Project management in FP7

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The whole process...
The coordinator should inform the partners on the good news and the bad news

• e-mail message immediately
• sending the Evaluation Summary Report in attachment

If the ESR is positive:
• project may be invited to negotiations with the European Commission
• partners will need to answer the ESR’s comments (technical and financial)
Negotiations: Overview

Letter of invitation

Technical and financial/legal negotiations
Legal verification

Consortium Agreement

Completion of negotiations & Grant Agreement signature

Contract negotiations
Invitation to negotiation

„Letter of invitation to negotiations“ contains:

- **Negotiation Mandate**
  - contains requests for clarifications & changes, max. Community contribution, proposed duration

- **Evaluation Summary Report**

- **Ethical Review Report** (if applicable)
  - contains Requirements, Recommendations, Follow up

- **GPFs (Grant Agreement Preparation Forms)**

Deadlines for negotiations are given!
Content of negotiations

- **Technical**
  - Adapt work plan, deliverables, …
  - Set or modify milestones or other indicators

- **Financial**
  - Review total funding and funding per partner and method for calculating indirect costs
  - Review subcontracting
  - Determine pre-financing
  - Verify financial capacity

- **Legal**
  - Determine special clauses
  - Agree on the start date of the project
  - Verify the legal data per partner
Consortium agreement (CA)

- It provides the legal basis for the relationship and responsibilities between the partners with regard to:
  - Technical management, allocation of tasks and deliverables
  - Organisation of the consortium, procedures, confidentiality
  - Budget and finances
  - Intellectual property rights
  - Settling disputes, change of the consortium, termination

- **Mandatory** in FP7, unless otherwise provided in the call

- Complements the Grant Agreement (but **does not** prevail over it)

- **It is a private** agreement, concluded between the participants (**not involving the EC**)
Negotiations

Agreement on all technical, financial and legal points

Consortium provides all needed documents

Finalisation of the Grant Agreement (GA)

The Coordinator and each partner **sign a Form A** (accession to the GA)

The EC and the Coordinator **sign the GA**

The project starts
Tasks in project management

**Communication**
- Decision-making
- Project meetings
- Conflict management

**Managing finances**
- Understanding the concepts
- Monitoring expenses and cash-flows
- Reporting

**Monitoring work**
- Check work towards deliverables
- Reporting

**IPR**
- Optimise exploitation
- Apply the provisions of the CA
Communication within the consortium

• Good communication is essential for project success

• Types of communication:
  • Personal, through meetings
  • Remote, via e-mail, letters, web-software, etc.

• The project work is the focal point

• Potential obstacles:
  • Cultural differences
  • Misunderstandings in the work plan
  • Partner indifference
  • …
Communication: Project meetings

They cost a lot **BUT** are necessary and effective!

They should be:

- arranged well in advance
- have a clear agenda and clear objectives
- well attended by all partners, if possible
- having adequate time for discussion (and sufficient breaks!)
- properly chaired and minuted

The **kick-off** meeting is particularly important!

The **Project Officer** from the EC may attend...
Communication: Decision making

- Everyone taking part in every decision
- Partner excluded from decision-making

→ Problems and delays in taking decisions
→ Lack of commitment to the project

The consortium should use a balanced and efficient decision-making process
Communication: Conflict management

Prevention:
- Set and protect democratic structures
- Clarify each partner`s position („Silence is not agreement“)

Measures:
- Depersonalize the problem, clarify the basis
- Coordinator as mediator
- Discussion with concerned parties in private
- Discussion at the Project Meeting
- If everything else fails, refer to the CA
Problems and conflicts

Frequently encountered:
- Serious delays on deadline
- Overspending
- Low quality of personnel competences / low quality of work
- Conflicts about intellectual property rights
- Change of personnel / loss of contractor

Special cases:
- Inadequate effort
- Change of interest

Solutions:
- Discussion, diplomacy
- Discussion, consortium-wide
- Termination of the contact, Change of partners
Finances: Key concepts

