proposal. Note again that I see the role of consultants as complementary to the proposers i.e. not an operation where the customer throws some details over a wall to a consultant, who in turn throws back "the finished proposal" after an appropriate time. However, these notes should be of assistance also to any participant in a proposal who wishes to be useful to the coordinator in assisting in the composition of the proposal.

I also assume that all the activities outlined in previous chapters have been carried out such as –
1. Business reason for your proposal clearly understood
2. Strategic objective and call identified
3. Topic and objective understood and agreed
4. Abstract endorsed by Strategic Objective point of contact in Brussels
5. Background work on previous projects in this area researched
6. Partners identified and agreed
7. Some MoU, NDA or letters of intent exchanged

Now, what is left is the production of the proposal itself and that is what this chapter is about. I believe that it is best practice to project manage the production in a professional manner. This is not only in order to minimise surprises and last minute panics but also to ensure that you can actually work effectively with your prospective partners. I have seen many times that partners have been dropped from a consortium because of the unreliable and unprofessional way they have behaved in proposal preparation. Conversely I have seen wise organisations withdraw from consortia because it became obvious they could not project manage effectively. You have to treat proposal production seriously just like any business tender. By this I mean that you must see yourself as a supplier and have a clear view of the needs, point of view and requirements of the "customer".

But who is the "customer"? I have found it best to identify him closely with the Head of Unit where the Strategic Objective resides. He is the one, who within the legal constraints of the program and within the political and managerial constraints of his directorate, really decides what to fund and holds the budget. But what does he really want? Well he wants something that clearly contributes to the topics of the particular Challenge and Objective. But in addition he wants something that has a high chance of producing major results that he can take credit for. He also wants things that plays to a certain extent to his political constituency i.e. the major EU players in that area. He wants some major player(s) on his side to fight his fights for him. As in all organisations, he wants to maximise the budget he controls as this could allow him to increase his head count. A measure of the importance of a Unit is the size of budget it controls. He therefore wants many top notch proposals to try and justify increases to his notional

preallocated budget. Finally, he wants projects that will not blow up in his face or generate scandals. He much prefers projects that are "politically correct" where possible as they can generate good PR not only for him but for the Commission and he can bask in the reflected glory.

In practice the "customer" is initially represented by the evaluators assigned to your proposal. They will have been briefed by the "customer" and should understand what is wanted but frequently they may give him something he doesn't really want – but that is a different story. The "customer" chooses the evaluators and assigns proposals to him and his knowledge of likes and dislikes of different evaluators can "steer" things to a certain extent. The reason I mention this here is that you must take it as given that each evaluator is a domain expert or his CV implies this. So please don't talk down to him in the proposal. For example in an eHealth proposal there is no need to explain what an Intensive Care Unit is.

In order to manage the proposal production professionally we need to set up a suitable, achievable time-line. We identify several phases in the process as follows –
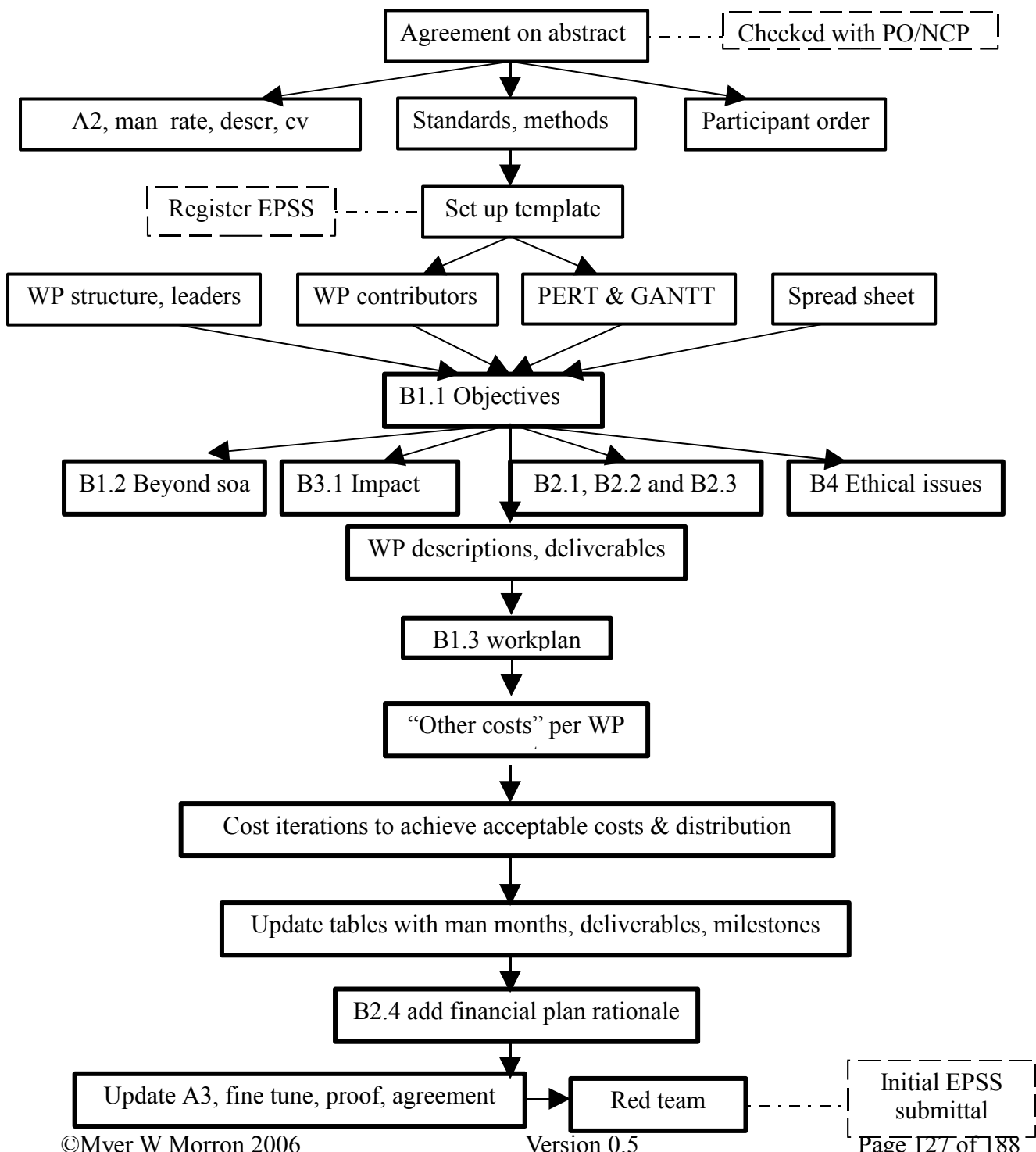
1. Agreement of proposal abstract
2. Preliminary commitment of participants by submittal of A2 information, overhead rate, man-rates, organisation description and CVs
3. Agreement on participant order
4. Set up of Part B Template
5. Agreement on document standards and method of working
6. Agreement on Work package structure and which partners contribute to which WP
7. Production of preliminary Pert and Gantt
8. Agreement on WP leaders (for proposal production)
9. Set up of Project Effort form (from Guide for Applicants) and costing spread sheet
10. Production of B1.1 – Objectives (this constrains all the rest)
11. Production of B1.2 - State of the art.
12. Production of B2.1, B2.2, B2.3, B3.1, B3.2 and B4 (can proceed in parallel)
13. Production of initial text for WP descriptions for B1.3 including deliverables by WP leaders and initial manpower guestimates
14. Production of B1.3 work plan
15. Initial guestimates of other costs per WP per partner
16. Iterations via costing spread sheet to achieve acceptable costs and distribution
17. Updating of all tables with man months, deliverables and milestones
18. Addition to B2.4 of rationale for financial plan
19. Updating of A3, fine tuning, proofing, agreement by partners
20. Red teaming of proposal i.e. external dummy evaluation

I have not included in above list, activities related to submittal which has to be via EPSS (see chapter 4) or requesting early on password, which should be done after point 2 (above).

During the production of the proposal it is important to keep in mind the suggested page count for each section. Required tables and charts are not part of the page count. The proposal may now fail if you go over the limit. However you are obviously missing the point if say your B1 is thirty six pages and they recommended twenty as a maximum!. I would suggest you limit yourself to the recommended maximum page counts where specified and be as terse as possible where there is no stated maximum. Additional text should be reassigned to other more appropriate sections or to an Annex or preferably eliminated.

Another general but important point is not too make unsubstantiated sweeping statements or claims. Avoid "blah blah" in your proposal. There are many professional "blah blah" writers who can fill a page with text which, on reflection, has zero content or added value. Be business like, accurate, verifiable and modest – the proposal should speak for itself. See Appendix 9 – if you are unclear as to the type of writing I am referring to.

I like to quote Lord Kelvin in this respect:

> "I often say that when you can measure what you are speaking about, and express it in numbers, you know something about it; but when you cannot express it in numbers, your knowledge is of a meagre and unsatisfactory kind"

I have always considered, if I had the time, to write a complete blah blah proposal. i.e. one that is content free. I have certainly seen enough examples appropriate to all sections. My main concern is that it would be used as a source book for proposal writers!

I now will go through each of the previously described proposal writing activities and make some hopefully helpful comments on each.

15.1 Agreement of project abstract, objective and scope

It is vital that you start off with the abstract and then proceed to write section B1.1 "Concept and objectives". Although this is in the plural, pleased **ensure you have a single high level objective**. Make sure that the reader will immediately see that this proposal clearly related to a topic within the Strategic Objective. Do this by reusing some of the same phrases.

When I was an evaluator the first thing I would do is read the proposal abstract and hopefully develop an immediate view as to the context of the proposal. Assuming my initial view was positive, I would then read the proposal to reinforce my positive view and be on the look out for key points I would hope to see to confirm this view. If my initial view was negative, I would then read the proposal to confirm this. In both cases there were many instances that during the reading my view changed in either direction.

However there was a third case that usually accounted for half of the proposals I read. This is the case that from the abstract I couldn't understand what the proposal was about. I then had to read the proposal to try and form a view of what it was about. I would then have to reread it to determine in detail my view on individual aspects. You must try to avoid this – make it easier for the evaluator. In most cases where the proposer was unable to explain the proposal clearly in the allowed 2,000 character abstract, it failed.

Time and effort put into a good abstract is time well spent. As a corollary, it is also important that the Title encapsulates its essence.

15.2 Preliminary commitment of participants

It is vital to have some physical evidence of good faith and real intent. A way to achieve this and at the same time avoid last minute panics is to request:

1. a filled in A2 form from each partner
2. their man month rate in Euros
3. their overhead rate.

The submittal of many proposals have last minute panics on these points. If an organisation has not yet been involved in a FP proposal, the identification of overhead rate as well as even man rate can be extraordinarily difficult to get. It frequently may involve explanations on how to determine them. It is important to get them approximately correct as it will determine the maximum grant and it is extremely difficult to have it subsequently increased. It is also unwise to overestimate, as it detracts from the proposal. A good method is to independently check if the organisation is already in a different project or proposal and extract those figures. Main message is do it early on. Another simple thing you should get up front is a very brief description of the organisation as related to the subject in hand – no more than half a page and one or two brief CVs of people who will be involved. By brief CV we mean not more than say six lines that emphasises his relevant experience. Marital status, age etc. are irrelevant.

15.3 Agreement on participant order

This seems rather trivial but it is important for logistic reasons in writing the proposal. The coordinator is number 1 and I suggest you then number them according to importance and certainty. If you have a doubtful participant, put him last. This number appears on each A2 form and in several other places in the proposal and determines some ordering in it.

15.4 Set up of Part B Template

Take an electronic copy of the correct template for this instrument and call. Source can be the appendix to the Guide for Applicants or the Template that can be down loaded from EPSS for this call and instrument

or some other source. What is important is to set it up correctly and consistently. I suggest in Word rtf that has correct formatting, i.e. language variant, heading structure, A4 page set up, font and text size, correct headers and footers as per Guide for Applicants.

Ensure that the content rules are understood such as no use of colour in the proposal and if external graphics are to be incorporated, the definition is appropriate i.e. no more than say 300 dpi or a simple illustration can consume say 10 MBytes.

15.5   Agreement on document standards and method of working

1. Issue each partner with some basic rules and guidelines. This should include the following –
2. List of partners, points of contact, short name and partner number (from 15.4 above)
3. Copy of project objective, instrument and Strategic Objective
4. Call number and closing date
5. A pointer to the proposal template or the template itself
6. A list of planned preparation activities and completion dates leaving at least a week free prior to deadline
7. I suggest setting up a project email list server with project manager in charge
8. Simple rules on proposal change control i.e. numbering scheme and how updates and changes to base document are controlled by project manager

It is usually best to put current live version of proposal on a server (protected in some way) with only project manager allowed to modify it. This version should have a detailed change history and track changes enabled. As someone wishes to update a section they should send the changed part to the project manager for incorporation. Every such requested change must be dated with a few words as to what was done. The project manager would then check it and incorporate it onto live version. This needs careful partitioning or things can get quickly out of control.

15.6   Agreement on Work package structure and contributing partners

The project manager should decide on an initial breakdown of work packages. Take WP 1 to be Project Management and WP2 to be Dissemination and Exploitation. How to break down the work into packages can be an endless debate as you can essentially approach it in a horizontal or vertical fashion. I have always found that approaching it horizontally (i.e. time based) is best. For a STREP, I would put an overall limit of say eight work packages. So how do we decide on the remaining six?

It is best to start with the following standard model shown as a PERT chart –
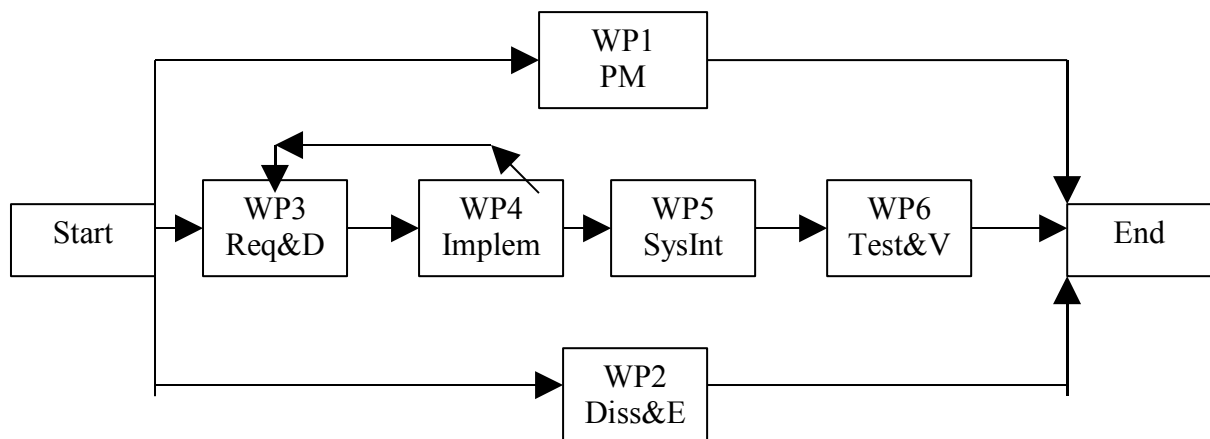
In the above: WP3 is Requirements and Design, WP4 is Implementation, WP5 is System Integration and WP6 is Test and Validation. No single project will 100% fit this and you have another free WPs to customise your PERT. For example you may have to split WP4 into hardware and software or you may have to have another WP dealing with application level work or you may have a WP dealing with more

fundamental research issues feeding into the implementation. There should normally also be some iteration between Implementation, Design and Requirements showing the research aspect of the work.

15.6.1 *Assessment and Evaluation*
Note that in contract negotiation documentation it usually states:
" allocating a specific work package to review and assessment (by the participants) of project results and progress towards the objectives. This work package should have appropriate resources allocated to it (guideline: up to 5% of total project resources) and describing how the output of the on-going assessment will feed into the project management, as assessment is only useful when it informs management in a timely fashion"
Or
"or assessment and evaluation elements may be explicitly included in the project-specific work packages"
So ensure that you have this 5% included in your proposal

15.7 Production of preliminary Pert and Gantt

Once you have produced a draft of the WP breakdown that is agreed by your major partners, build a final PERT chart as above and from it a preliminary Gantt chart that shows the start and dates of the work packages. A good tip is to ensure that there is a phased start up of the project as, in practice, in usually takes 2 to 3 months for all the resource to become available. Also ensure that in the final month of the project only WP1 and WP2 (as above) run in order to produce final reports etc. These are normal good management practice and shows the evaluators you are an experienced manager.

15.8 Agreement on WP leaders (for proposal production)

A good way to distribute proposal preparation work is to assign initial WP leaders. The Coordinator is always WP1 leader. Assign the partner who has the most to contribute in each WP if in doubt. It is important that someone does take responsibility and is both enthusiastic and available. If the obvious WP leader will not be available during time required substitute someone else temporarily and try and ensure that he reviews drafts. When this has been done, with the coordinator taking up any slack, publicise the list and incorporate it into the proposal. I have previously mentioned that it is a bad idea generally to have an academic coordinator. This also goes for the dissemination and exploitation Work Package leader. Academics are the wrong choice! Think again.

15.9 Set up of Project Effort form (Guide for Applicants) & costing spread sheet

Use the provided Project Effort form from the template to track partner man months per WP. You should initially identify which partners will participate in which WP in addition to the agreed leader. Identify them with a star in the chart and the leader with a double one. In parallel set up a spread sheet that will allow you automatically to generate costs and funding per partner from the man months per partner per WP taking account of funding rate, cost model, overhead rate, man rate as well as travel, equipment, subcontracts and other costs. This will be used to track and monitor overall costings as definition develops and allows you to force changes to ensure funding levels and split falls within your own targets for the proposal. We provide one as illustrated in Appendix 8. It would be considered normal that consortium management would use about 10% of the effort.

