

FINANCIAL RULES IN FP7

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BASIC DOCUMENTS (1)

- **DECISION No 1982/2006/EC of the European Parliament and the Council of 18 December 2006 concerning the Seventh Framework Programme of the European Community for research, technological development and demonstration activities (2007-2013)**
- **REGULATION (EC) No 1906/2006 of the European Parliament and of the Council of 18 December 2006 laying down the rules for the participation of undertakings, research centres and universities in actions under the Seventh Framework Programme and for the dissemination of research results (2007-2013)**

http://ec.europa.eu/research/fp7/documents_en.html



➤ **Model Grant Agreement:**

http://cordis.europa.eu/fp7/calls-grant-agreement_en.html

➤ **Guide to Financial Issues:**

http://cordis.europa.eu/fp7/find-doc_en.html

Main categories of projects

Collaborative Projects (CP) – aimed at research and development

- Small or medium scale focused research actions (1-4 MEuro founding, 5-10 partners, 2-3 years)
- Large-scale projects (4-25 MEuro founding, 10-20 participants, 3-5 years)

Networks of Excellence (NoE) – aimed at integration of research activities/capacities

Support the long-term integration of research resources and capacities

Coordination and Support Actions (CSA) – aimed at supporting collaboration, coordination & other activities (e.g. conferences and studies)

- Coordination Action – CA
- Support Action - SA

Two ways to participate:

- As a coordinator
- As a partner

ROLE OF THE COORDINATOR

- Acts as the interface to the Commission
- Receive payments from the Commission
- Distribute payments to the Consortium
- Responsible for the financial management of the project
- Notify the Commission of the financial distribution

BENEFICIARY'S RESPONSIBILITY

- To maintain proper records
- To prepare and submit reports
- To carry out the work of the project
- To make appropriate internal arrangements consistent with the provision of Grant Agreement to ensure the efficient implementation of the project

FP7 GRANT AGREEMENT (1)

- Core part: GA parameters
- Annex I: DOW (Description of work)
- Annex II: General conditions
- Annex III: Specific provisions for funding schemes
- Annex IV, V, VI: forms A, B, C
- Annex VII: form D – terms of reference for the certificate of costs and form E - for the certificate on the methodology



FP7 GRANT AGREEMENT (2)

- Signature by Coordinator & Commission
- Accession of beneficiaries via „Form A”
- Later accession of beneficiaries via „Form B”
- Entry into force upon signature by Coordinator & Commission
- Consortium Agreement mandatory (except if excluded by Call)

CONSORTIUM AGREEMENT

- The internal organisation of the consortium including the decision making procedures
- Rules on dissemination and use and access rights
- The distribution of the EC financial contribution
- The settlement of internal dispute
- Confidentiality arrangements between the beneficiaries

COSTS



COSTS

Direct costs:

Costs directly attributed to the project (personnel, materials, equipment, travel ...)

Indirect costs (overheads):

Cannot be identified as being directly attributed to the project but can be identified and justified as being incurred in direct relationship with the eligible costs attributed to the project

(general administration and management, office or laboratory space, including expenditure such as water, heating, electricity etc., communication expenses, postal charges, common office equipment...)

- **Actual direct costs + actual indirect costs**
- **Actual direct costs + flat rate for indirect costs**
(20% of direct costs excluding subcontracting)

Non profit public bodies, secondary and higher education establishments, research organisations and SMEs unable to identify their real indirect costs for the project, may opt for a flat-rate of 60% when participating in projects which include research and technological development and demonstration activities

- For coordination and support actions flat rate for indirect costs is limited to 7% of direct eligible costs excluding subcontracting
- Marie Curie actions – flat rate for indirect costs amounts 10% of direct eligible costs excluding subcontracting
- Frontier research – flat rate for indirect costs amounts 20% of direct eligible costs excluding subcontracting

Eligible costs=

- Actual (real, actually incurred, not estimated or budgeted)
- Incurred during the project (with exception of costs relating to final reports, audit certificates and final reviews if applicable – these costs may be incurred up to 60 days after the end of the project)
- Determined according to usual accounting and management principles/practices of the beneficiary (national accounting rules and principles/practices of the beneficiary). No possibility to create specific accounting principles for FP7 projects.

