

**Funding Schemes.
Legal and Financial Rules in the 7th
Framework Programme**

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Minsk, September 08, 2009

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f o u n d a t i o n



- 1. Funding schemes and rules for participation**
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Funding schemes

1. **Collaborative projects (CP)** – STREP, IP
2. **Networks of Excellence (NoE)**
3. **Coordination and support actions (CSA)**
4. **Individual projects:** Support for “frontier” research (funded in the framework of the European Research Council - ERC Starting Grant, Call Advanced Grant)
5. **Support for training and career development of researchers** (Marie Curie actions)
6. **Research for the benefit of specific groups (in particular SMEs)** - project where the research and technological development is carried out by universities, research centres or other legal entities for the benefit of SMEs or associations of SMEs

It shall establish strong links to relevant national and international programmes and networks, in view of triggering synergies, and shall deliver a technological research roadmap and consolidated recommendations for the development or implementation of Community environmental legislation. ¶

Funding Scheme: Coordination and Support Action (supporting action) ¶

Expected impact: Harmonised air pollution monitoring in Europe. Improved implementation of EU environmental policies and strategies on ambient air quality and cleaner air for Europe. Better coordination of relevant national research activities. ¶

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• **Area 6.3.1.8 Technologies for climate** ¶

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ENV.2010.3.1.8.1 Development of technologies for long-term carbon sequestration ¶

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The objective is to develop and demonstrate -- at least at pilot scale -- technologies that will contribute effectively and on a large scale to remove greenhouse gases (GHG) from the atmosphere in a long-term perspective (over 100 years). ¶

The technologies covered under this topic include biomass transformation into long-term carbon storage. Carbon Capture and Sequestration (CCS) technologies from fossil-fuel power and steam generation plants and biofuels production processes are not eligible under this topic. The overall objective shall be achieved avoiding any shift of burdens (in terms of environmental impacts, time and space or rebound effects). In order to assess that, the demonstration of the technologies shall be accompanied by Life Cycle Assessment studies carried out according to the International Reference Life Cycle Data System (ILCD) Handbook on LCA (<http://eca.jrc.ec.europa.eu/EF-LCA/overview.htm>). ¶

Funding scheme: Collaborative Project (small or medium-scale focused research project) (bottom-up topic area, up to 3 projects of maximum EC contribution of 2,5 M€) ¶

Expected impact: Contribution to the achievement of EU 2020 and 2050 targets for GHG reduction. ¶

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•→ Call identifier: FP7-ENV-2010¶

•→ Date of publication¶: 30·July·2009¶

•→ Deadline¶: 5·January·2010¶

•→ Indicative budget¶: 320·¶

All budgetary figures given in this work programme are indicative. Following the evaluation of proposals, the final budget awarded to actions implemented through calls for proposals may vary ¶

- by up to 10% of the total value of the indicated budget for each call, and ¶

- any repartition of the call budget may also vary by up to 10% of the value of the indicated budget for the call. ¶

The final budgets for evaluation, monitoring and review may vary by up to 20% of the indicated budgets for these actions. The final budget for actions not implemented through calls for proposals may vary by up to 10% of the indicated budgets for these actions. ¶

• → Topics called: ¶

ACTIVITY/ AREA□	TOPICS CALLED□	FUNDING SCHEMES□
ACTIVITY 6.1: CLIMATE CHANGE, POLLUTION AND RISKS□		
Sub-activity 6.1.1: Pressures on environment and climate (EUR 32.5 million)□		
1.1.1.□	Not open in 2010.□	□
1.1.2.□	ENV.2010.1.1.2.1. Atmospheric chemistry and climate change interactions□	<u>Collaborative project (large scale integrating project)</u> ¶ □
□	ENV.2010.1.1.2.2. Networking activities on atmospheric composition and climate change for research collaboration and policy making ¶ □	<u>Coordination and Support Action (coordinating action)</u> ¶ □
1.1.3.□	ENV.2010.1.1.3.1. Changes in CO ₂ and CH ₄ uptake and emissions by oceans in a changing climate ¶ ¶ □	<u>Collaborative Project (large scale integrating project)</u> □