15.10 Production of B1.1 Concept and Objectives
I would estimate that 95% of the proposal drafts I see start off section B1.1 with one to three paragraphs of background before getting to the paragraph that starts "The objective of this proposal is ...". As an evaluator I found this exceedingly annoying as did others I have spoken to. An evaluator is locked up for a week reading proposals – mostly badly written – and he quickly wants to understand what it is about. It is impossible to begin to think about the relevance or quality of a proposal until you have a model in your mind of its objective, scope and relevance to this call. You must hit him between the eyes with this straight away. If you feel you must have justifications why it is important in this section put it in later.

On the subject of "objective' please avoid the following extremely common errors.

1. Making it appear that this is a product development project. There generally must be research content. STREPs in particular are usually expected to be extremely leading edge with consequent risk of failure. Use the word "research".

2. Implying that the work has already been done. You would be surprised how many proposals appear to only wish funding for productisation of some existing technology. I have seen proposals that even quote the product name and catalog number they are apparently going to supply and have a deliverable within three months of project start!

3. Using the word "demonstration" or "demonstrate". Expurgate it – i.e. do a word search to ensure it has not crept in. It really only means you will get less funding. I see no reason why anything some one wished to do as a "demonstration" could not be done using a different word such as "trial", "validation" or "system test".

B1.1 must be completed by explaining the Concept as well as the objectives of your project and the main ideas that led you to propose this work. Describe in detail the S&T objectives. Show how they relate to the topics addressed by the call. The objectives should be those achievable within the project, not through subsequent development. They should be stated in a measurable and verifiable form, including through the milestones that will be indicated under section B1.3.

15.11 Production of B1.2 Progress beyond the state of the art.

In section 15.10 we produced B1.1 and this must now be complemented by showing convincingly in B1.2 that what you propose is beyond the current state of the art. Prepare for this by going over all previous and current projects in this area and where necessary explain why your proposal is better. Don't be afraid to name names but do it positively – remember the evaluator may have been personally involved in a previous project you are quoting. An important goal here is to show the evaluator you have done your homework and are aware of the latest developments in the field.

Describe the state of the art in the area concerned and the advance that the proposed project would bring about. If applicable, refer to the results of any patent search you might have carried out.

15.12 Production of B2.1, B2,2, B2.3, B3.1, B3.2 and B4 (can proceed in parallel)

When you have an almost final B1, split up B2.1, B2.2, B2.3, B3.1 and B4 between your partners who have experience in proposal writing for drafting. Be aware you may end up doing it all yourself or with one partner. I have always found it best to quickly draft some content and circulate it for comment and you end up getting all the needed material. In other words it is usually better not to give someone a blank page – give them something they can disagree with – that stimulates a response. By way of additional guidance, I include here some notes on each of above sections.

15.12.1 B2.1 Management structure and procedures

This section has to be concise, complete and very well thought out. This section should describe how the proposed project will be managed, the decision making structures to be applied, the communication flow within the consortium and the quality assurance measures which will be implemented, and how legal and ethical obligations will be met. Emphasise the experience and quality of the management. Make it clear how progress will be monitored and how an effective management structure will be put in place, with agreed lines of communication and responsibility. Describe how corrective actions will be initiated and how conflicts will be resolved. I believe it is vital to include an organisation chart. See 4.3.1 for an example for a STREP.

Describe the organisational structure and decision making mechanisms of the project. Show how they are matched to the complexity and scale of the project.

There should be a brief section on each body in the organisation chart, its composition and function. Each

defined role such as Project Manager, Work Package Leader etc should also have a brief description of their role and responsibilities. Reference must be made to the future Consortium Agreement that will expand on the topic and formalise it.

The specific obligations of the coordinator must be distinguished from the management of the consortium activities. The coordinator's specific obligations are:

1. to ensure accession to the contract by the other contractors
2. to ensure the communication between consortium and Commission
3. to receive and distribute the EC contribution
4. to keep project accounts

Only the coordinator may have these particular tasks and their associated costs. However, there are many other tasks that are considered part of the management of the consortium and these can be carried out by any contractor, in accordance with the terms of the consortium agreement. The costs are determined according to the task allocation.

15.12.2 B2.2 Individual participants

This section should also contain a **BRIEF** description of each partner, emphasising his relevance to the project. By brief, we mean maximum of a third of a page. You can also include a brief CV of one or two staff per participant. Do not exceed one page per participant and preferably two thirds of a page. Any excess must be relegated to an appendix. (A diplomatic way to handle a Professor who insists on five pages of references.)

There are important things to say and irrelevant things. The evaluator is interested in a company's technological capability, not on which stock exchange it is listed. If your company was founded two years ago or if you only have five staff, **do not mention it**. This can only detract from your creditability. If you have been involved in previous successful projects, name them. The CV of the nominated Project Manager is of particular importance. You have to show that he has experience of successful international project management. Emphasise this aspect.

For each participant in the proposed project, provide a brief description of the organisation, the main tasks they have been attributed, and the previous experience relevant to those tasks. Provide also a short profile of the staff members who will be undertaking the work.

(Maximum length for Section 2.2: one page per participant)

15.12.3 B2.3 Consortium as a whole

Start off with a short one page description of the consortium stating who the participants are, what their roles and functions in the consortium are, and how they complement each other. It is vital you identify such partners as "end user", "exploiter or supplier" as well as "research contributor" etc.

Describe how the participants collectively constitute a consortium capable of achieving the project objectives, and how they are suited and are committed to the tasks assigned to them. Show the complementarity between participants. Explain how the composition of the consortium is well balanced in relation to the objectives of the project.

If appropriate describe the industrial/commercial involvement to ensure exploitation of the results.
i) Subcontracting:
If any part of the work is to be subcontracted by the participant responsible for it, describe the work involved and explain why a subcontract approach has been chosen for it.
ii) Other countries: If a one or more of the participants requesting EU funding is based outside of the EU Member states, Associated countries and the list of International Cooperation Partner Countries 1 , explain in terms of the project's objectives why such funding would be essential.

Be very careful of sub-contracts. The Commission does not like them. Do not sub-contract R&D. Remember if a company sub-contracts some work they will normally have to pay 100% of the costs (potentially with profit) and will normally only get 50% back. It is quite clear what sub-contracts are considered reasonable. If, for example, a project is producing a prototype of some equipment and require a special enclosure for this and it is not the type of work one of the partners would normally do in house, it is quite proper to sub-contract the work. Sub-contracting art work or say even building a web site are reasonable and should be mentioned and justified.

15.12.4   B3.1 Expected impacts listed in the work program

Describe how your project will contribute towards the expected impacts listed in the work program in relation to the topic or topics in question. Mention the steps that will be needed to bring about these impacts. Explain why this contribution requires a European (rather than a national or local) approach. Indicate how account is taken of other national or international research activities. Mention any assumptions and external factors that may determine whether the impacts will be achieved.

15.12.5 B3.2 Dissemination and/or Exploitation of project results and management of IPR

Describe the measures you propose for the dissemination and/or exploitation of project results, and the management of knowledge, of intellectual property, and of other innovation related activities arising from the project.
(Recommended length for the whole of Section 3 - 3.1 and 3.2 – ten pages)

This section should include the description of plans for the dissemination and/or exploitation of the results for the consortium as a whole and for the individual participants in concrete terms, for example by describing the dissemination and/or exploitation strategies, the user groups to be involved and how they will be involved, the tools and/or means to be used to disseminate the results and the strategic impact of the proposed project in terms of improvement of competitiveness or creation of market opportunities for the participants.

Exploitation is a vital part of this section. Emphasise the usefulness and range of applications, which might arise from the project. Explain the partners' capability to exploit the results of the project and detail how you foresee doing this in a credible way. Refer to the draft Consortium Agreement with respect to exploitation rights within the consortium. **This is particularly important.** Be specific and quantify things such as accessible market etc. It is possible to include an appendix to the proposal that could deal with broader or more detailed aspects of this.

15.12.6 B4 Ethical issues

Normally there is only one of significant impact here and that is data protection acts, both at European and at National level. You should state that the project will comply and it is the responsibility of say the project manager to ensure compliance and mention this in his responsibilities under B2.1.

Describe any ethical issues that may arise in the project. In particular, you should explain the benefit and burden of the experiments and the effects it may have on the research subject. Identify the countries where research will be undertaken and which ethical committees and regulatory organisations will need to be approached during the life of the project. Include the Ethical issues table. If you indicate YES to any issue, please identify the pages in the proposal where this ethical issue is described. Answering 'YES' to some of these boxes does not automatically lead to an ethical review. It enables the independent experts to decide if an ethical review is required. If you are sure that none of the issues apply to your proposal, simply tick the YES box in the last row.
Notes:
For further information on ethical issues relevant to ICT, see annex 5 of the Guide for Applicants. Only in exceptional cases will additional information be sought for clarification, which means that any ethical review will be performed solely on the basis of the information available in the proposal.

15.13 Initial text for WP descriptions, deliverables & initial manpower

Limit them to single page forms. This is only a summary and should not be too detailed. The details are elsewhere in B1.3. It could include an initial guestimate of man months per WP participant from those agreed under 15.6 above. They should include any mandatory or major deliverables numbered in the form Dx.y. Where "x" is the work package and "y" is a running number, usually chronological. Sometimes work packages are broken down in the proposal into Tasks. Then the numbering would include the task number within the WP and be of the form Dx.y.z I personally don't believe you need this formal depth of detail in a proposal – it could be amplified at contract negotiation time. For every identified activity you must have at least one deliverable.

15.14 Production of B1.3 work plan

B1.3 does not consist only of the required PERT, Gantt and WP charts and tables – they are purely summaries. You have up to fifteen pages available. Many proposals I see use perhaps half a page. That is why they grossly exceed many of the earlier parts of the proposal allocations. Please review my comments that just precedes section 15.1. This section should include –

1. rationale for your implementation method
2. alternatives considered
3. phasing and check points
4. system design as appropriate
5. potential technical risks and fall backs
6. reference to other work
7. reference to other funded projects and justification

This is the technical section – it is vital in convincing the evaluators of your "technical excellence", without which, nothing will be funded. If you have extended background material that is vital, put in an appendix. This section must of course be consistent with and support the following work package descriptions.

A detailed work plan should be presented, broken down into work packages 1 (WPs) which should follow the logical phases of the implementation of the project, and include consortium management and assessment of progress and results. (Please note that your overall approach to management was described, in section B2.1.

Please present your plans as follows:
i) Describe the overall strategy of the work plan.
ii) Show the timing of the different WPs and their components (Gantt chart or similar).
iii) Provide a detailed work description broken down into work packages:
· Work package list (please use table 1.3a);
· Deliverables list (please use table 1.3b);
· Description of each work package, and summary (please use table 1.3c)
· Summary effort table (1.3d)
· List of milestones (please use table 1.3e)
iv) Provide a graphical presentation of the components showing their interdependencies (Pert diagram or similar)
Notes:
The number of work packages used must be appropriate to the complexity of the work and the overall value of the proposed project. The planning should be sufficiently detailed to justify the proposed effort and allow progress monitoring by the Commission..

Any significant risks should be identified, and contingency plans described

15.15 Initial guestimates of other costs per WP per partner

Each partner under the prompting of the WP leaders, should identify other costs such as material, equipment, travel etc. required for each WP. This should be consolidated and added into the spread sheet by the project manager. Once validated this will form the basis for the financial plan.

15.16 Iterations on costing spread sheet to achieve acceptable cost distribution

Generally, the coordinator will have a target range for the size of contribution he hopes to request. i.e., elsewhere in this book I suggest a range of 1-3 MEuro contribution for a STREP. If he decides to try to aim for 2.9 MEuro, then it may be necessary to "fine tune" the proposal i.e. the WP content to get to this. Never do a top down preallocation of funding. This leads to obviously artificial estimates. It is infinitely better to do a bottom up and then fine tune. i.e. start with the activities and rates and calculate the costs. It ruins the creditability of any proposal for an evaluator to see that you have, for example, five partners each getting exactly 500,000 Euros except the coordinator who will get 1,000,000. Avoid round numbers deliberately.

15.17 Updating of all tables with man months, deliverables and milestones

This activity should be self evident. It is important that all your internal tables and figures are self consistent and your arithmetic is correct.

15.18 Addition to B2.4 Resources to be committed

In addition to the costs indicated on form A3 of the proposal, and the staff effort shown in section 1.3 above, identify any other major costs (e.g. equipment). Describe how the totality of the necessary resources will be mobilised, including any resources that will complement the EC contribution. Show how the resources will be integrated in a coherent way, and show how the overall financial plan for the project is adequate.

(Recommended length for Section 2.4 – two pages)

Don't forget audit certificate costs. You should take the information from your spread sheet and briefly mention and justify any major expenditures you have taken into account such as travel, equipment, material etc. Remember on A3 all you will see is man months and costs.

15.19 Updating of A3, fine tuning, proofing, agreement by partners

The man months and financial figures should be reflected back into the A3 form. However, this is your last opportunity to circulate this final draft and incorporate any hopefully minor changes or additions. It is usually at this point that a partner wants to introduce a new partner or finds some completely new important material. Strongly resist such changes at this stage. Remind people it will always be possible to make changes, even add in a new partner, during contract negotiations. Changes made at this stage inevitably introduce consistency errors in the proposal.

15.20 Red teaming of proposal i.e. external dummy evaluation

Treat the proposal like a serious commercial tender – which it is. It is normal and good practice in industries driven by major procurements such as defence or other government bids to use a "red team". You identify several experienced people not connected with the proposal effort and give them the Workprogram and Guide for Applicants and have them spend a full day doing a dummy evaluation. It is important that you at least one person involved who is experienced in such evaluations. Hire someone for a day to organise the effort. Ensure you leave yourself sufficient time to implement any required corrections resulting.

Appendix 1 European Union

A1.1 States Participating in the Framework Program

A1.1.1 Member States
The European Union from 1 January 2007 is comprised of the following twenty seven member states -

- Austria
- Belgium
- Bulgaria
- Cyprus
- Czech Republic
- Denmark
- Estonia
- Finland
- France
- Germany
- Great Britain
- Greece
- Holland
- Hungary
- Ireland
- Italy
- Latvia
- Lithuania
- Luxembourg
- Malta
- Poland
- Portugal
- Romania
- Slovakia
- Slovenia
- Spain
- Sweden

A1.1.2 New Member States
Note that the following countries became member states on 1 May 2004.

- Cyprus
- Czech Republic
- Estonia
- Hungary
- Latvia
- Lithuania
- Malta
- Poland
- Slovakia
- Slovenia

and on 1 January 2007

- Bulgaria
- Romania

A1.1.3 Associate Candidate Countries
In addition, the following States are considered to be Associate Candidate Countries, "ACC" in the Framework Program -

- Croatia
- Turkey

A1.1.4 Other Associated States
The following countries are Associated States -

- Iceland
- Israel
- Liechtenstein
- Norway
- Switzerland

Three of them i.e. Iceland, Norway and Liechtenstein are designated as EFTA-EEA - the European Free Trade Area and the European Economic Area which have special status with the European Union.

The Association Agreement with Switzerland came into effect on 1 Jan 2004. So Switzerland is formally an Associated State and their funding now comes from the EU.

A1.2 Organisation of the European Union Institutions
The European Union "Government" has three primary institutions and several other minor ones that I will not elaborate here. From the Framework Program perspective the most important entity is the Commission but it is best to view it in context with the other two major institutions it interfaces with, the

European Parliament and the European Council. In effect, at the highest level the EU is governed by a triumvirate as follows -

European Parliament　　　　　European Council

Other institutions

European Commission
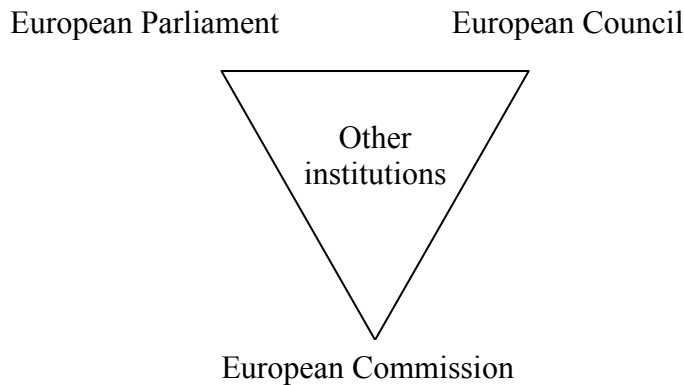
A1.2.1 *European Parliament*

Elected every five years by direct universal suffrage, the European Parliament is the expression of the democratic will of the Union's 374 million citizens (closer to 500 million after 1 May 2004). Brought together within pan-European political groups, the major political parties operating in the Member States are represented. Parliament has three essential functions:

- It shares with the Council the power to legislate, i.e. to adopt European laws (directives, regulations, decisions). Its involvement in the legislative process helps to guarantee the democratic legitimacy of the texts adopted;
- It shares budgetary authority with the Council, and can therefore influence EU spending. At the end of the procedure, it adopts the budget in its entirety;
- It exercises democratic supervision over the Commission. It approves the nomination of Commissioners and has the right to censure the Commission. It also exercises political supervision over all the institutions.

A1.2.2 *Council of the European Union*

The Council is the EU's main decision-making body. It is the embodiment of the Member States, whose representatives it brings together regularly at ministerial level. According to the matters on the agenda, the Council meets in different compositions: foreign affairs, finance, education, telecommunications, etc. The Council has a number of key responsibilities:

- It is the Union's legislative body; for a wide range of EU issues, it exercises that legislative power in co-decision with the European Parliament;
- It co-ordinates the broad economic policies of the Member States;
- It concludes, on behalf of the EU, international agreements with one or more States or international organisations;
- It shares budgetary authority with Parliament;
- It takes the decisions necessary for framing and implementing the common foreign and security policy, on the basis of general guidelines established by the European Council;
- It co-ordinates the activities of Member States and adopts measures in the field of police and judicial Cupertino in criminal matters.