- The EC reimburses actual **eligible costs**
- The eligible costs are **direct + indirect**
- Partners can report indirect cost as:
  - Actual indirect cost [available to all]
  - Flat rate: a percentage of direct costs (*excluding* subcontracting):
    - Transitional flat rate (60%) [non-profit public bodies, secondary and higher education establishments, research organisations, SMEs – unable to identify the real indirect cost for the project]
    - Standard flat rate (20%) [available to all]
- Partners from ICPC can opt for **Lump sum** amounts

Conditions may be set in the Work Programme/call for proposals
Lump sum budgeting

Lump sum contribution per country income group

<table>
<thead>
<tr>
<th>Economy of the ICPC</th>
<th>Contribution (EUR/researcher/year)</th>
</tr>
</thead>
<tbody>
<tr>
<td>low-income</td>
<td>8,000</td>
</tr>
<tr>
<td>lower middle income</td>
<td>9,800</td>
</tr>
<tr>
<td>upper middle income</td>
<td>20,700</td>
</tr>
</tbody>
</table>

- These amounts must be multiplied by the total number of person-years for the project requested by the ICPC legal entity.
- The lump sum is deemed to cover all costs of a participant from an ICPC country (personnel, travel, equipment, consumables, subcontracts and indirect costs).
Activities financed in FP7 projects

- **Research and technological development** activities

- **Demonstration activities**, designed to prove the viability of new technologies that offer a potential economic advantage

- **Management activities** linking together all the project components and maintaining communications with the Commission

- Any **other activities** such as: dissemination, support, coordination of research, training
### Maximum funding rates

In “Cooperation” projects

<table>
<thead>
<tr>
<th>Activity</th>
<th>Organisation</th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Public non profit, research,</td>
<td>others</td>
</tr>
<tr>
<td></td>
<td>education and SMEs</td>
<td></td>
</tr>
<tr>
<td>Research</td>
<td>75 %</td>
<td>50 %</td>
</tr>
<tr>
<td>Demonstration</td>
<td>50 %</td>
<td>50 %</td>
</tr>
<tr>
<td>Training</td>
<td>100 %</td>
<td>100 %</td>
</tr>
<tr>
<td>Management</td>
<td>100 %</td>
<td>100 %</td>
</tr>
<tr>
<td>Others</td>
<td>100 %</td>
<td>100 %</td>
</tr>
<tr>
<td>Maximum reimbursement rates of eligible costs</td>
<td>Research and technological development (*)</td>
<td>Demonstration activities</td>
</tr>
<tr>
<td>---------------------------------------------</td>
<td>-------------------------------------------</td>
<td>-------------------------</td>
</tr>
<tr>
<td><strong>Network of excellence</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Collaborative project</strong></td>
<td>50%</td>
<td>50%</td>
</tr>
<tr>
<td><strong>Research project for the benefit of specific groups (SMEs)</strong></td>
<td>50%</td>
<td>50%</td>
</tr>
<tr>
<td><strong>Coordination and support action</strong></td>
<td></td>
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</tr>
</tbody>
</table>

(*) Research and technological development includes operational activities directly related to the protection of foreground and coordination of research activities.
(**) Other activities means any "specific activity" covered by Annex I.
(***) For beneficiaries that are non profit public bodies, secondary and higher education establishments, research organisations and SMEs
(****) 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 the premises of the beneficiary.
Project funding

COORDINATOR

EUROPEAN COMMISSION

Partner 2  Partner 3  Partner N
• **One prefinancing:** 160% of the average EC funding per period → transferred to Coordinator 45 days after entry into force of the GA

• Coordinator distributes prefinancing:
  – once minimum number of beneficiaries have signed Form A
  – only to those who have signed and returned Form A

• 5% of EC total grant is transferred to **Guarantee Fund** – it is kept aside (risk limiting mechanism) and will be recovered at the end of the project
Further payments