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¶ The Director General responsible for the call may publish it up to one month prior to or after the envisaged

Funding schemes - 1. collaborative projects

Support for 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 can vary from field to field and from topic to topic

- ✓ Small or medium-scale focused research actions (STREP)
- ✓ Largescale integrating projects (IP)

Funding schemes - 1. collaborative projects

Small or medium-scale focused research actions (STREP):

- Clearly defined specific project objective
- Fixed overall work plan with stable deliverables

Types of **activities** may cover:

- A **research and technological development activity** designed to generate new knowledge to improve competitiveness and/or address major societal needs
- A **demonstration activity** designed to prove the viability of new technologies offering potential economic advantages, but which can not be commercialized directly (e. g. testing of product like prototypes)
- **Project management activities**
innovation related activities like protection of knowledge dissemination and exploitation

Funding schemes - 1. collaborative projects

Largescale integrating projects (IP):

Comprise a coherent set of activities and an appropriate management structure

Activities in an Integrating Project may cover

- research and technology development activities
- demonstration activities
- technology transfer or take-up activities
- training activities
- dissemination activities
- knowledge management and exploitation
- consortium management activities
- other activities

Minimum conditions for participation

At least **3** independent legal entities, each of which is established in a **MS** or **AC**, and no 2 of which are established in the same MS or AC

Minimum conditions for participation in the projects for specific cooperation actions (SICA) dedicated to international cooperation partner countries

At least **4** independent legal entities. Of these, **2** must be established in different **MS** or **AC**. The other **2** must be established in different international cooperation partner countries (**ICPC**)

Funding schemes – 3. Coordination and support actions - COORDINATION

- Supports the **ad hoc networking** and **co-ordination** of research and innovation activities for a **fixed period** with a **specific purpose**.
- Each Coordination Action shall propose a work plan, incorporating all or some of the following types of mid/long term collaborative activities:
 - ✓ Organisation of events (conferences, meetings);
 - ✓ Performance of studies, analysis;
 - ✓ Exchanges of personnel;
 - ✓ Exchange and dissemination of good practice;
 - ✓ Setting up of common information systems
 - ✓ Setting up of expert groups;
 - ✓ Definition, organisation, management of joint or common initiatives
 - ✓ Management of the action

No S&T research!

Minimum conditions for participation in coordination actions

At least **3** independent legal entities, each of which is established in a **MS** or **AC**, and no 2 of which are established in the same MS or AC

Funding schemes – 3. Coordination and support actions – SUPPORT ACTIONS

- Supported activities are described in the work plan consisting of one or more of the following **activities**:
 - Conferences, seminars, working groups and expert groups;
 - Studies, analysis;
 - Fact findings and monitoring;
 - Preparatory technical work, including feasibility studies
 - Development of research or innovation strategies;
 - High level scientific awards and competitions;
 - Operational support, data access and dissemination, information and communication activities.

Minimum conditions for participation in support actions

At least **1** independent legal entity.

No S&T research!

Funding schemes - 6. Research for the benefit of specific groups (in particular SMEs)

- Support for research projects where the research and technological development is carried out by universities, research centres or other legal entities, for the benefit of specific groups, in particular SMEs or associations of SMEs.
- Minimum conditions for participation
- At least **3** independent legal entities, each of which is established in a **MS** or **AC**, and no 2 of which are established in the same MS or AC. At least **1** of the legal entities has to be a **civil society organisation** (CSO).

	Minimum conditions	Average size of consortium
Collaborative projects	3	8-20
NoE	3	15-20
Coordination and support actions	1-3*	1-20 +
Marie Curie	1*	1*
SME-specific research activities	3	10

*** as specified in the conditions of the call**

Who can participate?