A1.2.3 *European Commission*

The European Commission embodies and upholds the general interest of the Union. The President and Members of the Commission are appointed by the Member States after they have been approved by the European Parliament. The Commission is the driving force in the Union's institutional system:

- It has the right to initiate draft legislation and therefore presents legislative proposals to Parliament and the Council;
- As the Union's executive body, it is responsible for implementing the European legislation (directives, regulations, decisions), budget and programs adopted by Parliament and the Council;
- It acts as guardian of the Treaties and, together with the Court of Justice, ensures that Community law is properly applied;
- It represents the Union on the international stage and negotiates international agreements, chiefly in the field of trade.

The Commission itself is subdivided into a number of Directorate Generals which are equivalent to Government Ministries. Each is headed by a political appointee, the Commissioner, equivalent to a government Minister. Under him is the Director General, who is equivalent to the top civil servant in the Ministry and is responsible for the day to day running of the DG.

The ICT Program sits within the Directorate General for the Information Society. This previously was the equivalent of the Ministry of Telecommunications and still retains responsibility for Telecommunication policy and regulation for the EU - which is very convenient for the IST program. However, it is important to note that the overall Framework Program is the responsibility of the Research Directorate General and this leads to internal Commission problems.

Appendix 2 Glossary

3D	Three Dimensional
AC	Additional Cost model with 20% fixed overhead rate
	Assistant Contractor designation - only in FP5
ACC	Associate Candidate Countries
Access	A type of Take up measure
Access rights	Means licences and user rights to knowledge or pre-existing know-how
Accompanying Measure	An activity contributing to the implementation of the program or to the preparation of future activities of the program
Acknowledgement of receipt	Applicants are informed electronically after the deadline that a proposal has been successfully submitted (but not that it is necessarily eligible). Contact the FP7 Enquiry service urgently if you do not receive such an acknowledgement.
Action Line	In the FP5 IST Workprogram Key Actions were broken down into areas and those into Technical topics. Proposals are submitted against a specific Action Line.
ACTS	Advanced Communications Technologies and Services (FP4 Program)
Adventure projects	Type of project to support research in "New and Emerging Science and Technology" (NEST). Adventure projects will be used to respond to unforeseen new scientific opportunities or to apply innovative and multidisciplinary approaches to address long-standing challenges.
AEC	Advanced Equipment Control
AL	See **Action Line**
Allowable costs	See **Eligible Costs**
Ambient Intelligence	A concept in ICT that explores what should come beyond the current "keyboard and screen" interfaces to enable ALL citizens to access ICT services wherever they are, whenever they want, and in the form that is most natural for them. It involves new technologies and applications both for the access to, and for the provision of applications and services. It calls for the development of multi-sensorial interfaces which are supported by computing and networking technologies present everywhere and embedded in everyday objects. It also requires new tools and business models for service development and provision and for content creation and delivery.
APC	Advanced Process Control
Applicant	The term used generally for a person or entity applying to the Framework Program. The term 'participant' is used in the more limited sense of a member of a proposal or project consortium
Article 169	New instrument for FP6 and FP7 relating to complementary funding for Member States national R&D programs - not used in FP6 by IST. However in FP7 ICT is initiating an AAL initiative using this mechanism
Article 171	An article under which the Community may set up joint undertakings or any other structure necessary for the efficient execution of Community research, technological development and demonstration programs
Assessments	Type of **Take-up measure** or type of FET Open project
Assessment Action	This is specific type of IP. Aims at assessment of prototype equipment and materials in state-of-the-art manufacturing.

Associated Country (or State)	Non EU countries which have agreed, negotiated and paid to participate in the Framework Programme. In the context of proposal consortia, organisations from these countries are treated on the same footing as those in the EU. The list of associated countries is given in Appendix 1.
Audit certificates	FP6 term now formally called "Certificate on Financial Statement" Audit certificate are used to enable the Commission to ensure that the costs charged to a European Community funded research project meet the conditions for financial support. In most contracts, contractors shall provide audit certificates prepared and certified by an external auditor (for public bodies by a competent public officer) at least once during the life of the project. (in Integrated Projects and Networks of Excellence each contractor must provide one per year). The audit certificate shall certify that the costs: • are incurred during the duration of the project, • are recorded in the accounts of the contractor, • are determined in accordance with the usual accounting principles of the contractors, • meet the other main contractual requirements regarding eligibility of costs (except for necessity).
Beneficiary	New term in FP7 for what was always known as **Contractor**
Best Practice actions	Type of **Take-up measure.** In FP6 and FP7 can only exist within IPs
Budget	Budget means a financial plan estimating all the resources and expenditure needed to carry out a research activity.
Bursary: (international co-operation training bursary)	Granted for training activities only e.g. to allow the applicant to learn a new scientific technique or to work on a particular experiment or set of experiments where the host institution has particular expertise and which cannot be performed in the home institution of the candidate.
CA	See **Coordination Action**
Call fiche	The part of the work program giving the basic data for a call for proposals (e.g. topics covered, budget, deadline etc). It is posted as a separate document on the CORDIS web page devoted to a particular call.
Call for Proposals (or Call)	An announcement, usually in the Official Journal, inviting proposals for research activities in a certain theme. Full information on the call can be found on the CORDIS website.
Candidate Countries	Those NAS countries that are in process of becoming members of the EU
CAP	See **Common Agricultural Policy**
CEC	Commission of the European Communities
CERN	European Organisation for Nuclear Research
Certificate on Financial Statement	See **Audit Certificate**
Collective Research	An SME special measure. Collective Research is a scheme where RTD performers undertake research activities on behalf of Industrial Associations or Groupings of SMEs
Certification (of a proposal)	The process in FP5 by which the Coordinator may apply a digital signature to the proposal, before it was submitted to the Commission.
CFP	See **Common Fisheries Policy**
Change of control	Means any change in the control exercised over a contractor
Cluster	A group of **RTD** projects and/or other cost-shared actions and/or accompanying measures that address a common theme or area of interest.
CMOS	Complementary metal-oxide semiconductor

CND	See **Communication Network Development**
CNI	See **Construction of New Infrastructure**
Collaborative project	New term in FP7 that includes both **Small or medium scale focused research actions** and **Large scale integrating projects**
Collective Research	A special SME instrument (together with Cooperative Research). Collective Research is a form of research undertaken by RTD performers on behalf of Industrial Associations/Groupings in order to expand the knowledge base of large communities of SMEs and to improve their general standard of competitiveness
Collective Responsibility	This is a mechanism applied in FP6 and modified in FP7 contracts by which a contractor may be held liable, technically and/or financially, fully or partially, for the action of another contractor. It is a consequence of the principle of autonomy of the consortium, which can decide about the allocation of the grant and the tasks. It is applied as a last resort in the case of a breach of the contract by one or more participants. Financial liability of a participant is limited in proportion to the participant's share of costs in the project, up to the total payment it is entitled to receive. International organisations, public bodies or entities guaranteed by MS/AS are solely responsible for their own debts.
Comitology	Under the Treaty establishing the European Community, it is for the Commission to implement legislation at Community level (Article 202 of the EC Treaty, ex-Article 145). In practice, each legislative instrument specifies the scope of the implementing powers granted to the Commission and how the Commission is to use them. Frequently, the instrument will also make provision for the Commission to be assisted by a committee in accordance with a procedure known as "comitology". The committees consist of representatives from Member States and are chaired by the Commission. There are different categories of committees (advisory, management, regulatory). For the implementation of FP7, the Commission is assisted by one management committee per specific program.
Commissioner	This is a member of the Commission. They are appointed by the member countries and are similar to Government Ministers in that they head different Directorate Generals.
Common Agriculture Policy	The Common Agricultural Policy (CAP) is the set of legislation and practices adopted by the Member States of the European Union in order to provide a common, unified policy on agriculture. The CAP is the most integrated of the Community-wide policies implemented by the EU. It aims to ensure that agriculture can be maintained over the long term at the heart of a living countryside. This means that the policy is targeted not just at agricultural producers but also at the wider rural population, consumers and society as a whole.
Common Fisheries Policy	Common Fisheries Policy (CFP) are a set of common rules and regulations covering all aspects of Community policy and activities in the fisheries sector.

Communication Network Development	Communication Network Development (CND) are a special type of Specific Support Action within the "Research infrastructures" activity. The objective of this scheme in support of existing research infrastructures was to create a denser network between related initiatives, in particular by establishing a high-capacity and high-speed communications network for all researchers in Europe (GÉANT) and specific high performance Grids and test-beds (GRIDs). In general, the Communication Network Development scheme will be concerned with the development of a "cyber-infrastructure" for Research capitalizing on new computing and communication opportunities and will promote a further breadth and depth to the collaboration amongst researchers in Europe. In this context, broadband communication networks and Grid technologies are key; in general, they are also highly relevant to the political goals set out by the European Research Area and the eEurope+ initiative and should be used as a means to enhance scientific co-operation with third countries.
Community financial contribution	For indirect actions in FP, in general the European Union contributes only a certain percentage of the total costs of a project. Participants have to mobilise their own resources accordingly. The percentage of the financial contribution depends on the type of activities to be carried out in the instruments and can be in the form of: a grant to the budget, as a contribution to the cost incurred, with specified maximum rates of support for the different types of activity within the project; a grant for integration, as a fixed amount to support the joint programme of activities of a Network of Excellence; a lump sum for certain specific support actions, scholarships and prizes.
Competitive call	In FP6 and FP7, for Integrated Projects and Networks of Excellence, not all participants have to be identified already at the start of the contract. In the implementation plan or in the joint programme of activities, tasks and related costs can be defined, for which a participant has to be found later. For choosing new contractors, the consortium has to prepare a competitive call. Details will be fixed in the contract with the Commission.
Concertation	Euro English – i.e. French - the process by which representatives of various projects in a similar technical area meet together to discuss results and common problems.
Consensus discussion	The stage in the proposal evaluation process when experts come together to establish a common view on a particular proposal.
Consortium	Most funding schemes require proposals from a number of participants (usually at least three) who agree to work together in a consortium.
Consortium Agreement	Means an agreement that contractors conclude amongst themselves for the implementation of this contract. Such an agreement shall not affect the contractors' obligations to the Community and to one another arising from this contract

Construction of new infrastructures	Construction of new infrastructures (CNI) is a special type of Specific Support Action within the "Research infrastructures" activity.
	This scheme may provide limited support aimed at optimising the European nature of key new infrastructure of Europe-wide interest. Support may also be granted for a major enhancement or upgrading of existing infrastructures, in particular where this would constitute an alternative to the construction of a new infrastructure. Where appropriate, the scheme may also contribute to the construction of an infrastructure of world wide relevance that does not exist in Europe. In general, funding provided for new or enhanced infrastructures will be limited to the minimum necessary to catalyse the activity; the major part of construction and operation, and the long-term sustainability of the infrastructures in question being assured by national and/or other sources of finance
Continuous submission	Some calls are open for an extended period, during which proposals may be submitted at any moment. In these cases, proposals are evaluated in batches after fixed cut-off dates.
Contract	A grant agreement between the Community and the participants concerning the performance of an indirect action establishing rights and obligations between the Community and the participants on the one hand, and between the participants in that indirect action on the other
Contractor	A project participant who has a wide-ranging role in the project throughout its lifetime
	Means a signatory to the contract (and the JRC when it participates in the contract via an administrative agreement), other than the Community
	In FP7 renamed **Beneficiary**
Contract Preparation Forms	Old name for Grant agreement Preparation Forms
Consortium agreement	An agreement that participants in an indirect action conclude amongst themselves for its implementation. Such an agreement shall not affect participants' obligations to the Community and to one another arising out of this Regulation or the contract
Cooperative research project (for SMEs)	Projects enabling at least three mutually independent SMEs from at least two Member States or one Member State and an Associated State to jointly Commission research carried out by a third party. Also known as CRAFT.
Coordination or Networking Actions	New term in FP7 for what was previously known as a **Coordination Action**
Coordination Actions	Coordination actions are one of the instruments to implement FP6 and FP7. They are intended to promote and support the networking and coordination of research and innovation activities. They will cover the definition, organisation and management of joint or common initiatives as well as activities such as the organisation of conferences, meetings, the performance of studies, exchange of personnel, the exchange and dissemination of good practices, setting up common information systems and expert groups.
Coordination and support actions	New term in FP7 that includes both **Coordination or Networking Actions** and **Specific support actions**.
Coordinator (Coordinating contractor)	Lead **contractor** in a Community action, delegated by the consortium for the role of co-ordination with the Commission.
	Means the contractor identified in this contract who, in addition to its obligations as a contractor, is obliged to carry out the specific coordination tasks provided for in the contract on behalf of the consortium

CORDIS	This is an externally funded activity that maintains the central R & D database on behalf of the Framework Program.
CORDIS service	A web service providing access to all the documentation related to FP7, and access to the electronic proposal submission service.
COST	COST is an intergovernmental framework for European Co-operation in the field of Scientific and Technical Research (http://cost.cordis.lu/src/home.cfm), allowing the co-ordination of nationally funded research on a European level. COST Actions cover basic and pre-competitive research as well as activities of public utility.
Cost Models	For the reporting of costs in FP6 contracts, participants had to use one of the three following models: • Full Cost (FC) • Full Cost with indirect flat rate cost (FCF) • Additional Cost with indirect flat rate cost (AC) Access to a particular cost model depends on the type of organisation and how it is able to account for indirect costs. The full cost model is the standard model applicable in all circumstances, but it requires the contractor to be able to calculate its real overheads associated with the project. In FP7 the terminology has been dropped.
CPA or CPC or CPT	Cross-program Action or Cluster or Theme (in previous IST Programs)
CPF	See **Contract Preparation Forms**
CRAFT	See **Co-operative research project (for SMEs)**
CREST	CREST is the Scientific and Technical Research Committee responsible for assisting the Community institutions in the field of scientific research and technological development.
critical mass	Criterion introduced in FP6 instruments - see detailed description in the text for each instrument
CSA	See **Coordination and Support Action**
Cut-off date	An intermediate date in the context of a call operating a continuous submission procedure. Proposals are evaluated in batches after each cut-off date.
Dante	Organisation contracted to implement the **Geant** project
Deadline	For a particular call, the moment after which proposals will not be received by the Commission, and when the Electronic Proposal Submission Service closes for that call. Deadlines are strictly enforced.
Deliverable	A deliverable represents a verifiable output of the project. Normally, each workpackage will produce one or more deliverables during its lifetime. Deliverables are often written reports but can also take another form, for example the completion of a prototype etc.
Demonstration Project	Projects designed to prove the viability of new technologies offering potential economic advantage but which cannot be commercialised directly. Has a special meaning in that it impacts the funding level.

Design Studies	Design studies are a special type of Specific Support Action within the "Research infrastructures" activity .
	The objective of this scheme is to contribute to feasibility studies and technical preparatory work concerning new infrastructures of European significance, undertaken by one or a number of national or international authorities. Studies related to future facilities of world-wide relevance which do not exist in Europe, but in which European institutions intend to participate, are also included. The upgrading of existing facilities may also be considered, provided the end result can be expected to be equivalent to, or capable of replacing, a new infrastructure
DG	See **Director(ate) General**
Direct action	An RTD activity undertaken by the JRC in the execution of the tasks assigned to it under the sixth Framework Program
Director(ate) General	Directorate General (DG) is an administrative unit of the Commission. Currently the Commission is divided into about 30 DGs (and comparable services). Five of them are involved in the management of FP7: DG Research (RTD), DG Information Society (INFSO), DG Transport and Energy (TREN), DG Enterprise (ENTR), DG Fisheries (FISH). The Director General is the top civil servant in charge of an individual Directorate General
Dissemination	This is the active and/or passive distribution of information about a project - it is mandatory to different extents in every project. Can also be seen as a surreptitious way of marketing.
	The disclosure of knowledge by any appropriate means other than publication resulting from the formalities for protecting knowledge
Dissemination plan	A plan of how to carry out the above
Doctoral student	Within a Network of Excellence, doctoral students mean students who are enrolled on a recognised course of doctoral studies run by one of the contractors and who do not meet the conditions to be considered as a researcher.
DRIVE	A part of the FP2 and FP3 which dealt with transport telematics
EC	European Commission
ECB	European Central Bank
eContent	A EU funded program outside of the Framework Program, now included in **CIP**
EEA	See **European Economic Area**
EEIG	See **European Economic Interest Group**
eInclusion	**ICT** assistance for disabled and elderly communities
EIB	European Investment Bank
EIC	See **Euro Info Centres**
EIR	Ethical Identification Report - a report submitted by proposal evaluators to be considered by an ethical review panel. See **Ethical Review**
Eligibility criteria	The minimum conditions which a proposal must fulfil if it is to be evaluated. The eligibility criteria are generally the same for all proposals throughout FP7, and relate to submission before the deadline, minimum participation, completeness and scope. However, specific eligibility criteria may apply to certain calls, and applicants should check the work programme.
Eligible costs	Costs that are reimbursable in full or in part by the Commission, under the terms of the Contract that is the basis for the project.
EMBL	European Molecular Biology Laboratory

Enquiry service	A general information service on all aspects of FP7. http://ec.europa.eu/research/enquiries
EPSS	Electronic Proposal Submittal Service - A web-based service which must be used to submit proposals to the Commission. Access is given through the CORDIS website, or via a specific site.
ERA	See **European Research Area**
ERA NET	The ERA-NET scheme will be the principal means for the Sixth and Seventh Framework Programs to support the co-operation and co-ordination of research activities carried out at national or regional level.
EAS	See **European Space Agency**
ERR	Ethical Review Report - Result of a Proposal Ethical Review. See **Ethical Review**
ESF	European Science Foundation
ESO	European Southern Laboratory
ESPRIT	FP1, 2, 3 and 4 Program – European Strategic Program for R&D in IT
ESR	Evaluation Summary Report – The assessment of a particular proposal following the evaluation by independent experts. It normally contains both comments and scores for each evaluation criterion.
Ethical review	An ethical review will be implemented systematically by the Commission for proposals dealing with ethically sensitive issues. In specific cases, further ethical reviews may take place during the implementation of a project. Participants in FP projects must conform to current legislation and regulations in the countries where the research will be carried out. They must seek the approval of the relevant ethics committees prior to the start of the RTD activities, if there are ethical issues involved
ETP	*See* **European Technology Platform**
ETSI	European Telecommunications Standards Institute
EU	European Union
EURAB	See **European Research Advisory Board**
EURATOM	Is the abbreviation for the European Atomic Energy Community, one of the building blocks of the European Union. In relation to FP, the obligations of the EurAtom treaty in the field of research are reflected in the specific program on nuclear research.
EUREKA	A Europe-wide Network for Industrial R&D (www.eureka.eu)
European Economic Area	This now consists of Iceland, Liechtenstein and Norway and has a special relationship with the EU.
Euro Info Centres	Act as an interface between European institutions and the local level (http://europa.eu.int/comm/enterprise/networks/eic/eic.html). Euro Info Centres are close to the enterprises in order to help them gain easier access to the opportunities presented by Europe and to prepare them for crucial milestones, such as the Euro, electronic commerce, enlargement etc. The EICs cover some 300 contact points in 265 towns and across 37 countries within Europe providing information, advice and assistance to SMEs.
European Economic Interest Group	European Economic Interest Group (EEIG) created by Council Regulation 2137/85 of 25 July 1985 (Official Journal No L 199 of 31 July 1985) is a legal instrument allowing companies to cooperate with partners based in other Community countries for the realisation of a specific project in a loose, flexible form of association and on an equal legal footing while maintaining their economic and legal independence.