Interim payments
- Transferred by EC after approval of submitted periodic reports (max. 105 days from the end of the period)
- Calculated on the basis of declared costs and on reimbursement rates
- 10% of EC total grant withheld until the approval of the final report

Final payment
- after approval of final reports
- difference between total EC contribution and amounts already paid
Timeline of reporting and payments

- **Start date project**
- **GA into force**
- **Prefinancing**: 45d
- **Periodic report I**: P1, 60d
- **Interim Payment**: 105d
- **Periodic report II**: P2, 60d
- **Interim Payment**: 105d
- **Final report on distribution of community financial contribution**
- **End date project**
- **Final report**: P3, 60d
- **Final Payment**: 105d, 30d
Timeline of workflow

<table>
<thead>
<tr>
<th>Work Package Name</th>
<th>2007</th>
<th>2008</th>
<th>2009</th>
</tr>
</thead>
<tbody>
<tr>
<td>WP1: Co-ordination and Project Management</td>
<td></td>
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<tr>
<td>WP2: Dissemination and Exploitation</td>
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<tr>
<td>WP3: Assessment and Evaluation</td>
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<tr>
<td>WP1.1:</td>
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<tr>
<td>WP1.2:</td>
<td></td>
<td></td>
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<tr>
<td>WP2.1:</td>
<td></td>
<td></td>
<td></td>
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<tr>
<td>WP2.2:</td>
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<tr>
<td>WP2.3:</td>
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<tr>
<td>WP2.4:</td>
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<tr>
<td>WP3:</td>
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<tr>
<td>WP4:</td>
<td></td>
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</tr>
</tbody>
</table>

Milestones

D01  M1  M2  M3  M4  M5  M6  M7
D121  D122  D123  D211  D212  D213  D241
D221  D222  D223  D231  D232  D233  D242
D311  D312  D313  D321  D322  D323  D341
D411  D412  D413  D421  D422  D423  D441
Reporting

- At the end of each period:
  Technical report + Management (financial) report

- Guidelines for reporting:

- Financial report should be completed in €
  => conversion rate available at www.ecb.int/stats/eurofxref/ (date: first day of the month after the end of the period)

- Certificate on financial statement required to certify costs incurred in the frame of the project each time if the added-up EC contribution > 375 000€
1. Templates

2. Templates filled out

3. Templates revised and approved

Coordinator

European Commission Project Officer

Partner 1

Partner 2

Partner N

Scheme of reporting
# FORM C – part of periodic report

| Form C - Model of Financial Statement (to be filled in by each beneficiary) |
| --- | --- | --- | --- |
| Project nr | | | |
| Project Name | | | |
| Period (in months) | | | |
| Total | | | |
| Is this an adjustment to previous statement? | Yes/No |

<table>
<thead>
<tr>
<th>Legal Name</th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Organisation's name</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Beneficiary nr</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

| Funding % for R&D activities (A) | | Funding for indirect costs, specify % | |
| --- | --- | --- |

<table>
<thead>
<tr>
<th>Description of eligible costs</th>
<th>Lump-sum rate of contribution from internal sources</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>Personnel costs</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Subsidiary costs</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Other direct costs</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Indirect costs</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Total</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Minimum EC contribution</th>
<th>Requested EC contribution</th>
</tr>
</thead>
</table>

4. Certificate on methodology:

- Do you declare average personnel costs according to Art. II.14.1?  
- Is there a certificate on the methodology provided by an independent auditor and accepted by the Commission according to Art. II.14.4?  
- Name of the auditor | Cost of the certificate (in €), if charged under the project |
- Yes/No |

5. Certificate on financial statements:

- Is there a certificate on the financial statements provided by an independent auditor attached to this financial statement according to Art. II.14.5?  
- Name of the auditor | Cost of the certificate (in €) |
- Yes/No |