- Any undertaking, university or research centre or other legal entity, whether established in a Member State (MS) or Associated Country (AC)* or third country
- JRC (Joint Research Centre) - is deemed to be established in another MS or AC
- **International organisations** and **participants from third countries** can participate only if in addition to minimum consortium requirement
- Participants from **high-income countries**** are normally not eligible for EC funding

*presently: Albania, Bosnia-Herzegovina, Croatia, FYR Macedonia, Iceland, Israel, Liechtenstein, Montenegro, Norway, Serbia, Switzerland, Turkey. List given in the guide for applicants

** USA, Canada, Japan, the Republic of Korea, Singapore, Australia, New Zealand, Taiwan, Hong Kong, Macao, Vatican, San Marino, Andorra

communication of Marine and Maritime Research and take into account other EU initiatives such as NATURA 2000 and related marine protected areas as well as the establishment of the European Marine Observation and Data Network (EMODNET). The WP 2010 will also boost international research in strategic areas such as the North Atlantic Ocean and the Southern Ocean. It is suggested to develop a call for proposals involving also other Themes. The ecosystem-based approach enshrined in the Marine Strategy Framework Directive (MSFD) is emphasized, whereby activities affecting the marine environment will be managed in an integrated manner promoting conservation (long-term objective) and sustainable use in an equitable way of oceans and seas resource. A knowledge-based and evidence-based approach, in order to achieve informed policy-making is also promoted.¶

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¶ **Area 6.2.2.1 Marine resources**¶

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ENV.2010.2.2.1-1 North Atlantic Ocean and associated shelf-seas protection and management options¶

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There is a need to improve the understanding of the variability, potential impacts, and feedbacks of global change and anthropogenic forcing on the structure, function and dynamics of the ecosystems of the North Atlantic Ocean and associated shelf-seas and on their capacity to provide services. The project should provide new data, analyses and the models necessary to: (1) understand and simulate the population structure and dynamics of broadly distributed, and biogeochemically and trophically important plankton and fish species; to resolve the impacts of climate variability on marine ecosystems and the feedbacks to the earth system; (2) develop understanding and strategies that will contribute to improve and advance ocean management (ecosystem approach). The project should develop methods to consolidate and integrate long-term observations from EU and international databases for modelling and prediction of the Atlantic Ocean ecosystem and related services. **This work will be achieved in close collaboration with similar initiatives in the US and Canada. The coordination and complementarities of the EU and US/Canada initiatives must be described in the proposal. This will be considered in the evaluation. The participation of scientific institutions from US and Canada is welcomed.**¶

Funding scheme: Collaborative Project (large scale integrating project)¶

Expected impacts: It is expected to reinforce the knowledge base of the impact of global changes on the North Atlantic marine ecosystems and its regions, in particular, in the European perspective, the North Atlantic marine region, and thereby contribute to a better ocean management. Given the scale of influence of global change and the added value of co-ordinating the scientific activities of the EU and North American the project is expected to

Maximum reimbursement rates

Maximum reimbursement rates of eligible costs	Research and technological development (1)	Demonstration activities	Other activities (any "specific activity" covered by Annex I)
Network of excellence (NoE)	50% 75% (2)		100%
Collaborative project (STREP, IP)	50% 75% (2)	50%	100%
Coordination and support action (CSA)			100% (3)

(1) – research and technological development includes scientific coordination.

(2) – for *beneficiaries* that are *non-profit public bodies*, secondary and higher education establishments, *research organisations* and *SMEs*.

(3) –the reimbursement of **indirect eligible costs**, in the case of **coordination and support actions**, may reach a maximum **7%** of the direct eligible costs, excluding the direct eligible costs for subcontracting and the costs of reimbursement of resources made available by third parties which are not used on premises of the beneficiary.

Funding schemes

Why do I have to know this?