European Research Advisory Board	European Research Advisory Board (EURAB) is a high-level, independent, advisory committee created by the Commission to provide advice on the design and implementation of EU research policy. EURAB is made up of 45 top experts from EU countries and beyond. Its members are nominated in a personal capacity and come from a wide range of academic and industrial backgrounds, as well as representing other societal interests.
European Research Area	New politically correct catch phrase to denote the synergistic cohesion of the various R&D programs both national and multinational within the EU.
European Space Agency	The European Space Agency is Europe's gateway to space. Its mission is to shape the development of Europe's space capability and ensure that investment in space continues to deliver benefits to the people of Europe. ESA has 15 Member States. By coordinating the financial and intellectual resources of its members, it can undertake programmes and activities far beyond the scope of any single European country.
European Technology Platform	This is a new Euro buzz word introduced late 2003, as part of the planning for FP7. Initially it was a set of meetings per important technology sector at which the major European actors could be mobilised to identify strategies and future directions.
Evaluation	The process by which proposals are retained with a view to selection as projects, or are not retained. Evaluation procedures are fully transparent and published in the Evaluation Manual Evaluation is conducted through the application of **Evaluation Criteria** identified in the Workprogram.
Evaluation criteria	The criteria against which eligible proposals are assessed by independent experts. The evaluation criteria are generally the same for all proposals throughout FP7, and relate to S/T quality, impact and implementation. Relevance is also considered. However, specific evaluation criteria may apply to certain calls, and applicants should check the work program, and annex 2 to the Guide for Applicants.
Evaluation Summary Report	See **ESR**
Exploitation	Exploitation plan - mini business plan required within most RTD proposals
FC	Full Cost with calculated overhead
FCF	New cost basis in FP6, that replaced FF which essentially provided a fixed overhead of 20% to costs excluding subcontracts
Fellowship	Marie Curie fellowships are either fellowships, where individual researchers apply directly to the Commission, or host fellowships, where institutions apply to host a number of researchers
FET	Future and Emerging Technologies – more academic long term part of ICT R&D activities
FET Open	Part of FET program where topics are not predefined and runs under continuously open calls
FET Proactive	Second part of FET program which is implemented via fixed calls and on specific long term research topics
FF	Full Cost with fixed overhead of 80%- Only in FP5

Financial Guidelines	In FP7 term replaced by **Financial Rules.**
	The financial guidelines of the Sixth Framework Programmes (FP6 Financial Guidelines) were intended to provide to the participants in FP6 projects, as well as to the Commission services, in a single and, as far as possible, complete document:
	- information on the financial aspects of the main indirect actions of the Sixth Framework Programmes;
	- relevant references to the applicable legal framework;
	- concrete examples, as well as suggestions for good financial practices to be applied when carrying out EC-funded RTD projects.
	The guidelines include sections on: the first principles; the nature of the grant; the principles applicable to grants which reimburse eligible costs; the Community financial contribution (including cost models); subcontracts; collective responsibility; sanctions and recoveries.
Financial Regulations	The Council Regulation (EC, EURATOM) No 1605/2002 of 25 June 2002 on the "Financial Regulation applicable to the general budget of the European Communities" and the Commission regulation laying down detailed rules for the implementation of this Council Regulation.
Financial Rules	Formally known as **Financial Guidelines**
FP	Framework Program (EU - Sixth FP is FP6 etc.)
Fundamental research	Fundamental research is an activity designed to broaden scientific and technical knowledge not directly linked to industrial or commercial objectives.
Funding Scheme	Prior to FP7 known as **Instrument.** The type of support that can be given to a project within a call. The funding schemes have different objectives, and are implemented through different grant agreement conditions.
Galileo	A constellation of 24 to 30 Medium Earth Orbit (MEO) Satellites supporting a Global Navigation service. This primary vocation will, in time, permit the development of various Value Added Services.
GPF	Grant agreement Preparation Forms (formally called **CPF**)
	For successful proposals, the Commission will enter into negotiations to prepare a contract. The necessary administrative information from the consortium is collected in a set of forms, called Grant agreement Preparation Forms (GPFs). For preparing these forms, coordinators have to use a software called GPF editor (to be downloaded at http://www.cordis.lu/fp6/find-doc.htm#GPF) . The electronic templates for the GPFs, pre-filled with data from the proposal, will be sent to the coordinator together with the letter opening the contract negotiation.
	The GPFs cover only the administrative data of the contract. In addition to the administrative GPFs, coordinators have to provide a description of the work, the final version of which will be an annex to the contract.
Grant Agreement	See **Model Grant Agreement**
Grant agreement Preparation Forms	See **GPF**
Geant	On going project within IST used as a means to support the European High Speed Backbone Research Network

Gender Action Plan	Proposals for Integrated Projects and Networks of Excellence have to comprise a gender action plan indicating actions and activities that will be developed to promote the role of women as participants in the project. The action plan is a set of measures chosen by the contractor, according to its analysis of what is appropriate in the frame of the project, and on the basis of its comprehension of the gender issue in science. The action plan can include measures such as (examples only, other measures welcome): taking special action to bring more women into the project, linking with networks of women scientists in the field of the project, hiring gender experts to review/audit/monitor the gender dimension of the project, organising a seminar/conference/workshop to raise awareness about the need to increase gender equality in the field of the project, conduct surveys/analysis,
GEOSS	Global Earth Observation System of Systems (www.epa.gov/geoss/)
GIS	Geographic Information System
GMES	Global Monitoring for Environment and Security - http://gmes.jrc.it/
GNSS	Global Navigation Satellite Systems
Grant for integration	For Networks of Excellence, the Community financial contribution shall take the form of a fixed grant for integration to attain the objective of the joint programme of activities. The amount of the grant is calculated taking into account the degree of integration, the number of researchers that all participants intend to integrate, the characteristics of the field of research concerned and the joint programme of activities. This contribution is to be used to complement the resources deployed by the participants in order to carry out the joint programme of activities.
Grant to the budget	For Integrated Projects and other instruments, with the exception of those which require a public procurement procedure and those for which a lump sum contribution is made, the Community financial contribution shall take the form of a grant to the budget. It is calculated as a percentage of the costs estimated by the participants to carry out the project, adapted according to the type of activity (research, demonstration, training...) permitted by the instrument and taking into account the cost model used by the participant concerned.
Hearing	Applicants whose proposals have been favourably evaluated are sometimes invited to Brussels to answer any specific questions raised by the experts. Mainly applies to IPs and NoEs.
HFSP	Human Frontier Science Program (www.hfsp.org)
I3	See **Integrated Infrastructure Initiative**
ICPC	International Cooperation Partner Country (formally known as INCO)
ICT	Information and Communications Technologies
ICTC	Information and Communication Technologies Committee
IETF	Internet Engineering Task Force

Implementation Plan	Means the description of the work to be carried out in order to implement the *project* as set out in Annex I of the contract. For an Integrated Project it consists of two parts - *- a detailed implementation plan:* providing a detailed description of the work to be carried out over the eighteen-month period₁ covered by one period as defined in Article 6 and the first six months of the following period, together with a detailed financial plan for the same eighteen-month period, containing estimates of eligible costs broken down by *contractor* and by activity. *- an outline implementation plan:* providing an outline description of the work to be carried out throughout the duration of the *project*, including a non-confidential action plan for the promotion of gender equality within the *project*
IMS	Intelligent Manufacturing Systems Initiative (http://www.ims.org/)
INCO	Acronym for the international co-operation activities in FP6, i.e. the activities on co-operation with third countries. These are a part of the specific programme "Integrating and strengthening European research". Replaced by **ICPC** in FP7
Independence	Independence is defined as - 1. Two legal entities shall be independent of one another where there is no controlling relationship between them. A controlling relationship shall exist where one legal entity directly or indirectly controls the other or one legal entity is under the same direct or indirect control as the other. Control may result in particular from: (a) direct or indirect holding of more than 50% of the nominal value of the issued share capital in a legal entity, or of a majority of voting rights of the shareholders or associates of that entity; (b) direct or indirect holding in fact or in law of decision-making powers in a legal entity. 2. Direct or indirect holding of more than 50% of the nominal value of the issued share capital in a legal entity or a majority of voting rights of the shareholders or associates of the said entity by public investment corporations, institutional investors or venture-capital companies and funds shall not in itself constitute a controlling relationship. 3. Ownership or supervision of legal entities by the same public body shall not in itself give rise to a controlling relationship between them.
Indirect action	Means an RTD activity undertaken by one or more participants by means of an instrument of the sixth Framework Program
Individual assessment	The stage in the evaluation process when experts assess the merits of a particular proposal before discussion with their peers.
Industrial research	Research and investigation activities aimed at the acquisition of new knowledge with the objective to use such knowledge for developing new products, processes or services or in bringing about a significant improvement in existing products, processes or services.
Information days	Open events organised by the Commission to explain the characteristics of specific calls, and often as well, a chance for potential applicants to meet and discuss proposal ideas and collaborations.
Initial information letter	A letter sent by the Commission to applicants shortly after the evaluation by experts, giving a report from the experts on the proposal in question (the Evaluation Summary report).
Initial Public Offering	This is when a privately held company makes a public offering to sell shares in the company.

Innovation	In FP6 had several different meanings depending on context, each with some legal implication – 1. A form of STREP not used in IST 2. An activity type in a STREP or IP 3. Generic meaning of "something new"
Innovation Relay Centres	These centres have been created in order to facilitate the transfer of innovative technologies to and from European companies or research institutions. As a mover and shaker in innovation, the IRC network has become a leading European network for the promotion of technology partnerships and transfer mainly between small and medium-sized companies (SMEs). 68 regional IRCs span 30 countries including the EU, Bulgaria, Czech Republic, Cyprus, Estonia, Hungary, Iceland, Israel, Latvia, Lithuania, Norway, Poland, Romania, Slovak Republic, Slovenia and Switzerland.
Insight projects	Insight projects are type of project to support research in "New and Emerging Science and Technology" (NEST) under FP6. These are designed to investigate and evaluate new discoveries or phenomena which may bring new risks and potential problems for European society. Their aim will be to generate and consolidate scientific understanding, as well as to assist in formulating responses to address such problems.
INSPIRE	Infrastructure for spatial information in Europe (www.ec-gis.org/inspire/)
Instrument	The mechanism for indirect Community intervention as laid down in Annex III of the Sixth Framework program, with the exception of Community financial participation pursuant to Article 169 of the Treaty. In FP7 now known as **Funding Scheme**
INTAS	INTAS is an independent International Association formed by the European Community, European Union Member States and like minded countries acting to preserve and promote the valuable scientific potential of the Newly Independent States of the former Soviet Union through East-West Scientific co-operation. INTAS implements a part of and is financed by the FP INCO activities.
Integrated Infrastructure Initiative	Type of instrument unused in IST in FP6 that related more to Research Infrastructures program.
Integrated Project	A new type of project introduced in FP6 that comprised a coherent set of component actions which may vary in size and structure according to the tasks to be carried out, each dealing with different aspects of the research needed to achieve common overall objectives, and forming a coherent whole and implemented in close coordination
Integrating Project	Renaming of Integrated Project in FP7
Integration	Application of synergy, by which different fields of endeavour are brought together to yield results of far greater significance than would have been possible through individual and independent actions.
Intellectual property rights	Intellectual Property Rights cover all aspects of owning, protecting and giving access to knowledge and pre-existing know how.
International organisation	Any legal entity arising from the association of States, other than the Community, established on the basis of a treaty or similar act, having common institutions and an international legal personality distinct from that of its Member States.

International organisations of European interest	International organisations, the majority of whose members are European Union Member States or Associated States, and whose principal objective is to promote European scientific and technological cooperation
IP	See **Integrated Project** or **Integrating Project**
IP	Internet Protocol
IP	See **Intellectual Property (rights)**
IPO	See **Initial Public Offering**
IPR	See **Intellectual Property Rights**
IRC	See **Innovation Relay Centres**
Irregularity	Any infringement of a provision of Community law or any breach of a contractual obligation resulting from an act or omission by a contractor which has, or would have, the effect of prejudicing the general budget of the Communities or budgets managed by them through unjustified expenditure.
ISERD	Israel Europe Research and Development - Israel Directorate for Framework Program
ISO	International Standards Organisation
IST	Information Society Technologies. Thematic Program of FP5 and FP6, addressing research issues towards a user-friendly Information Society. Replaced by ICT in FP7.
ISTAG	Information Society Technologies Advisory Group
ISTC	Information Society Technologies Committee. Term used in FP5 and FP6. See ICTC for FP7.
JPA	See **Joint Program of Activities**
Joint Program of Activities	The Joint Programme of Activities is the plan of action for implementing a Network of Excellence. Network of Excellence are expected to induce and to manage processes of change: to remove mental, financial, technical and legal barriers to integration; to durably "institutionalise" the links between the institutions involved, which will imply the restructuring of the research portfolios and of the existing organizational structures. The JPA must show the serious commitment of all partners to organizational change.
Joint Research Centre	The Joint Research Centre of the European Commission.
JRC	See **Joint Research Centre**
JTC	Join Technical Committee, an association between ISO and the IEC (Information Engineering Committee)
KA	See **Key Action**
Key Action	In FP5 Each Specific Program was divided into Key Actions, each covering a broad technical domain
Knowledge	The results, including information, whether or not they can be protected, arising from the project governed by the contract, as well as copyrights or rights pertaining to such information following applications for, or the issue of patents, designs, plant varieties, supplementary protection certificates or similar forms of protection.
Large scale integrating project	Previously known in FP6 as **Integrated Project**
LBS	See **Location Based Services**

Legal entity	Legal entities are natural persons or any legal persons created under the national law of their place of establishment, under Community law or under international law, having legal personality and being entitled to have rights and obligations of any kind in their own name.
Legitimate interest	A contractor's interest of any kind, particularly a commercial interest, that may be claimed in the cases provided for in the contract. To this end the contractor must prove that failure to take account of its interest would result in its suffering disproportionately great harm.
Leonardo da Vinci	A EU funded program outside of the Framework Program
Location Based Services	Push provision of information and assistance to mobile handset based on context of the users Location
Marie Curie	See **Fellowship**
Member	In IST this was an optional designation used in FP5 for organisations joining a Network or Accompanying Measure
Member state	A state being a member of the European Union
Memorandum of Understanding	A legal agreement suggested for signature by individual organisations while building a consortium to make a proposal.
Milestone	Milestones are control points where decisions are needed with regard to the next stage of the project. For example, a milestone may occur when a major result has been achieved, if its successful attainment is a prerequisite for the next phase of work.
MITI	Japanese Ministry of International Trade and Industry
Model contract	Formally term now known as **Model Grant Agreement** For implementing indirect actions, the Commission concludes contracts with all participants of a project. These contracts are based on a standard model - this was termed the model contract in FP6.
Model Grant Agreement	Prior to FP7 known as **Model Contract.** The legal instrument that provides for Commission funding of successful proposals.
MOU	See **Memorandum of Understanding**
MS	See **Member state**
NAS	New Associated State - States of Eastern and Central Europe that have become associated to the Framework Program.
National contact point	Persons officially nominated by the national authorities to provide tailored information and advice on each theme of FP7, in the national language(s).
NCP	See **National contact point**
NEMS	Nano-Electromechanical Systems
Network of Excellence	New type of project introduced in FP6 to foster co-operation between centres of excellence in universities, research centres, enterprises, including SMEs, and science and technology organisations. The activities concerned will be generally targeted towards long-term, multidisciplinary objectives, rather than predefined results in terms of products, processes or services
Necessary costs	FP6 term. In FP7 now referred to as "Costs used solely to achieve project objectives"
Negotiation	The process of establishing a grant agreement between the Commission and an applicant whose proposal has been favourably evaluated, and when funds are available.