ELIGIBLE COSTS (2)

- Used solely to achieve project objectives (these costs must be essential for the performance of the project and would not be incurred if the project did not take place)
- Consistent with principles of economy, efficiency and effectiveness (refers to standard of „good housekeeping” in spending public money)
- Recorded in accounts
- Exclusive of non-eligible costs (**VAT is not eligible**)

THE COST OF PERSONNEL ASSIGNED TO THE PROJECT

- Only the hours worked in the project can be charged
- Working time must be recorded on a daily, weekly or monthly basis using a paper or computer-based system



- The time records have to be authorized by the project manager or other superior



EC CONTRIBUTION



Main categories of activities that can be charged:

- Research and technological development (RTD)
- Demonstration activities (proving the viability of new technologies that offer a potential economic advantage , but which cannot be commercialised directly)
- Other activities - management activities, training, coordination, networking and dissemination (including publications)

MAXIMUM FUNDING RATES PER ACTIVITY (in percentage of eligible costs)

Research and technological development activities:

- Non-profit public bodies – 75%
- Secondary and higher education establishments – 75%
- Research organisations ((established as non-profit organisations) – 75%
- SMEs – 75%
- Others – 50%

Demonstration activities – 50%

Other activities – 100%



MAXIMUM FUNDING RATES PER ACTIVITY (in percentage of eligible costs)

Frontier research actions – 100%

Coordination and support actions – 100%

**Training and career development of researchers
actions – 100%**

EPSS – example of table (A3.1 – budget) for the small or medium scale collaborative project

	RTD	Demonstration	Training	Coordination	Support	Management	Other	Total
Personnel costs (€)								
Subcontracting (€)								
Other direct costs (€)								
Indirect costs (€)								
Lump sum, flat rate or scale of unit (option only for ICPC) (€)			Non applicable					
Total budget (€)								
Requested EC contribution (€)								
Total receipts (€)								

Exercise 1

Calculation of EC contribution

Beneficiaries from International Cooperation

Partner Country (ICPC) can – as an alternative
to funding based on actual cost – opt for a lump
sum

LUMP-SUM for partners from ICPC countries (1)

The lump sum contribution for participants from International Cooperation Partner Countries (ICPC) is:

This amount is all inclusive, covering support towards both the direct and the indirect costs

Economy of the ICPC	Contribution (EUR/researcher/year)
Low-income	8.000
Lower middle income BELARUS	9.800
Upper middle income	20.700

LUMP-SUM for partners from ICPC countries (2)

The upper funding limits to be applied in different funding schemes:

Funding scheme	Non-profit public bodies, secondary and higher education establishments, research organisations and SMEs	All other organisations
Collaborative projects	75%	50%
Networks of Excellence	75%	50%
Coordination and support action	100%	100%
Support for „frontier” research (ERC)	100%	100%
Research for the benefit of specific groups	75%	50%
Support for training and career development of researchers (Marie Curie)	Not applicable	Not applicable

For projects with more than 2 reporting periods:

- One **pre-financing** 45 days following the date of entry into force of the grant agreement.
About 160% of the average funding per period (average = total contribution/no of periods)
- **Interim payments** based on financial statements
- Retention 10%

For projects with 1 or 2 reporting periods:

- pre-financing will be 60-80% of EC total funding

Exercise 2 PAYMENTS



CERTIFICATE ON FINANCIAL STATEMENT

- Mandatory when requested funding reaches 375.000 Euro (except for project of 2 years or less – the CFS is submitted max. once – at the end of the project)
- Certificates on the financial statement shall not be required for projects entirely reimbursed by means of lump sum

Guarantee Fund

- Established in order to manage the risk associated with non-recovery of sums due to the Community by the beneficiaries of grant agreements under FP7.
- Each beneficiary financial responsibility limited to its own debt
- Amount of 5% of EC contribution paid at the moment of the pre-financing
- Interest generated by the Fund shall be added to it and shall be used by the Commission for transfers from or recoveries from the Fund
- At the end of the GA, up to 1% of EC Contribution may be deducted (except for public bodies, education establishments, entities guaranteed by MS or AS)

*Thank you for your
attention*

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