It determines the

- purpose of the project
- type of activities involved
- funding rate

The call may give further restrictions:

- size of the consortium
- total EC contribution
- etc

The forms of EC contribution of costs:

➤ Reimbursement of eligible costs – the statement of actual eligible costs, made during the project

➤ Flat rate (including scale of unit costs) –
Flat rate can be:

1) scale of unit costs (for example one researcher in Marie Curie actions)

2) indirect costs / direct costs x 100%

➤ Lump-sum – fixed amount

There is a possibility to combine the funding schemes within the project. For example: travel costs as *lump sum*, research activities as *reimbursement of costs*

For International Cooperation Partner Countries (ICPC) the Commission proposes simplified method –flat rate lump-sum amounts. They have been defined on the basis of World Bank data on cross national income levels in different countries. **The partners from ICPC can still request the standard reimbursement of eligible costs.**

Simplified method for ICPC partners

ICPC categories and EC funding (€) for 1 researcher / 1 year work in a project:

1. **Low-Income** – Kyrgyz Republic, Tajikistan, Uzbekistan – **8000.-**
2. **Lower-Middle Income** – Armenia, Azerbaijan, Belarus, Georgia, Kazakhstan, Moldova, Turkmenistan, Ukraine – **9800.-**
3. **Upper-Middle Income** – Russia – **20 700.-**

Example: from a Russian university 3 researches work in a 3 year project for 2 years.

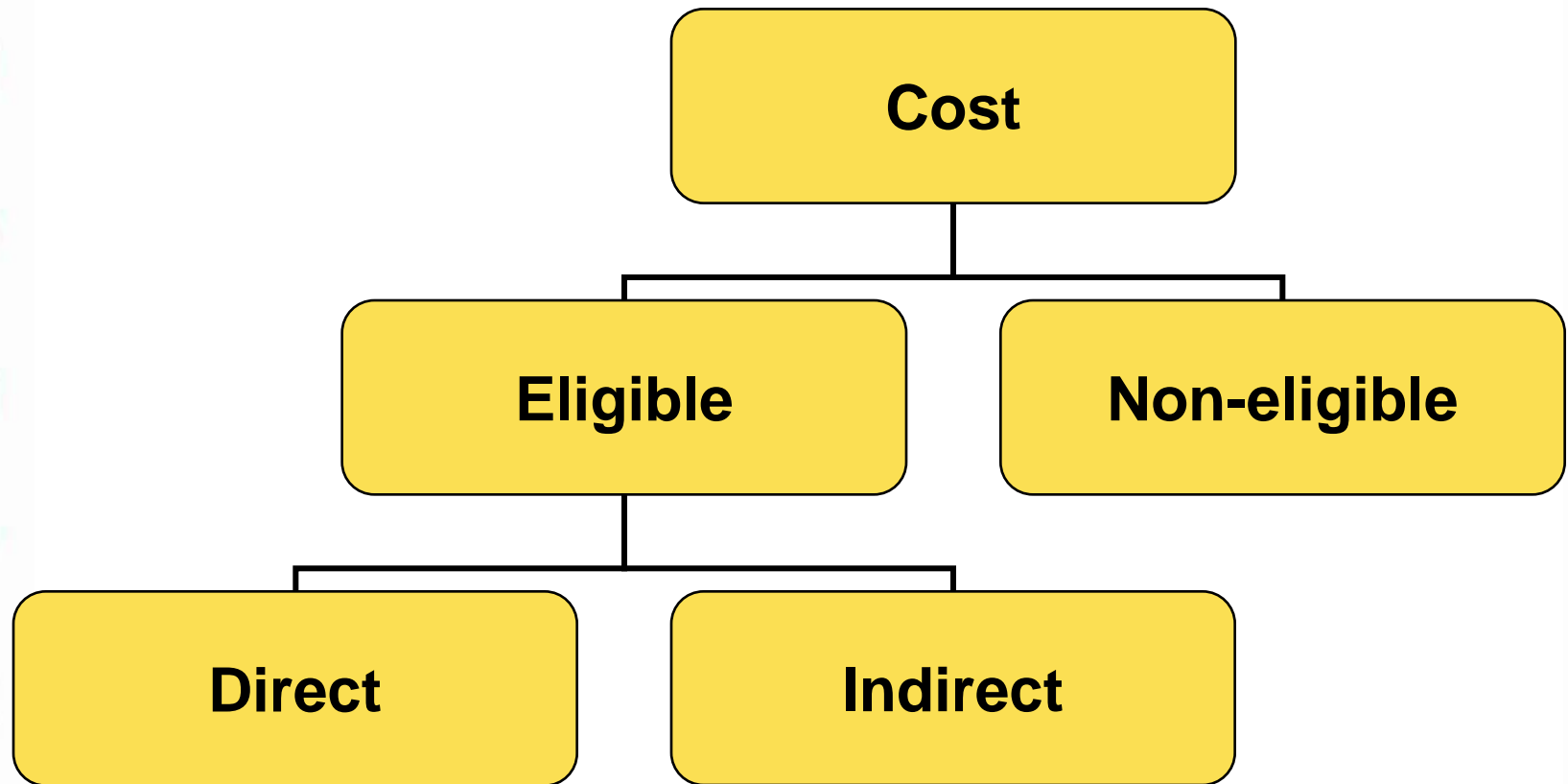
The funding will be: $3 \times 2 \times 20\,700.- = 124\,200.-$