New instruments	The specific aim of FP6 was not just to fund good research, but also to have a structuring and coordinating effect on the European research landscape, requires the application of new types of projects (new mechanisms for indirect Community intervention) bringing together a critical mass of resources and leading to lasting integration of research capacities. The three new instruments were Integrated Projects, Networks of Excellence and Programs implemented jointly by several Member States ("Article 169")
New member states	Term given to the ten countries that became members of the EU on 1 May 2004
NIS	Newly Independent State. Refers to those countries, now independent that formally were part of the Soviet Union - generally now excluding those regarded as **NAS**. New Israel Shekel - current Israeli currency
NMP	NMP is the acronym for the research priority "Nanotechnologies and Nanosciences, knowledge-based multifunctional materials, and new production processes and devices" in FP6 and FP7.
NMS	See **New member state**
NoE	See **Network of Excellence**
NSF	National Science Foundation (http://212.208.8.14/nsf.htm)
OCS	Office of the Chief Scientist in Israel
OEM	Original Equipment Manufacturer
Official Journal	Legal journal of the EU where notices are publication
One-stage procedure	Within this procedure of proposal submission and evaluation in FP7, a full proposal has to be submitted immediately and will be the basis for evaluation and selection of projects to be funded (see also two-stage procedure).
Part A	The part of a proposal dealing with administrative data. This part is completed using the web-based EPSS.
Part B	The part of a proposal explaining the work to be carried out, and the roles and aptitudes of the participants in the consortium. This part is uploaded to the EPSS as a pdf file
Participants	The members of a consortium in a proposal or project.
Pathfinder project	Pathfinder projects are type of project to support research in "New and Emerging Science and Technology" (NEST) under FP6. Pathfinder initiatives aim to help European scientists to take the lead in pioneering fields and build up European capabilities such fields. They are focused on clearly-identified areas with a long-term promise for Europe, preparing the ground for wider support to new fields in future European research programmes.
Peer review	Peer review means the evaluation of proposals with the help of independent external experts (peers). For FP, the procedures for the evaluation of proposals are described in detail in a Commission decision on "Guidelines on proposal evaluation and selection procedures".
PIC	Proposer Identification Code
PNP	One type of legal status of participants in FP. PNP means "Private Organisation, Non Profit" (i.e. any privately owned non profit organisation).
PRC	One type of legal status of participants in FP. PRC means "Private Commercial Organisation including Consultant" (i.e. any commercial organisations owned by individuals either directly or by shares).

Pre-existing know-how	The information which is held by contractors prior to the conclusion of the contract, or acquired in parallel with the duration of the contract it, as well as copyrights or rights pertaining to such information following applications for, or the issue of, patents, designs, plant varieties, supplementary protection certificates or similar forms of protection. Also referred to as Background.
Pre-proposal check	An informal advisory pre-proposal check service may be offered by the Commission to the research community. The purpose is to advise potential proposers on whether the planned proposal fulfils some basic formal conditions (as e.g. the minimum number of participants from different countries) and if it appears to be within the scope of the call for proposals. The possibility of pre-proposal check is indicated in the guides for proposers.
Pre–Registration	Procedure by which proposers notify the Commission of their intention to submit a proposal - it is part of the registration process
Program Committee	A group of official national representatives who assist the Commission in implementing the Framework Program.
Project	All the work referred to in Annex I of a contract.
Proposal	A description of the planned research activities, information on who will carry them out, how much they will cost, and how much funding is requested
Protection of knowledge	Where knowledge created in FP projects is capable of industrial or commercial applications, its owner shall provide for its adequate and effective protection, in conformity with relevant legal provision, including the contract and the consortium agreement, and having due regard to the legitimate interest of the contractors concerned.
Protool	A tool in FP5 to assist in proposal submittal
Public body	A public sector body or a legal entity governed by private law with a public-service mission providing adequate financial guarantees
PUC	One type of legal status of participants in FP. PUC means Public Commercial Organisation (i.e. commercial organisation established and owned by a public authority).
QIPC	Quantum information processing and communication
RACE	A part of the FP2 and FP3 which dealt with broadband networking.
Receipts	To properly estimate the Community contribution, the budget of FP contracts must comprise in addition to the estimated eligible costs also the estimated eligible receipts of the contractors within the project. Receipts can be in the form of: • Financial transfers or their equivalent to the contractor from third parties ; • Contributions in kind from third parties; • Income generated by the project.
Regulation	The Regulation of the European Parliament and of the Council concerning the participation of undertakings, research centres and universities and for the dissemination of research results for the implementation of the European Community Framework Program or the Regulation of the Council concerning the participation of undertakings for the implementation of the European Atomic Energy Community (Euratom) Framework Program.

Reimbursement rate	For FP6 indirect actions, the Community contribution covers in general only a part of the eligible costs. The maximum reimbursement rates for costs incurred are determined by the type of activity: For contractors using the Additional Cost model: up to 100 % of their additional costs for all types of eligible activities (for the consortium management activity they may charge the cost of permanent personnel if they can determine their real costs). For contractors using the Full Cost or Full Cost Flat rate model: • for research and technological development activities up to 50 % of eligible costs; • for demonstration activities up to 35 % of eligible costs; • for management of the consortium activities up to 100 % of eligible cost not exceeding 7% of the total Community financial contribution; • for training up to 100 % of eligible costs; • for other specific activities up to 100 % of eligible costs; For rates in FP7 see Chapter 6
Researchers	Within a Network of Excellence, researchers means research staff with at least four years of research experience or those in possession of a doctoral degree. Additionally, a researcher must either be an employee of one of the contractors or be working under its direct management authority in the framework of a formal agreement between the contractor and the researchers employer.
Research Infrastructures	Facilities necessary for conducting research or for supporting the researchers. These may include research institutions, laboratories, test beds and other specialised research equipment, communications networks dedicated to research (including the Internet), libraries, learned bodies and other sources of knowledge.
Research Network	Dropped in FP6 and FP7 - but see Coordination Activity. Was a method of funding a network of researchers, enabling them to meet on a specific theme. Did not fund the research itself.
Research Training Networks	Promote training through research especially of researchers at pre-doctoral and at post-doctoral level
Reserve list	Due to budgetary constraints it may not be possible to support all proposals that have been evaluated positively. In such conditions, proposals on a reserve list may only be financed if funds become available following the negotiation of projects on the main list.
RF	Radio Frequency
RFID	Radio Frequency Identification
RN	See **Research Network**
Roadmap	Part of the Workprogram indicating which Technical topics are opened in each **Call for Proposals**, and at which time. The roadmap provides a means of focusing attention on areas or sub-areas of the Program in any specific **Call**, thereby optimising opportunities for launching collaborative projects and establishing thematic networks**.**
Roadmap project	Late in FP5 several IST areas launched such projects in preparation for FP6. Most of them metamorphosed into proposals to FP6. Such projects continue to be used in some specific areas in FP7.
RSFF	Risk-sharing Finance Facility. A new mechanism to foster private sector investment in research, by increasing the capacity of the EIB and its financial partners to provide loans for European RTD projects.

RTD	Research and Technology Development. RTD is also used to indicate one of the "types of actions addressed" in the Technical topics description. It then refers to R&D, Demonstration or Combined projects as defined in the Guide for Applicants.
Rules of participation	Rules of participation means the Regulation of the European Parliament and of the Council concerning the rules for the participation of undertakings, research centres and universities in, and for dissemination of research results for, the implementation of the European Community Sixth Framework Program (2002-2006).
SA	See **Support Action**
SEA	Semiconductor Equipment Assessment action in FP5
Service Action	Specific type of IP. They support academic research, feasibility design, prototyping, training and education and through access to advanced tools
SICAs	Specific International Cooperation Actions
SiP	System in Package
Small or medium scale focused research action	What was known as **Specific Targeted Research Project** prior to FP7
SME	Small or Medium sized Enterprise - has fewer than 250 employees (full time equivalents); - has either an annual turnover not exceeding EUR 50 million, or an annual balance sheet total not exceeding EUR 43 million; and - conforms to the criterion of independence. See **Independence** **(Note this is a new definition as of 1 Jan 2005)**
SME Exploratory Award	Given to an SME to support the exploratory phase of a project (for up to 12 months). Supported by the Program of Innovation and Special Measures for SMEs. Was discontinued in FP6 and FP7.
SOC	System on a Chip
Socrates	A EU funded program outside of the Framework Program
Specific International Cooperation Action	In some calls on topics of mutual interest, special conditions apply to promote research collaborations between European organisations and those based in the International Cooperation Partner Countries (ICPC). This usually entails a minimum of two participants from EU or Associated countries, and two from ICPC.
Specific program	FP6 was subdivided into three sub-programs for the indirect actions plus two sub-programs for the direct actions. These 5 sub-programs were called specific programs.
Specific Support Action	(SSA) This is a term used in FP6. Now called **Support Action**
Specific Targeted Innovation Project	Specific Targeted Innovation Projects (STIP) are multi partner innovation projects. Their purpose is to support activities exploring, validating and disseminating new innovation concepts and methods at European level. The Community contribution is paid as a grant to the budget (percentage of total costs of the project).
Specific Targeted Research Project	This is the name introduced in FP6 for what was formally known as RTD project. In FP7 now known as **"Small or medium scale focused research action"**
SSA	See **Specific Support Action**
Stimulation Action	This is a specific type of IP. Aimed at broadening the knowledge on a topic of a specific target audience.

STIP	See **Specific Targeted Innovation Project**
STREP	See **Specific Targeted Research Project**
Subcontract	An agreement to provide services, supplies or goods concluded between a contractor and one or more subcontractors for the specific needs of the project.
Subcontractor	For specific tasks of a fixed duration, a proposal / project may include sub-contractors, who do not participate in the project and do not benefit from the intellectual property rights acquired through achievements of the project. Third party carrying out minor tasks related to the project, by means of a subcontract with one or more of the contractors
Submission Date	Equivalent to the closure date of a **Call**. The precise date and time by when proposals need to have been received by the Commission Services.
Subsidiarity	This principle states that work better done at the local level should not be carried out at the European level
Support Action	(SA) This is an action that contributes to the implementation of the ICT program or the preparation of future activities of the Program.
Take up activities	Take-up activities are activities to promote the early or broad application of state-of-the-art technologies. Take-up activities include the assessment, trial and validation of promising, but not fully established, technologies and solutions, easier access to and the transfer of best practices for the early use and exploitation of technologies. In particular, they will be expected to target SMEs.
Take up measures	Measures stimulating diffusion and utilisation of technologies developed under RTD projects. A specific form of **Accompanying Measure.** In FP6 and FP7 can only exist within STREPs or IPs
TAP	**Telematics Application Program**
Targeted Research	A new name introduced in FP6 for projects previously known as RTD projects
Technical collective responsibility	Technical implementation of the project shall be the collective responsibility of the contractors. To that end each contractor shall take all necessary and reasonable measures to attain the objectives of the project, and to carry out the work incumbent on the defaulting contractor.
Telematics Application Program	One of the high level programs under FP3 and FP4, merged into IST in FP5
Test bed	A test bed is used to integrate, test and validate new technologies in a close to real environment.
Thematic Network	Type of project discontinued in FP6 and replaced by Concerted Action.
Third country	A countries that is not a member of the EU and is not associated with the Framework Program
Threshhold	For a proposal to be considered for funding, the evaluation scores for individual criteria must exceed certain thresholds. There is also an overall threshold for the sum of the scores.
TN	See **Thematic Network**
Training activities	The purpose of training activities is to provide advanced training of researchers and other key staff, research managers, industrial executives (in particular for SMEs) and potential users of the knowledge produced within the project. Such training should contribute to the professional development of the persons concerned

Transnational access	The objective of this scheme is to sponsor new opportunities for research teams and individual researchers to obtain access to major research infrastructures, which are unique or rare in Europe and provide world-class service essential for the conduct of top-quality research. Community support will cover up to 100% of the costs of providing access to an infrastructure for research teams working in Member States and Associated States other than that where the operator of the infrastructure is located. Access costs will be calculated either on the basis of the Unit Fee system, or of the actual additional costs connected with making the access available. Applications shall be made by the institutions operating the major research infrastructures. Opportunities for potential users in the infrastructures selected will be published on the Internet
Trials (for users and suppliers)	Type of **Take-up** measure.
TRP	See **Specific Targeted Research Project**
Two stage submission	Some calls require proposals to be submitted in two stages. In this case, applicants initially present their idea in a brief outline proposal. This is evaluated against a limited number of evaluation criteria, or sub-criteria. Applicants successful in the first stage will be invited to submit a full proposal at the second stage, which will be evaluated against a broader range of criteria.
Ubiquitous	Refers to "anywhere any time"
Unique Registration Facility	See **URF**.
URF	Unique Registration Facility: a new way of participants to identify themselves within the system, so they do not have to re-enter all their organisational details for each proposal/project.
Use	The direct or indirect utilisation of knowledge in research activities or for developing, creating and marketing a product or process or for creating and providing a service
Use Action	Specific type of IP. Aim is to promote the integration and use of a specific technology
Valorisation	Euro English – French actually – meaning is "mobilisation"
VAT	Value Added Tax
Weightings	The scores for certain evaluation criteria may be multiplied by a weighting factor before the total score is calculated. Generally, weightings are set to 1; but there may be exceptions and applicants should check the details in annex 2 to the guide for submitters.
Work package	A work package is a major subdivision of the proposed project with a verifiable endpoint normally a deliverable or a milestone in the overall project. These can be further divided into Tasks.
Workprogram	A formal document of the Commission that sets out the research objectives and topics to be addressed. It also contains information that is set out further in this guide, including the schedule and details of the calls for proposals, indicative budgets, and the evaluation procedure.
WP	See **Work package**
WTO	World Trade Organisation

Appendix 3 Measuring Value of Participation

There are at least two ways to look at this. The first is the impact of the Framework Program on the technological and commercial competitiveness of sectors, countries or the EU as a whole. This is an extremely complex subject which is impacted by external factors such as international agreements limiting government support for commercial organisations. This tends to point the Framework Program at the "precompetitive" stage of the innovation cycle. This is further complicated by governments assuming an old style sequential model of science impacting innovation; whereas in practice in most fields and in ICT in particular, most innovation is as a result of market and customer feedback and not the direct impact of scientific advance. We shall not go further into this subject as it is beyond the scope of this book.

The second way is on a cash flow basis. It is overly simplistic to measure the value of participation in a project as being purely the cash amount of funding received from the Commission. The problem of course is that this amount appears to be relatively simple to calculate. Over the years I have found it necessary to come up with some metric that reflects the relative potential benefits of participation. Such a metric can be used to decide on where it could be more effective to apply limited resources or in particular compare overall participations between countries, sectors or programs. Let me first examine problems associated with using cash flow as the measure of funding before looking at my metric and its benefits.

A3.1 Cash Flow Measure

Using the cash method is particularly difficult for organisations outside of the Euro zone as changes in exchange rates makes it difficult to compare like with like. A major problem is to choose the date for the exchange rate – are we talking about present value or future value? When contracts are signed a budget in Euros is agreed for each participant. This budget in the end can turn out to be substantially different from the eventual funding received because of the following types of reason –

- A participant during the project may be unable to justify sufficient expense to reach his budget limit.
- The project may be terminated early because the goals are technically unattainable.
- The project may be terminated early because of the withdrawal of a key participant.
- Due to exchange rate fluctuations, it is possible that a participants budget will not cover his full costs.

Each of the above may result in all of the budget assigned being inaccessible. Of course on the other hand it is possible to end up with more funding than originally budgeted for the following type of reasons –

- The exchange rate may change resulting in more budget being accessible to a participant.
- One or more participants may be unable to use all their assigned budget and the balance can be transferred within the consortium.
- As a result of a participant withdrawing, a different participant could undertake to carry out part of his funded work.

A3.2 Value Metric

It has been shown over and over that the value of undertaking collaborative R&D within the IST program should significantly exceed the value of the financial contribution. This is particularly true for commercial industrial organisations. Three levels of pre-benefits can be identified -

A3.2.1 Pre-benefits

The mere activity of becoming involved in a proposal even if unsuccessful, has been shown to be of value in many cases. In order to participate in a proposal, organisations have to research current activity in the program in this specific area. This activity can reveal information of significant commercial value. What competitors are currently doing or planning; what potential users are seeking; what emerging technologies could impact a specific market area. Looking through existing activity data bases or partnering requests and especially by participating in brokerage events or overseas Information Days can provide valuable

insights into future market drivers.

Such value as may be gathered prior to becoming involved in a proposal can be enhanced by the promotion of your interests and capabilities as well as eventual discussions with potential partners. In this phase organisations have an opportunity to increase awareness of their capabilities with potential leading market players, distributors and customers.

When an organisation then participates in a proposal or co-ordinates the production of a proposal, their capabilities and technology becomes even more visible to their partners. There are several documented recent cases of participants deciding not to finally submit a proposal, having decided to collaborate directly with their own funding. Others have decided after making an unsuccessful proposal to continue to work together on a commercial basis.

The benefits derived from each of the above cases never show up in any metrics, even my proposed one below but have to be borne in mind as real benefits.

A3.2.2 Participation benefits

Several critical factors impact the benefits of participation in addition to each of those already identified under Pre-benefits as discussed above –

- The fact that each participant has access to results of all the other partners.
- Participants whose background IPR is a basis for the R&D lock in other partners to pay royalties for use in order to exploit project results.
- Coordinators have the potential to steer a project in a way to maximise their own benefits.
- Although R&D funding is notionally 50%, if one looks at marginal costs it usually covers most if not all a participants cost.
- From a country perspective, the added value of an academic participation is minimal unless they are teamed with a local commercial organisation to exploit the results.
- In FP6, many project consortia will have a two tier structure with a subset of the partners being in the so-called core team – this is particularly so in the new instruments

Taking each of the above into account, from a country point of view I postulate that a metric is as follows:

1. For a non-commercial participant, the value is the participant's funding.
2. For a commercial organisation participant, the value is half the total project funding if he is in the core team or there is no core team.
3. For a commercial organisation participant, the value is a quarter the total project funding if there is a core team and he is not in it
4. For a commercial organisation that is the coordinator, the value is the full project funding.

From a country perspective therefore the total benefit to the country is the total values of all that country's participation value in the project.

I do not claim that this figure is a cash value – but what I do maintain is that the real value, on average is directly proportional to it. Thus it can be used for comparison and/or strategic investment decisions. It accurately reflects the benefits of being a coordinator as well as that of ensuring that Universities are teamed with industrial participations to improve the value.

Appendix 4 Useful Information Sources

The majority of the best information sources are available on-line. The problem is that there are so many. So I have tried here to indicate the best "portals" rather than give an exhaustive list via subject.

Unbiased as I am, I must recommend our own portal at EFP Consulting. We try to keep this as up to date as I can. In particular look under "documents", "partner search" and "technical topics".