The lump-sum funding covers all the costs of a beneficiary.

Additional information:

ftp://ftp.cordis.europa.eu/pub/fp7/docs/fp7-ga-clauses-v3_en.pdf

Reimbursement of eligible costs



Non-eligible costs

The following costs are considered as non-eligible:

- Identifiable indirect taxes including value added tax,
- Duties,
- Interest owed,
- Provisions for possible future losses or charges,
- Exchange losses, cost related to return on capital,
- Costs declared or incurred, or reimbursed in respect of another Community project
- Debt and debt service charges, excessive or reckless expenditure

Eligible costs of the project

In order to be considered eligible the costs must be:
(FP7 Grant Agreement – Annex II.14.):

- Actual
- Incurred by the beneficiary
- Incurred during the duration of the project
- Determined in accordance with the usual accounting and management principles and practices of the beneficiary
- Used for the sole purpose of achieving the objectives of the project
- Recorded in the accounts of the beneficiary

Direct and indirect costs

- Direct costs are those eligible costs which can be **attributed directly** to the project and are **identified** by the beneficiary as such, in accordance with its accounting principles and its usual internal rules (system acknowledging the invoices and other costs approving documents).
- With regard to personnel costs, only the costs of the actual hours worked under the project may be charged (timesheets are obligatory).
- Indirect costs are those eligible costs which cannot be identified as being directly attributed to the project but which is in direct relationship with the eligible direct costs and can be identified by its accounting system (phone and mobile phone costs, postal charges, bank fees, other office costs)

Indirect costs can be identified

- For all beneficiaries:
 - **Actual indirect costs**
 - *Flat rate* of 20% of its total direct eligible costs

- Non-profit public bodies, secondary and higher education establishments, research organisations and SMEs, which are unable to identify their real indirect costs, when participating in funding schemes, which include research and technological development and demonstration activities, may opt a *flat rate* of **60%** of the total direct eligible costs in the period 2007-2009, and *flat rate* of **40%** in the period 2010-2013

- In the case of **coordination and support actions**, the reimbursement of indirect costs is **7%** from direct costs

The beneficiary shall apply the option chosen in all grant agreements under the 7FP.

Example 1. Real indirect costs

The university has calculated their real indirect costs (flat rate) - 80%
In the project the university claims:

Direct costs	100,000.- EUR
Indirect costs (80%)	80,000.- EUR

Total costs	180,000.- EUR

EC maximum funding in research activities is 75% for universities
EC funding (180,000x75%) 135,000.- EUR

In CSA EC maximum funding is 100% from
 $100,000 + (100,000 \times 7\%) = 107,000.-$ EUR

Example 2. Standard flat rate

The university has not calculated their indirect costs and uses standard flat rate of 60%

In the project the university claims:

Direct costs	100,000.-EUR
Indirect costs (60%)	60,000.-EUR

Total costs	160,000.-EUR
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In STREP EC maximum funding in research activity is 75% for universities