The principal others are as follows -

Name	Link	Notes
Adventure projects	www.cordis.lu/nest/adventure.htm	Under NEST
Article 169	www.cordis.lu/fp6/instr_169.htm	
Calls for proposal	http://cordis.europa.eu/fp7/calls_en.html	Current open calls
Capacities Program	http://cordis.europa.eu/fp7/capacities/home_en.html	
Collective research project	sme.cordis.lu/collective/infobrochure.cfm	Part of SME program
Commission staff directory	europa.eu.int/comm/staffdir/plsql/gsys_page.display_index?pLang=EN	Includes all DGs – kept up to date
Common agricultural policy	europa.eu.int/comm/agriculture/index_en.htm	
Common fisheries policy	europa.eu.int/comm/fisheries/policy_en.htm	
Competitiveness and Innovation Framework Program (CIP)	http://cordis.europa.eu/innovation/en/policy/cip.htm	
Consortium agreement		
Consortium Agreement Check List		
Cooperation program	http://cordis.europa.eu/fp7/cooperation/home_en.html	
Cooperative research project (CRAFT)	sme.cordis.lu/craft/home.cfm	Part of the SME program
CORDIS	cordis.europa.eu	Prime Commission R&D site
COST	cost.cordis.lu/src/home.cfm	Program outside of the FP
GPF Editor		
GPF Editor users guide		
Currency converter	www.ecb.int/stats/eurofxref	
DG Enterprise	europa.eu.int/comm/dgs/enterprise/move.htm	
DG INFSO	europa.eu.int/comm/dgs/information_society/	Information Society DG
DG Research	europa.eu.int/comm/research/	Research DG
eContent	www.cordis.lu/econtent/	
EEIG	europa.eu.int/scadplus/leg/en/lvb/l26015.htm	
EFP Consulting	www.efpconsulting.com	
Energy Program	http://cordis.europa.eu/fp7/cooperation/energy_en.html	Program parallel to ICT
Environment (including Climate	http://cordis.europa.eu/fp7/cooperation/environment_en.html	Program parallel to ICT

Change)		
EPSS web site	fhttp://cordis.europa.eu/fp7/epss_en.html	Proposal submittal system
ERA	http://cordis.europa.eu/era/	
ERA-NET	http://cordis.europa.eu/coordination/home.html	
eTen	www.ten-telecom.org/default.asp	
Ethical review		
Eureka	www.eureka.be	
Euro exchange rates	europa.eu.int/comm/budget/inforeuro/	For use in cost statements
Europa	europa.eu.int	European Union web site
Eurpean Research Council (ERC)	http://erc.europa.eu/index_en.cfm	
EURAB	europa.eu.int/comm/research/eurab/index_en.html	
EURATOM	http://cordis.europa.eu/fp7/euratom/indirect_en.html	
Euro Info Centres	europa.eu.int/comm/enterprise/networks/eic/eic.html	
European Space Agency	www.esa.int/export/esaCP/index.html	
European Technology Platforms	http://cordis.europa.eu/technology-platforms/home_en.html	
Evaluator call	http://cordis.europa.eu/fetch?CALLER=EN_NEWS&ACTION=D&SESSION=&RCN=26822	To apply as an evaluator
Experts	As Evaluator above	To be an evaluator
Expression of interest	eoi.cordis.lu/search_form.cfm	Good for partner searching
Financial Regulation		
Finance Help-desk	www.finance-helpdesk.org	
Food, Agriculture and Fisheries, Biotechnology	http://cordis.europa.eu/fp7/cooperation/food_en.html	Program parallel to ICT
FP7 home page	/cordis.europa.eu/fp7	General information about FP6
Framework program	europa.eu.int/comm/research/why.htm	
Gender	www.cordis.lu/rtd2002/science-society/women.htm	
Health Program	http://cordis.europa.eu/fp7/cooperation/health_en.html	Program parallel to ICT
ICT Home page	http://cordis.europa.eu/fp7/ict/	
Idealist	www.ideal-ist.net	IST active partner search
Ideas Program	http://cordis.europa.eu/fp7/ideas/home_en.html	
I'm Europe	www2.echo.lu/	Another useful portal
INCO	www.cordis.lu/fp6/inco.htm	
Insight projects	www.cordis.lu/nest/insight.htm	Part of NEST
INTAS	www.intas.be/mainfs.htm	
IPR	www.ipr-helpdesk.orgl	
IRC	irc.cordis.lu/	
ISERD	www.iserd.org.il/ist	
ISTAG	ftp.cordis.lu/pub/fp6/docs/eag_ist.pdf www.cordis.lu/ist/istag.htm	IST Advisory Group
Joint Research Centre (JRC)	www.jrc.org	
Nanosciences, nanotechnologies, materials & new	http://cordis.europa.eu/fp7/cooperation/nanotechnology_en.html	Program parallel to ICT

production technologies		
National Contact Point (NCP)	http://cordis.europa.eu/fp7/ncp_en.html	
Negotiation Guidelines		
OECD	www.oecd.org	
Official journal (OJ)	europa.eu.int/eur-lex/en/oj/	
Partner Search (CORDIS)	www.cordis.lu/fp6/partners/	
Partner Search (Idealist)	www.ideal-ist.net	
Pathfinder projects	www.cordis.lu/nest/pathfinder.htm	Part of NEST
People Program	http://cordis.europa.eu/fp7/people/home_en.html	
Policy Green Papers	europa.eu.int/comm/off/green/index_en.htm	
Policy White Papers	europa.eu.int/comm/off/white/index_en.htm	
Rapidus CORDIS news service	www.cordis.lu/rapidus/	
Research Infrastructures	www.cordis.lu/fp6/infrastructures/	Program parallel to IST
Safer Internet Action Plan	europa.eu.int/information_society/programmes/iap/index_en.htm	
Scientific and Technological Options Assessment	www.europarl.eu.int/stoa/publi/default_en.htm	
Security Research Preparatory Action	europa.eu.int/comm/research/security/index_en.html	
Security Research Program	http://cordis.europa.eu/fp7/cooperation/secutiry_en.html	
SME	www.cordis.lu/fp6/sme.htm	
Socio-economic Sciences and the Humanities	http://cordis.europa.eu/fp7/cooperation/socio-economic_en.html	Program parallel to ICT
Space program	http://cordis.europa.eu/fp7/cooperation/space_en.html	Program parallel to ICT
Transport (including aeronautics)	http://cordis.europa.eu/fp7/cooperation/transport_en.html	Program parallel to ICT

Appendix 5 Useful Support Projects

The Commission has funded many projects under FP6 to assist organisations to join projects. Many are targeted at supporting organisations in the New Member States, some at Associated Candidate Countries and virtually all of them are either targeted at or include support for SMEs.

The support they give is nearly always free and some can really provide significant benefits to organisations. I have tried here to list what we feel are the most useful for ICT support. The best point of entry to all of them is via their web site. This is just the initial list - there are many more and we shall gradually populate it.

Project	web site	Coverage	Target	Note
Idealist7FP	www.ideal-ist.net	Partner Search	All countries All organisations	ICT NCP network
EPISTEP	www.epistep.org	Support	All countries SMEs	ENIAC, eMobility & Artemis ETPs
BOOST-IT	www.boost-it.org	Support/training	Specific countries Start-up SMEs	Aimed at SMEs in incubators
Gate2Start	www.europa-innova.org	Innovation forum	European innovators	DG Enterprise supported
SME2Lead	www.smetolead.org	SME coordination training	SMEs	Coordinator free training
IST-Bonus	www.ist-bonus.net	eBusiness and eWork	NMS and ACC organisations	Improve participation

Appendix 6 Frequently Asked Questions on ICT in FP7

Initially we shall accumulate here current open questions we have identified or points that seem they need to be double checked. We shall add answers as they are supplied for verification.

Appendix 6.1 Our FAQs

1. Will SSAs in FP7 really only have 7% overhead allowed?
   As of today, this is correct.

2. How will the status of an organisation claiming to be an SME be verified?
   It appears that it will be verified by the auditor who is tasked with providing the Audit Certificate at the project end. In the interim it will be based on a self declaration.

3. What will happen to the charging rate of an organisation that changes status between an SME and a non-SME during a project; during a reporting period?
   The charging rate must be modified at that time so from then on the different rate should be used but not retroactively.

4. Is it correct that Universities will now have to charge Demonstration at 50% during derogation period?
   Yes.

5. What cost basis will an individual use in FP7?
   Only marginal costs can be charged, not personnel costs.

6. Should Universities who used AC model in the past, chose the derogation option?
   Only if they cannot calculate an overhead rate higher than 60% - most should be able to.

7. Is it true that as Commission cannot ask for Bank/Financial guarantees, an SME cannot coordinate if it does not have full financial resources to cover the project?
   Yes

8. Is it true that as Commission cannot ask for Bank/Financial guarantees, an SME cannot be allocated more than 500,000 Euros in funding unless it has adequate financial resources to cover this amount?
   No. The logic of the guarantee fund is that the fund will cover all risks, so no problem is seen in having an SME receiving more than 500,000 being guaranteed by the fund. The Rules state that the Commission will do a financial viability check on all contractors receiving more than 500,000 Euros in EC contribution in a single project, but that does not mean that they will be excluded if they are not fully sound.

9. Is it confirmed that fixed overhead is 20%?
   Yes

10. Is the Consortium Management at 100% still limited to 7% of EU contribution?
    No - the ceiling level will be subject to contract negotiations - however very strong justification will be required for higher levels.

11. How will an SME that claims not to be able to identify indirect costs be handled? How will this be verified and will they be able to use the derogation model?
    The SME will be asked to prove that its' accounting system does not allow it accurately to identify its indirect costs. Possibly verified by an auditor.

12. What will happen to organisations using the derogation for transition from AC after the transition period?
For projects started following calls published before 31/12 2009 the percentage is 60%. For projects following calls published after 1/1 2010 the percentage is supposed to be lower, however not any lower than 40%. This percentage will be paid till the end of FP7. For FP8 it will be negotiated whether we will have this arrangement also, or whether all organisations have installed sufficient sophisticated accountancy systems in the meantime. The idea is that this is a transitory arrangement.

13. In CSAs that cannot justify their full budget be reduced from 100% to 95% as in FP6?
Yes. This follows the financial regulation.

14. What is the fourth simplified charging model?
This is model is to be introduced over time. It offers the possibility for an organisation to get their method of calculating overheads certified by an auditor and agreed by the Commission.

15. Can the EIB guarantee facility cover non-European SMEs?
The guarantee fund covers all those participants that pay into the fund and those that receive funding will therefore be all that have contributed 5%. If an organisation have received monies from the EC it is therefore covered by the fund. This means that ICPC countries are covered.

16. Is the ISTC renamed IPC Information Program Committee or Independent Management Team or what?
It will be renamed ICTC (Information Communication technology committee).

17. Will there still be hearings for IPs and NoEs as part of evaluation process?
In the ICT theme: Yes

18. Is it true that final 15% being withheld will now always be 15% of the total funding rather than 15% of the final cost period in most cases in FP6?
Yes, as we change to a system of advances that are only settled at the end of the project.

19. Is it true that coordinators will still be allowed to withhold some pre-financing from partners to ensure their performance in the project? This was common practice in FP6.
The arrangements for the distributing of the EC contribution is set out in the consortium agreement. If this is the case it will therefore be defined in the consortium agreement.

20. If in an FP7 R&D a partner goes "silent" during a project and fails to provide necessary annual report, costs and/or Audit Certificate, will the other partners not be able to complete the project and be paid? Would this be a reason to access the guarantee fund?
The conflict resolution questions should be solved in the consortium agreement. The management is the responsibility of the consortium, which still has the collective technical responsibility. This is not covered by the guarantee fund and the guarantee fund does not relieve the consortium from the responsibility to manage the project. The fund only covers financial losses.

Appendix 6.2 Commission ICT FAQs

These are included here for convenience.

1. **How does the ICT Theme offer funding ?**
We do so only by a series of public calls for proposals. We announce what sort of projects we are interested in a work programme, and (usually) give a fixed deadline in which proposals must be

received. This way, everybody knows what the possibilities are, and everybody gets an equal chance.

2. **How do I find out what sort of work the ICT Theme will help to fund ?**
   You must read the ICT Work programme. This describes in detail the research objectives which the Theme is defining for this call and the instruments which can be proposed.

3. **Instruments…..?**
   The three Funding schemes included in FP7 allow for five different types of project, which we call "instruments".

4. **What are these types of project ?**
   We fund research projects by two means; the "Large-scale integrating project" (IP) and the "Small and medium-scale focused research project" (STREP). An IP is intended to be broader in scope and ambition than a STREP. We can provide funds for coordinating existing research projects - either just IST/ICT projects or including other projects also - in order to increase their benefit or impact. This is done by means of a "Coordination action" (CA). Other work in support of the ICT Theme can be funded by a "Support action" (SA). We also have an instrument designed to support the structuring and shaping of Europe's research capacity. This is the "Network of excellence" (NoE). Fuller details of all these types of instrument are given in the Guides for applicants, which can be downloaded via the ICT website.

5. **Can I propose any one of these types of instrument for any one of the objectives in this call ?**
   No, not always. Each objective has specified a particular range of instruments it is calling for. They are listed in the ICT Workprogram.

6. **What if I send you a proposal for an IP, say, for an objective which is only calling for CA and SA proposals ?**
   We will reject it without evaluation, as being out of scope of the call.

7. **Can I send you a proposal for work, which includes more than one of your objectives. Or maybe even objectives of other FP7 Themes such as Health or Transport ?**
   Yes, you may submit a cross-objective proposal. But to be evaluated for this call the centre of gravity of the proposal must lie in one of the objectives open in ICT Call 1. If the centre of gravity of your proposal lies in another Theme's call you should submit it to that Theme. If we receive a proposal where the centre of gravity lies in another Theme's call, we will transfer it to them. If the centre of gravity of your proposal lies in objectives which are not covered by any available open call, we will reject it without evaluation

8. **What if I send you a "spontaneous" proposal for work in an area not mentioned in this call?**
   We will reject it without evaluation, as being out of scope of the call.

9. **How do I find out how to write a proposal ?**
   Full details of how to prepare a proposal are given in the ICT Guides for applicants, obtainable from our website. There are five Guides, one for each instrument type open in this call, because the required structure of the proposal is different for each instrument type. Remember, just because we have provided five Guides doesn't mean that all five instruments will be possible in the objective which you are targeting. Check the Call text for your objective before preparing your proposal, to be sure that such a proposal is indeed being called for!

10. **How do I submit my proposal?**
    In the first months of 2007 we will open a link on our website to the Commission's Electronic Proposal Submission Service (EPSS). The proposal coordinator first need to register, to get a password or passwords for him/herself and the consortium partners (these passwords protect the confidentiality of your proposal file while you are preparing it). Then you prepare your proposal via the Internet, on our server, then finally you submit it. How to do this is briefly explained in the Guides

for applicants, and there is also a detailed manual for the EPSS which you will be able to download.

11. What should I be aware of when using electronic submission?
Three key issues:
*1. Make sure you have registered for the right call, **FP7-ICT-2007-1**. Registering for the wrong call will mean that we do not receive your proposal. And also make sure that you have selected your intended instrument. Registering for another instrument will mean that you will be working with a wrong set of forms and instructions.*
2. Before submitting, print out your own proposal to check that it is complete, printable and readable. After the call deadline it will not be possible to replace any section of your proposal which is missing or unreadable.
3. You must remember that, even though you are preparing and building up your proposal on our computer, it will not be recognised as a completed proposal ready for submission until the proposal coordinator presses the "Submit" button. So don't forget to press the "Submit" button !

12. What if, by mistake, I register for the wrong call or for the wrong instrument ?
Abandon those passwords and register again.

13. What if I have some difficulties, and I am a few minutes late with my proposal. Can I still submit it via the EPSS ?
No. The EPSS service for this call will shut down automatically on the call deadline.

14. What if I am still uploading my proposal when the deadline comes ?
*Submission is when you have uploaded the whole proposal **and** have submitted it by pressing the submit button. If your file is still uploading when the deadline comes, you have failed to submit it.*

15. Can I send you my proposal by email ?
Proposals sent by email (or fax) are excluded by the legal conditions of the call and will be rejected without evaluation.

16. Call deadlines have sometimes been extended. Will this one be extended ?
We have in the past extended a call deadline when a failure in the EPSS system has meant that applicants were unable to submit their proposal. In the event of a failure of the EPSS service due to breakdown of the Commission server during the last 24 hours of this call, the deadline will be extended by a further 24 hours. This will be notified by email to all proposal coordinators who had registered for this call by the time of the original deadline, and also by a notice on the ICT Call page on Cordis and on the EPSS website. But such a failure is a rare and exceptional event, therefore do not assume that there will be an extension to this call! If you have difficulty in submitting your proposal, you must not assume that it is because of a problem with the Commission server as this is rarely the case. Immediately telephone the EPSS helpdesk for assistance !

17. How will I know you have received my proposal ?
When you submit your proposal via the EPSS you will promptly receive back an automatic email saying that a proposal has been submitted. We strongly suggest that, as soon as your proposal is in complete form, you submit it. The email message coming back to you will assure you that all is well with your submission procedure. Then you can continue to work on your proposal, and re-submit it each time you have a better version. Each new submission will over-write the old one. Keep on doing this right up to the close of call.
But make that first trial submission and get that email ! If your proposal is going to have a submission problem, it is better to discover it while there is plenty of time to call the EPSS helpdesk, and not a few seconds before five o'clock on the last day.

18. Is this email my official Acknowledgement of receipt ?
No. The day after the close of call, we download all the proposals from the EPSS server and an official Acknowledgement of receipt letter is sent by email to each proposal coordinator (the

individual named as "person in charge" on the A2 form of participant no. 1).

19. What if I don't get an Acknowledgement of receipt after the close of call ?
The sending of the AoR is entirely automated by the EPSS system. There are only four possible reasons for not getting one:
- *You did not press the submit button for your proposal before the call closed. This means you have failed to submit a proposal so there is no Acknowledgement of receipt*
- *You are not the individual named as "person in charge" on the A2 form of participant no. 1. Contact that person for the AoR*
- *You are that person, but you did not give a correct email address for yourself. Contact the ICT information desk ict@ec.europa.eu for your AoR*
- *You are that person, and you gave a correct email address, but your organisation's spam filter eliminated our email to you. Contact the ICT information desk for your AoR. (And fix your spam filter !)*

20. Can I delegate the job of submitting my proposal ?
The proposal is submitted under the user ID and password of the proposal coordinator. So a proposal coordinator could pass the job to someone else by giving them this information. But this is a dangerous thing to do. The submission of a proposal requires some knowledge of the EPSS system, a detailed knowledge of the contents of the proposal and the authority to make last-minute decisions on behalf of the consortium if problems arise. It is not wise to delegate this job !

21. Do I have to follow exactly the format for a proposal, which you give in the Guide for applicants and the proposal template obtained from the EPSS ?
Yes you do. The format takes you through, section by section, the information on which your proposal will be evaluated. If you write it in some other way, or fail to supply some of the data, you risk omitting information which is needed in the evaluation, and this will lead to lower scores, or failure.

22. Do I have to write parts of my proposal in an "anonymous" way, as you requested in earlier Framework programs ?
No.

23. Some of the information you require in a proposal is very detailed, and complicated...
Running a large multinational research project is very detailed and complicated. Good proposals have always contained this degree of detail. If you find you haven't got this level of information available for your proposal, perhaps you should review your planning !

24. Do projects have to be proposed by a multinational consortium ?
Normally yes. We expect ICT projects will be multinational in scope and ambition. If you plan research which involves only your own national goals, and includes only organisations from your own country, then it is to your own national government that you should turn for support.

25. What is the minimum consortium requirement in a proposal ?
Your proposal must contain at least a minimum of THREE mutually independent participants from different EU Member states, Candidate states or Associated states.
The Member states are: *Austria, Belgium, Bulgaria \, Czech Republic, Cyprus, Denmark, Estonia, Finland, France, Germany, Greece, Hungary, Ireland, Italy, Latvia, Lithuania, Luxembourg, Malta, Netherlands, Poland, Portugal, Romania, Slovakia, Slovenia, Spain, Sweden, UK. The Candidate and Associated states are listed in the Guide for applicants*

26. Are there any exceptions to this "three partner"rule ?
*These conditions do not apply to **Support action** proposals. Exceptionally, proposals for Support actions may come from any number of participants, including just one, from any country. Nor do they apply to the special **SICA** proposals (Specific International Cooperation Action) included in Challenge 5 of this call. In the case of SICAs, the minimum consortium comprises at least FOUR*

mutually-independent partners from two different Member states and from two of the "third country" target region(s).

27. Can we include participants from countries other than the Member, Candidate and Associated states in normal proposals, as well as in these special SICA proposals ?
Yes. When the minimum figures mentioned above are achieved, you may then add further participants from any other country in the world.

28. Do the partners which I may include from these third countries get funding ?
If their country is on our list of International Co-operation Partner Countries (ICPC), they will get funding also. This list is published in our Workprogram, but in general it includes all the other countries in Europe, and the developing countries elsewhere in the world.

29. Are the participants from these other countries funded to the same level as the EU and Associated states participants in a project ?
Yes. Nationality plays no role in the amount of funding.

30. What about countries not on the ICPC list ?
Organisations from countries which are not on the ICPC list (main examples are the USA, Canada, Japan, Rep. of Korea, Taiwan, Australia, ...) may also participate in a project, but their possible funding will be subject to a series of conditions listed in the FP7 Rules for participation.

31. How can I find possible partners in other EU countries and Associated states ?
Get in touch with your ICT National Contact Point http://cordis.europa.eu/fp7/ncp.htm
Use the Idealist service partner search service http://www.ideal-ist.net

32. Do I have to notify you in advance that I am planning to submit a proposal ?
When you apply for your EPSS password you will be asked for some basic information about your planned proposal. This is of enormous assistance to us in planning for the evaluation. Please complete as much information as you can, even with only tentative data – nothing you say involves you in any commitment.

33. Can you give me any sort of preliminary feedback on my proposal idea, before I do all the work involved in preparing a proposal ?
You can get in touch with the Commission contact person for the objective you are interested in, and discuss your ideas with him/her, and get their informal advice. Their contact details are available from the ICT call page. Specifically for the FET Proactive Initiatives in this call there is also a special pre-proposal check service. Details about this are given in the Guides for applicants

34. Is there anything else I should do when preparing my proposal ?
Yes. Prepare and sign with your partners a Consortium agreement, dealing with the relations between the partners once the project is running, the means of settling disputes etc. You have to establish a consortium agreement before the work starts, so the sooner the better. We do not need to examine the Consortium agreement and we do not interfere in it, but we do need to be assured that such an agreement has been made.

35. Does the Commission offer a model Consortium agreement ?
No. But we do offer advice on what main points the agreement should include, in a Consortium agreement check-list available via our website.

36. How does the Commission evaluate the proposals which it receives ?
The Commission evaluates the proposal with the assistance of experienced independent experts specially selected for this task.

37. Are all received proposals evaluated ?

All proposals are first checked for eligibility. Only eligible proposals will be evaluated by the independent experts. There are four eligibility criteria in ICT Call 1:
The proposal must have the necessary minimum number of multinational participants
The proposal must address an objective which is open in the call
The proposal must be complete (it should contain two parts - see the Guides for applicants)
The proposal must have been submitted before or at the call deadline via the EPSS
Proposals that do not meet these criteria will be rejected without evaluation.

38. How do the independent experts evaluate my proposal ?
They assess it on three criteria covering Scientific and technical quality, Project implementation and Potential impact. They give each proposal a score out of 5 on each of these criteria, and an overall score is calculated by simple addition; this is therefore out of 15.

39. And then how are proposals selected for funding ?
Each of the criteria has a threshold score of 3, which a proposal must reach in order to be considered. There is also a threshold on the overall score of 10. Proposals which fail to reach these thresholds are not considered for funding.

40. Where can I see these evaluation criteria ?
They are described in an annex to the work programme and also in the Guides for applicants. When you have a first draft of your proposal, we strongly advise that you give it to trusted colleagues and ask them to evaluate it using the procedures explained in the Guides. Then improve your proposal based on their findings and recommendations.

41. Are all the proposals which pass the evaluation thresholds funded ?
No. Many more proposals pass the evaluation thresholds than we have the budget to pay for. The evaluators use the scores which they have given to list the proposal in priority order, and the Commission uses this list, and other advice which the evaluators give in their written reports, to guide its selection of proposals for funding.

42. How will I know the results of the evaluation of my proposal ?
After the evaluation is completed, in early July 2007, every proposal co-ordinator (the individual named as "person in charge" on the A2 form of participant no. 1) will receive an "Evaluation Summary Report" (ESR), which details the evaluators' findings about their proposal.

43. And how will I know if my project will be funded ?
If your proposal did not pass the thresholds (or was excluded from evaluation on eligibility reasons) you will be able to see this immediately from your ESR. If your proposal has passed all the evaluation thresholds you will be notified a few weeks after receiving the ESR either that:
- *you are now invited to negotiate a grant agreement*
- *your proposal has been placed on the reserve list (this is in case budget becomes available for you due to other negotiations failing, or being agreed at lower-than expected costs)*
- *your proposal was ranked too low to be considered for funding.*

44. Can I myself apply to work as an expert in an evaluation ? Even if I am not an EU citizen ?
Yes and yes. We constantly need good experts with experience in information and communication technology (and a good knowledge of English - which is the working language in the evaluation). Apply at https://cordis.europa.eu/emmfp7 . If selected to assist in an evaluation you will be asked to sign a conflict of interest declaration, so that of course you are never involved in the evaluation of one of your own proposals or of proposals competing with it.

45. Where can I get more help with my proposal ?
If you are planning a proposal, you should at once get in touch with your ICT National Contact Point, whom you can identify at http://cordis.europa.eu/fp7/ncp.htm . He or she can give you an enormous amount of help.

If you have general questions about FP7, contact the FP7 Information desk http://ec.europa.eu/research/index.cfm?pg=enquiries

If you have specific questions about proposing to ICT Call 1, contact the ICT help desk at ict@ec.europa.eu

If you have technical questions about the contents of any of the objectives open in the current call, a list of European Commission contacts who can advise you is available from the ICT call page.

46. A final piece of advice ?

Always after each call we are contacted by a small number of applicants who failed to submit a proposal.

- *Some say they didn't think that being a few minutes late would matter.*
- *Some made a mistake with their computer under the stress of submitting at the last minute.*
- *Some were blocked by verification problems. The EPSS does not allow you to submit a proposal with missing data, over 10 Mbytes in size or containing viruses.*
- *Some were blocked by technical difficulties. The EPSS Helpdesk can solve most technical problems in a matter of minutes, but there are many applicants who leave themselves only seconds.*
- *Some were still uploading when the deadline passed, and tell us that the communications link was unusually slow that day, that they think their file was in a queue somewhere, they had a power cut at the last minute etc. This might be perfectly true, but it is also irrelevant. It is entirely your responsibility to arrange yourself to submit your proposal in time. No excuses or extenuating circumstances are ever taken into account. Make a first submission of your proposal is good time, and then carry out re-submissions to continue to improve it up to the close of call.*

Appendix 7 Additional papers available

The following information (mainly dealing with FP6) has been published either directly by EFPC or indirectly via the Finance Help-desk.

We indicate where they can be accessed. Note that site registration may be required.

Title	Address
Response to Regulation of the European Parliament and of the Council laying down the rules for the participation of undertakings, research centres and universities in actions, under the Seventh Framework Program and for the dissemination of research results	www.efpconsulting.com/tools
Response to Commission Staff Working Document Simplification in the 7th Framework Program	www.efpconsulting.com/tools
Project Work Ethics and Best Practice EFPC Paper 7	
Lessons learned from FP6 and policy recommendations for FP7 with special emphasis on the situation in the new member states	
Funding for Permanent Staff members under the FP6 AC Cost Model"	www.efpconsulting.com/tools
Participation of SMEs in Projects in FP6 IST Program feed-back and Recommendations - update	www.efpconsulting.com/tools
Recommendations based on the FP6 Audit Certificate Working Notes	www.efpconsulting.com/tools
Overhead Calculations within FP6	www.efpconsulting.com/tools
How to Calculate Employer Personnel Costs in FP6	www.efpconsulting.com/tools
Use of Third Parties in FP6 Projects	www.efpconsulting.com/tools
How to Correctly Record Personnel Costs within FP6 projects	www.efpconsulting.com/tools

Appendix 8 Project Budgeting Spread Sheet

In order to illustrate the budgeting process for FP7, in this section we give a detailed example of the use of our spread sheet for a STREP. The blank spread sheet used in this example is available for download from our web site at www.efpconsulting.com/tools. However it should be used in conjunction with the guidelines in this Section.

Appendix 8.1 Modification for real use

In order to protect the formulae from accidental overwriting (which has happened many times in the past), we have locked these cells and protected the sheets. However we have not used a password, therefore if you wish to modify the spread sheet you need to un-protect using a blank password.

The particular spread sheet is set up for a STREP with six partners i.e. the Coordinator plus five and is subdivided into seven work packages. It should be relatively mechanical to modify the number of partners and/or the number of work packages for anyone reasonably familiar with Excel. It could also be modified for CSAs by changing the formulae. However to change it for use by an IP it could need fairly extensive modification for the addition of "training" and/or "demonstration", if needed.

Appendix 8.2 Need for spread-sheet

We introduced such spread sheets for FP6, principally because of the introduction of Consortium Management funding. In our opinion, the balancing required because of the differing funding rates and the 7% limit in FP6 for Consortium Management funding at 100%, would be almost impossible without some such automation. In FP7 the need continues but the Consortium Management, in theory, is no longer limited to 7%. In fact automation allows you easily to change this limit as it is a defined variable.

In the past when we acted as evaluators, we always gave more credence to financial plans in proposals that appeared to have been derived bottom-up over those that were obviously top-down. If each partner's share of the funding consists of round numbers or if each University receives say 10%, companies 15% and the coordinator say 25%, then there has obviously not been proper analytical budgeting carried out. Such proposals rarely succeed and those that do have to be really reworked at contract negotiations.

Appendix 8.3 High level description of the spread sheet template

The template consists of an overall project summary sheet at the front and a manpower breakdown sheet at the end. In between there is a single sheet for each partner. In order to set it up, you have to insert the percentage limit for Consortium Management in the project summary sheet. The default is 7%.

This needs to be followed by customising each partner's sheet by inserting their short name; average man month rate in Euros; funding rate and overhead rate.

In the example spread sheet, these particular cells are as follows:

Item	Sheet	Cell	Note
Consortium management rate	Project	B30	Default is 7%
Short name	Part1 - Part6	A2	As per proposal
Man rate per month in Euros	Part1 - Part6	B3	Average estimated cost of employment including inflation
Funding rate	Part1 - Part6	C3	75% for all except 50% for non-SME companies
Overhead rate	Part1 - Part6	D2	20%, 60% or calculated

Appendix 8.4 Template sheets - empty
Appendix 8.4.1   Project summary sheet

	A	B	C	D	E	F	G	H	I
1	Project	WP1	WP2	WP3	WP4	WP5	WP6	WP7	Totals
2	Management								
3	Man months	0.00							0.00
4	Labour cost	0							0
5	Travel	0							0
6	Equipment	0							0
7	Materials	0							0
8	Other	0							0
9	Total	0							0
10	Overhead	0							0
11	Subtotal	0							0
12	Audit cert	0							0
13	Sub-contract	0							0
14	Subtotal	0							0
15	Total Management	0							0
16	RTD								
17	Man months	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
18	Labour cost	0	0	0	0	0	0	0	0
19	Travel	0	0	0	0	0	0	0	0
20	Equipment	0	0	0	0	0	0	0	0
21	Materials	0	0	0	0	0	0	0	0
22	Other	0	0	0	0	0	0	0	0
23	Total	0	0	0	0	0	0	0	0
24	Overhead	0	0	0	0	0	0	0	0
25	Subtotal	0	0	0	0	0	0	0	0
26	Sub-contract	0	0	0	0	0	0	0	0
27	Total RTD	0	0	0	0	0	0	0	0
28	Budget Total	0	0	0	0	0	0	0	0
29	Funding	0	0	0	0	0	0	0	0
30	Management %	7							0
31									

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Appendix 8.4.2   Partner sheet

	A	B	C	D	E	F	G	H	I	J	K	L
1	Part 1	MM w/o OH	Funding rate	O/Head rate	WP1	WP2	WP3	WP4	WP5	WP6	WP7	Totals
2	Name1	in Euros	50/75									
3	Labour rate											
4	Management											
5	Man months				0.00							0.00
6	Labour cost				0							0
7	Travel											0
8	Equipment				0							0
9	Materials				0							0
10	Other				0							0
11	Total				0							0
12	Overhead				0							0
13	Subtotal				0							0
14	Audit cert											0
15	Sub-contract											0
16	Subtotal				0							0
17	Total Management				0							0
18	RTD											
19	Man months											0.00
20	Labour cost				0	0	0	0	0	0	0	0
21	Travel											0
22	Equipment											0
23	Materials											0
24	Other											0
25	Total				0	0	0	0	0	0	0	0
26	Overhead				0	0	0	0	0	0	0	0
27	Subtotal				0	0	0	0	0	0	0	0
28	Sub-contract											0
29	Total RTD				0	0	0	0	0	0	0	0
30	Partner Total				0	0	0	0	0	0	0	0
31	Funding				0	0	0	0	0	0	0	0
32												

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Appendix 8.4.3   Manpower sheet

	A	B	C	D	E	F	G	H
		Name1	Name2	Name3	Name4	Name5	Name6	TOTAL ACTIVITIES
2	RTD/Innovation Activities							
3	WP1 Project Management	0.00	0.00	0.00	0.00	0.00	0.00	0.00
4	WP2 Dissemination and Exploitation	0.00	0.00	0.00	0.00	0.00	0.00	0.00
5	WP3	0.00	0.00	0.00	0.00	0.00	0.00	0.00
6	WP4	0.00	0.00	0.00	0.00	0.00	0.00	0.00
7	WP5	0.00	0.00	0.00	0.00	0.00	0.00	0.00
8	WP6	0.00	0.00	0.00	0.00	0.00	0.00	0.00
9	WP7	0.00	0.00	0.00	0.00	0.00	0.00	0.00
10	Total research	0.00	0.00	0.00	0.00	0.00	0.00	0.00
11	Consortium management activities							
12	WP1 Project Management	0.00	0.00	0.00	0.00	0.00	0.00	0.00
13	TOTAL per PARTICIPANT	0.00	0.00	0.00	0.00	0.00	0.00	
14	Overall TOTAL EFFORTS							0.00
15								

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Appendix 8.5   Example

To illustrate how this works we insert the following:

1. Need first to modify for correct number of WPs and Partners
2. Name Workpackages in MPower sheet
3. For each partner in its sheet:
   - Enter average monthly man rate in Euros in B3
   - Funding percentage 50 for Large Industrial, 75 for all others in C3
   - Overhead rate 20, 60 or calculated in D2
4. Enter target Consortium Management rate in Project sheet at B30 (default is 7)

Enter the following for initial breakdown:

	Name	Man month rate	Funding %	Overhead %
Part 1	Large-co	8,000	50	110
Part 2	Univ-1	3,500	75	60
Part 3	SME-1	5,500	75	70
Part 4	SME-2	2,500	75	20
Part 5	Univ-2	4,000	75	85
Part 6	Userassoc	5,000	75	30

Enter the following man power breakdown:

	WP1 CM	WP1RTD	WP2	WP3	WP4	WP5	WP6	WP7
Large-co	18	0	4	2	0	15	10	8
Univ-1	0.5	0	6	0	15	2	0	2
SME-1	0.5	0	0	15	3	5	6	0
SME-2	0.5	0	0	10	6	0	12	2
Univ-2	0.5	0	0	8	0	10	0	5
Userassoc	0.5	0	2	6	5	10	0	10

The estimate of Consortium Management required resource for the Project Manager of 18 man months above was derived from the rule of thumb that Project Management is around 10% of the R&D labour. As this was around 180 man months it follows that an initial reasonable guestimate for PM is 18 man months.