EC funding (160,000x75%) 120,000.-EUR

In CSA EC maximum funding is 100% from

$100,000 + (100,000 \times 7\%) = 107,000.-EUR$

Example 3. Standard flat rate

A foundation, which cannot qualify for flat rate of 60%, uses standard flat rate of 20%

In a project the organisation claims

Direct costs 100,000.-EUR

Indirect costs (20%) 20,000.-EUR

Total costs 120,000.-EUR

For this type of organisations EC maximum funding in research activities is (50%) 60,000.-EUR

Co-financing is needed!

In CSA EC maximum funding is 100% from
 $100,000 + (100,000 \times 7\%) = 107,000.- \text{ EUR}$

EC payments, pre-financing

There is only one payment of pre-financing during the project:

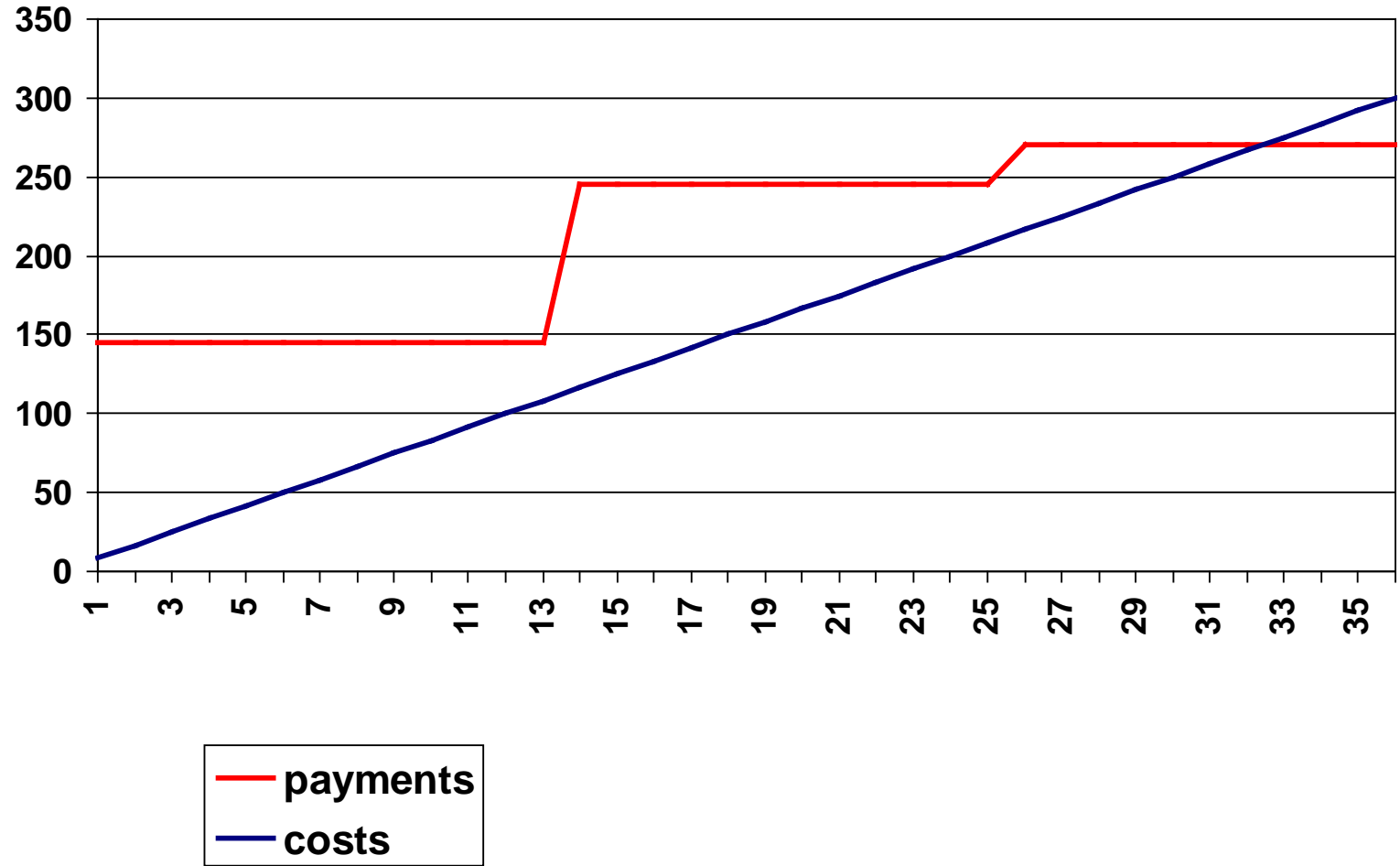
- For projects with duration of more than two reporting periods, it should be equivalent to **160% of the average EC contribution per period.**
- For projects with one or two reporting periods, the amount of the pre-financing should be between **60-80% of the total EC contribution.**
- The pre-financing payment will be received by the coordinator within **45 days** of the entry into force of the grant agreement and distributed to the other beneficiaries
- The pre-financing will remain the property of the EC until the final payment