Enter the following travel for initial breakdown:
24 month project, six monthly meetings = 5 each including reviews. Add dissemination and technical meetings.

	WP1 CM	WP1RTD	WP2	WP3	WP4	WP5	WP6	WP7
Large-co	10,000	0	4,000	0	0	2,000	0	0
Univ-1	5,000	0	2,000	0	1,000	0	0	0
SME-1	5,000	0	0	1,000	0	0	0	0
SME-2	2,500	0	0	500	0	0	0	0
Univ-2	7,500	0	0	0	0	0	0	0
Userassoc	5,000	0	2,000	0	0	1,000	0	1,000

Enter the following for audits, sub-contract and material:

	WP1 CM	WP1RTD	WP2	WP3	WP4	WP5	WP6	WP7
Large-co	2,000 5,000					10,000 0		
Univ-1	1,000 0/0		5,000 2,500					
SME-1	1,500 0/0			0 10,000				
SME-2	1,500 0/0						0 5,000	
Univ-2	1,250 0/0					1,500 0		
Userassoc	3,000 0/0							

Enter the following for equipment depreciation (2/3)

	WP1 CM	WP1 RTD	WP2	WP3	WP4	WP5	WP6	WP7
Large-co	1,667							
Univ-1					12,000			
SME-1								
SME-2								
Univ-2								
Userassoc								

Appendix 8.5.1   Project sheet with Initial Data inserted

	A	B	C	D	E	F	G	H	I
		WP1	WP2	WP3	WP4	WP5	WP6	WP7	Totals
1	Project	WP1	WP2	WP3	WP4	WP5	WP6	WP7	Totals
2	Management								
3	Man months	20.5							20.5
4	Labour cost	154250							154250
5	Travel	35000							35000
6	Equipment	1667							1667
7	Materials	0							0
8	Other	0							0
9	Total	36667							36667
10	Overhead	191784							191784
11	Subtotal	382701							382700.7
12	Audit cert	10250							10250
13	Sub-contract	5000							5000
14	Subtotal	15250							15250
15	Total Management	397951							397950.7
16	RTD								
17	Man months	0	12	43	29	42	28	27	181
18	Labour cost	0	63000	195500	109000	244500	143000	146000	901000
19	Travel	0	8000	1500	1000	3000	0	1000	14500
20	Equipment	0	0	0	12000	0	0	0	12000
21	Materials	0	2500	10000	0	0	0	0	12500
22	Other	0	0	0	0	0	5000	0	5000
23	Total	0	10500	11500	13000	3000	5000	1000	44000
24	Overhead	0	58500	127350	61350	206950	118100	107900	680150
25	Subtotal	0	132000	334350	183350	454450	266100	254900	1625150
26	Sub-contract	0	5000	0	0	11500	0	0	16500
27	Total RTD	0	137000	334350	183350	465950	266100	254900	1641650
28	Budget Total	397951	137000	334350	183350	465950	266100	254900	2039601
29	Funding	397951	83850	242363	137513	282913	157575	157575	1459738
30	Management %	7							102182

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Appendix 8.5.2   *Coordinator sheet with Initial Data inserted*

	A	B	C	D	E	F	G	H	I	J	K	L
1	Part 1	MM w/o OH	Funding rate	O/Head rate	WP1	WP2	WP3	WP4	WP5	WP6	WP7	Totals
2	Large-co	in Euros	50/75	110								
3	Labour rate	8,000	50									
4	Management											
5	Man months				18							18
6	Labour cost				144000							144000
7	Travel				10,000							10000
8	Equipment				1,667							1667
9	Materials				0							0
10	Other				0							0
11	Total				11667							11667
12	Overhead				171233.7							171233.7
13	Subtotal				326900.7							326900.7
14	Audit cert				2,000							2000
15	Sub-contract				5,000							5000
16	Subtotal				7000							7000
17	Total Management				333900.7							333900.7
18	RTD											
19	Man months					4	2		15	10	8	39
20	Labour cost				0	32000	16000	0	120000	80000	64000	312000
21	Travel					4,000			2,000			6000
22	Equipment											0
23	Materials											0
24	Other											0
25	Total				0	4000	0	0	2000	0	0	6000
26	Overhead				0	39600	17600	0	134200	88000	70400	349800
27	Subtotal				0	75600	33600	0	256200	168000	134400	667800
28	Sub-contract								10,000			10000
29	Total RTD				0	75600	33600	0	266200	168000	134400	677800
30	Partner Total				333901	75600	33600	0	266200	168000	134400	1011701
31	Funding				333901	37800	16800	0	133100	84000	67200	672800.7
32												

\ Project \ **Part1** \ Part2 \ Part3 \ Part4 \ Part5 \ Part6 \ MPOWER \

Appendix 8.6   Manipulation to balance Consortium Management

Note that in Appendix 8.5.1, above, the figure in B15 (Total Consortium Management is 397,951; this is well above the calculated maximum Consortium Management based on the 7% of total funding of 102,182 in cell I30.

There are many ways to reduce B15 to be equal to or less than I30. Of course the easiest way is to increase the 7%. However it is unclear what limit will in practice be placed on this percentage. It is our feeling, at least in ICT, that levels above 7% may be difficult to justify, especially in STREPs.

One way is to make the following changes:

1. Move partners MM from CM to RTD in WP 1
2. Move 17.25 MM for coordinator to RTD in WP 1
3. Move 1,000 of subcontract for coordinator to RTD in WP 1

It is not allowed to move the audit costs out of Consortium Management.

The above results in the following:

Appendix 8.6.1   Revised Project sheet

	A	B	C	D	E	F	G	H	I
1	Project	WP1	WP2	WP3	WP4	WP5	WP6	WP7	Totals
2	Management								
3	Man months	0.75							0.75
4	Labour cost	6000							6000
5	Travel	35000							35000
6	Equipment	1667							1667
7	Materials	0							0
8	Other	0							0
9	Total	36667							36667
10	Overhead	34309							34309
11	Subtotal	76976							76975.7
12	Audit cert	10250							10250
13	Sub-contract	4000							4000
14	Subtotal	14250							14250
15	Total Management	91226							91225.7
16	RTD								
17	Man months	19.75	12	43	29	42	28	27	201
18	Labour cost	148250	63000	195500	109000	244500	143000	146000	1049250
19	Travel	0	8000	1500	1000	3000	0	1000	14500
20	Equipment	0	0	0	12000	0	0	0	12000
21	Materials	0	2500	10000	0	0	0	0	12500
22	Other	0	0	0	0	0	5000	0	5000
23	Total	0	10500	11500	13000	3000	5000	1000	44000
24	Overhead	157475	58500	127350	61350	206950	118100	107900	837625
25	Subtotal	305725	132000	334350	183350	454450	266100	254900	1930875
26	Sub-contract	1000	5000	0	0	11500	0	0	17500
27	Total RTD	306725	137000	334350	183350	465950	266100	254900	1948375
28	Budget Total	397951	137000	334350	183350	465950	266100	254900	2039601
29	Funding	248569	83850	242363	137513	282913	157575	157575	1310357
30	Management %	7							91725
31									

Project / Part1 / Part2 / Part3 / Part4 / Part5 / Part6 / MPOWE

Appendix 8.6.2   Revised Coordinator sheet

	A	B	C	D	E	F	G	H	I	J	K	L
1	Part 1	MM w/o OH	Funding rate	O/Head rate	WP1	WP2	WP3	WP4	WP5	WP6	WP7	Totals
2	Large-co	in Euros	50/75	110								
3	Labour rate	8,000	50									
4	Management											
5	Man months				0.75							0.75
6	Labour cost				6000							6000
7	Travel				10,000							10000
8	Equipment				1,667							1667
9	Materials				0							0
10	Other				0							0
11	Total				11667							11667
12	Overhead				19433.7							19433.7
13	Subtotal				37100.7							37100.7
14	Audit cert				2,000							2000
15	Sub-contract				4,000							4000
16	Subtotal				6000							6000
17	Total Management				43100.7							43100.7
18	RTD											
19	Man months				17.25	4.00	2.00		15.00	10.00	8.00	56.25
20	Labour cost				138000	32000	16000	0	120000	80000	64000	450000
21	Travel					4,000			2,000			6000
22	Equipment											0
23	Materials											0
24	Other											0
25	Total				0	4000	0	0	2000	0	0	6000
26	Overhead				151800	39600	17600	0	134200	88000	70400	501600
27	Subtotal				289800	75600	33600	0	256200	168000	134400	957600
28	Sub-contract				1000				10,000			11000
29	Total RTD				290800	75600	33600	0	266200	168000	134400	968600
30	Partner Total				333901	75600	33600	0	266200	168000	134400	1011701
31	Funding				188501	37800	16800	0	133100	84000	67200	527400.7
32												

Project \ **Part1** / Part2 / Part3 / Part4 / Part5 / Part6 / MPOWER /

Appendix 8.6.3   Revised Manpower sheet

	A	B	C	D	E	F	G	H
1		Large-co	Univ-1	SME-1	SME-2	Univ-2	Userassoc	TOTAL ACTIVITIES
2	RTD/Innovation Activities							
3	WP1 Project Management	17.25	0.50	0.50	0.50	0.50	0.50	19.75
4	WP2 Dissemination and Exploitation	4.00	6.00	0.00	0.00	0.00	2.00	12.00
5	WP3	2.00	0.00	15.00	10.00	8.00	8.00	43.00
6	WP4	0.00	15.00	3.00	6.00	0.00	5.00	29.00
7	WP5	15.00	2.00	5.00	0.00	10.00	10.00	42.00
8	WP6	10.00	0.00	6.00	12.00	0.00	0.00	28.00
9	WP7	8.00	2.00	0.00	2.00	5.00	10.00	27.00
10	Total research	56.25	25.50	29.50	30.50	23.50	35.50	200.75
11	Consortium management activities							
12	WP1 Project Management	0.75	0.00	0.00	0.00	0.00	0.00	0.75
13	TOTAL per PARTICIPANT	57.00	25.50	29.50	30.50	23.50	35.50	
14	Overall TOTAL EFFORTS							201.50
15								

Project / Part1 / Part2 / Part3 / Part4 / Part5 / Part6 \ MF

Appendix 8.7   More Rational Approaches

However it may be better to further modify the above revised sheets as follows:

Lets assume that the finally agreed guideline permits more reasonable levels of Consortium Management charges. So change the 7% in the project sheet to 15%. A justification in this specific case could be that the Coordinators man month costs are much higher than all the other partners. In real life this is often the case as frequently the Coordinator is a major industrial company that in general could have higher costs and significantly higher calculated overheads.

If we perhaps on reflection reduce the PM costs to 12 man months rather than the 18 we started with. "We will use a very experienced PM".

Then if we keep eight of the 12 man months in CM for the Coordinator, we would come out with the following, which I think is more realistic.

Appendix 8.7.1   Final Project Sheet

	A	B	C	D	E	F	G	H	I
1	Project	WP1	WP2	WP3	WP4	WP5	WP6	WP7	Totals
2	Management								
3	Man months	7							7
4	Labour cost	56000							56000
5	Travel	35000							35000
6	Equipment	1667							1667
7	Materials	0							0
8	Other	0							0
9	Total	36667							36667
10	Overhead	89309							89309
11	Subtotal	181976							181975.7
12	Audit cert	10250							10250
13	Sub-contract	4000							4000
14	Subtotal	14250							14250
15	Total Management	196226							196225.7
16	RTD								
17	Man months	7.50	12	43	29	42	28	27	189
18	Labour cost	50250	63000	195500	109000	244500	143000	146000	951250
19	Travel	0	8000	1500	1000	3000	0	1000	14500
20	Equipment	0	0	0	12000	0	0	0	12000
21	Materials	0	2500	10000	0	0	0	0	12500
22	Other	0	0	0	0	0	5000	0	5000
23	Total	0	10500	11500	13000	3000	5000	1000	44000
24	Overhead	49675	58500	127350	61350	206950	118100	107900	729825
25	Subtotal	99925	132000	334350	183350	454450	266100	254900	1725075
26	Sub-contract	1000	5000	0	0	11500	0	0	17500
27	Total RTD	100925	137000	334350	183350	465950	266100	254900	1742575
28	Budget Total	297151	137000	334350	183350	465950	266100	254900	1938801
29	Funding	250669	83850	242363	137513	282913	157575	157575	1312457
30	Management %	15							196869

Project / Part1 / Part2 / Part3 / Part4 / Part5 / Part6 / MPOWE

Appendix 8.7.2   ***Final Man Power Sheet***

	A	B	C	D	E	F	G	H
1		Large-co	Univ-1	SME-1	SME-2	Univ-2	Userassoc	TOTAL ACTIVITIES
2	RTD/Innovation Activities							
3	WP1 Project Management	5.00	0.50	0.50	0.50	0.50	0.50	7.50
4	WP2 Dissemination and Exploitation	4.00	6.00	0.00	0.00	0.00	2.00	12.00
5	WP3	2.00	0.00	15.00	10.00	8.00	8.00	43.00
6	WP4	0.00	15.00	3.00	6.00	0.00	5.00	29.00
7	WP5	15.00	2.00	5.00	0.00	10.00	10.00	42.00
8	WP6	10.00	0.00	6.00	12.00	0.00	0.00	28.00
9	WP7	8.00	2.00	0.00	2.00	5.00	10.00	27.00
10	Total research	44.00	25.50	29.50	30.50	23.50	35.50	188.50
11	Consortium management activities							
12	WP1 Project Management	7.00	0.00	0.00	0.00	0.00	0.00	7.00
13	TOTAL per PARTICIPANT	51.00	25.50	29.50	30.50	23.50	35.50	
	Overall TOTAL							195.50

Part1 / Part2 / Part3 / Part4 / Part5 / Part6 \ **MPOWER** /

Appendix 9   Examples of Blah Blah

In Chapter 15, we made reference in proposal writing to tight, succinct, precise, language. Too many proposals suffer by being full of blah blah. In workshops I have given on proposal writing, I have discovered it rather difficult to get across what is meant by "blah blah" and I have eventually realised that the only way to get the message across is to show examples. I therefore put together classic real recent examples and followed each by some italicised comments. I have used "BLAH-BLAH" as the proposal acronym.

1. "BLAH-BLAH will potentially have considerably impact on the industrial, commercial and research sectors."
    Problem here is lack of specifics and metrics and weasel words such as "potentially".
2. "The numerous commercial and government entities utilizing the data produced by BLAH-BLAH, will primarily enjoy the benefits of affordability and standardisation."
    Pure unspecific, unquantified generalisations.
3. "This industrial sector will potentially enjoy a stronger market position"
    Pure unspecific, unquantified generalisation.
4. "All of the sectors will enjoy the advancements in the standardisation effort by making available standardised data. BLAH-BLAH can serve as a technological test-bed"
    Would be fine as a summary of a set of specifics but not stand alone.
5. "Effectively defining a new state of the art in automation of processing and analysis, BLAH-BLAH will utilise and serve to demonstrate the benefits of multidisciplinary advancements in extraction, matching, fusion, and modelling to implement these computationally-intense tasks in an efficient way, allowing for future commercialisation of the technology."
    Without each claim being substantiated in supplementary text, this is valueless.
6. "As the extensive flurry of activities in this discipline demonstrates, there is an acute need for standardisation
    The language is emotive and does not justify standardisation action.
7. "Therefore, as a technological platform producing Reference Data on a mass scale, BLAH-BLAH will serve the interests of data consumers across the continent. Bringing together, in the Consortium, participants representative of all stakeholder groups and from several Member States, will ensure wide acceptance to the concepts introduced by this program."
    As stated, these points assure nothing without specific actions complementing them to ensure the desired result is achieved.
8. "The Contractors will try to avoid the result of joint ownership of Knowledge and for this end will try to distinguish the contribution of each of the Parties as much as possible."
    This is not management, it is the typical situation that an IPR/Knowledge Management activity should try to avoid.
9. "The BLAH-BLAH Consortium shares a clear vision for the objectives of the program. The vision will be distilled into a formal Vision Statement that will provide guidance to the entire team throughout the program"
    Yes – sure. All this lacks is a project song for everyone to sing each morning.
10. "The financial plan for the project was carefully constructed using best practice methods. We've used both a top-down and a bottom-up approach, with an outcome consistent with both approaches. The plan is consistent with the guidelines of "several tens of man-years and several millions of Euros".
    It is difficult to know what to make of this – whether to laugh or cry – one thing is sure it does not lead us to have faith that the financial management will be professional.
11. "The Coordinator intends to establish a clear and effective management structure, headed by an authoritative Project Manager. The program will follow a strict process for controlling the budget and schedule and for actively managing the risks. A clear vision, transformed into methodical action plans will provide the top-notch team with the necessary resources and support required to

deliver a top quality BLAH-BLAH system that will be completed on schedule and within the budget."

What is lacking is even a hint of what this structure and plan will look like. This is too journalistic in tone and thus inconsistent with professional management.

12. "The Coordinator intends to maintain a lean management structure, in order to keep the overhead to a required minimum."

   Good intention – but what does this mean in practice? Should be followed by a list of specifics to achieve.
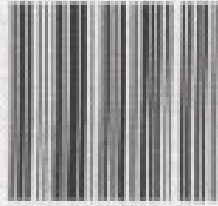
13. "Our technological experience allows us to frame, with reasonable accuracy, a plausible high-level architecture demonstrating the main components of a possible implementation of the BLAH-BLAH system."

   Too many constraining words such as "reasonable", "plausible", "possible" etc.

14. "Many research and technological development projects are plagued with an inability to produce a high quality product within the allocated budget and schedule. These risks are even more pronounced when a significant research component is included in the project activities, as is the case for BLAH-BLAH. The Staged Delivery Plan is one of the best-of-practice methods chosen by world leader companies to minimise these risks."

   Replace by "We shall use a Staged Delivery Plan as it will minimise risks."