Interim and final payments

- After the approval of the periodic reports interim payments will follow and will be calculated on the basis of the accepted eligible costs. The interest generated on the amount of pre-financing will be deduced from the payment.
- The total amount of interim payments + pre-financing will be limited to **90%** of the maximum EC contribution.
- The final payment will be transferred after the approval of the final reports and will be calculated:

Maximum EC contribution – amounts already paid = final payment

EC payments



Guarantee Fund

Beneficiaries' financial responsibility is limited to their own debt.

- To manage the financial risk, the beneficiaries contribute 5% of EC funding to Guarantee Fund. The contribution will be made from pre-financing.
- The Fund will be returned to the beneficiaries with the final payment.
- The Guarantee Fund is the property of the beneficiaries. The EC is managing the Fund by depositing it in a bank. Interest generated by the Fund will be used by the EC to recover the financial risk.

Payment example

3 year project receiving 3.000.000 € in EC contribution:

Advance payment:	1.600.000 € ¹⁾
Guarantee fund contribution:	-150.000 €²⁾
Advance to consortium:	1.450.000 €
Cost claimed after year 1, 2 and 3:	1.000.000 €
Payment year 1 to consortium:	1.000.000 €
Payment year 2 to consortium:	100.000 € ³⁾
Final Payment to consortium:	300.000 €
+ Reimbursement from Guarantee F	150.000 €
Total Final payment:	450.000 €

- 1) 160% of average contribution per period
- 2) 5% of total EC contribution
- 3) Up to retention rate = 10% of total EC contribution

Reports

- **Periodic scientific report** shall be submitted within 60 days after the end of each respective period. This shall inform the Commission about the scientific progress of the work.
- **Final scientific report** shall be submitted within 60 days after the end of the project. This shall present the final results and conclusions of the project, describe their use and dissemination, and include achievements, such as publications.
- **Periodic financial management report** shall be submitted for each reporting period within 60 days after the end of each period.

Audits

- **Audit of the Methology** is necessary for beneficiaries using the real indirect costs to be performed once in the lifetime of FP7. It can be used for all FP7 Grant Agreements.
- **Audit of the Financial Statement** is obligatory only in the case of reimbursement of real costs, when EC contribution is **over 375 000.-EUR**.
- The **EC** may, at any time during the project and up to **5 years after the end of the project**, arrange for financial, systemic and technical audits to be carried out by external auditors or by the EC staff including European Anti-Fraud Office (OLAF).

Some useful hints

- Be within the scope of the call
- Chose the suitable programme
- Chose the suitable funding scheme
- Search for the right partners
- Keep the deadlines
- Be aware of the basic rules and guidelines
- Ask for help, look for local information days – look for the National Contact Points

http://cordis.europa.eu/fp7/ncp_en.html

http://cordis.europa.eu/fp7/get-support_en.html

Thank you!
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