6. Beneficiary's Certificate:

- We certify that:  
  - the costs declared above are directly related to the resources used to attain the objectives of the project and fall within the definition of eligible costs specified in Articles II.14 and II.15 of the grant agreement, and, if relevant, Annex II and Article 9 (special clauses) of the grant agreement;  
  - the receipts declared above are the only financial transfers or contributions in kind, free of charge, from third parties and the only income generated by the project which could be considered as receipts according to Art. II.17 of the Grant Agreement;  
  - the interest declared above is the only interest yielded by the pre-financing which falls within the definition of Art. II.19 of the grant agreement;  
  - there is full supporting documentation to justify the information hereby declared. It will be made available at the request of the Commission and in the event of an audit by the Commission and/or by the Court of Auditors and/or their authorized representatives.  
- Yes/No |

<table>
<thead>
<tr>
<th>Beneficiary's Stamp</th>
<th>Name of the Person(s) Authorised to sign this Financial Statement</th>
</tr>
</thead>
</table>

| Date & Signature | |

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FORM C – how to fill in?

1- Declaration of eligible costs/lump sum/flat rate/scale of unit (in €)

<table>
<thead>
<tr>
<th>Type of Activity</th>
<th>RTD (A)</th>
<th>Demonstration (B)</th>
<th>Management (C)</th>
<th>Other (D)</th>
<th>TOTAL (A+B+C+D)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Personnel costs</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Subcontracting</td>
<td></td>
<td></td>
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<td></td>
<td></td>
</tr>
<tr>
<td>Other direct costs</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Indirect costs</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Lump sum/flat rate/scale of unit declared</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Total</td>
<td></td>
<td></td>
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<td></td>
</tr>
</tbody>
</table>

Maximum EC contribution

Requested EC contribution

2- Declaration of receipts
Did you receive any financial transfers or contributions in kind, free of charge from third parties or did the project generate any income which could be considered a receipt according to Art. II.17 of the grant agreement?
If yes, please mention the amount (in €)

Yes/No

3- Declaration of interest yielded by the pre-financing (to be completed only by the coordinator)
Did the pre-financing you received generate any interest according to Art. II.19?
If yes, please mention the amount (in €)

Yes/No

4. Certificate on the methodology
Do you declare average personnel costs according to Art. II.14.1?

Yes/No
It is a web-based tool to edit and submit Forms C

Services:
• Preparation of FORMS C with updated and correct contract/grant information of each beneficiary participating in the project/grant
• The coordinator can check Forms C before submission
• Printing of Forms C
• Electronic submission of FORMS C to the Commission (signed paper version to be sent afterwards)
• Correction of Forms C after refusal by Commission
Audits

The EC can audit any organisation during or after the end of the grant agreement.

**Project duration + 2 years:**
- upon request, EC has to be informed about the foreground of the project.

**Project duration + 5 years:**
- financial, technical audits as well as ethics audits can be arranged
- confidential information has to be kept confidential
- data for review, impact assessments and evaluations can be requested
What is IPR?

Intellectual Property Rights
= legal instruments to protect someone’s intangible assets (non-physical assets)

Converting Intellectual Assets into Property

By granting a legal title which entitles the owner the right to prevent others from exploiting it (reward for the inventors!)
### IPR – a strategic factor in a successful FP7 project

#### Before Project
- Proposal preparation, incl. “potential impact”
- Defining project-related know-how
- Defining IP-protected areas
- **Negotiating a CA**
- Negotiating with the EC

#### During Project
- Strategy for protection & management of foreground
- Granting of access rights

#### After Project
- Protection of generated IP
- Exploitation of the results
- Dissemination

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**AT ALL STAGES**
Provisions on IPR aspects in FP7

• Rules for participation

• **EC Grant Agreement (and related Annexes, Annex II in particular)** – it does not regulate everything and provides for the possibility of further specifications

• **Consortium Agreement** - fundamental for **Intellectual Property Management**; it is compatible with the Grant Agreement, which prevails in case of contradiction
**IPR terminology**

- **Background**: information, know-how and IPR (granted or applied) before signature of the EC grant agreement
- **Foreground**: Results generated by the project and any IPR attached to these results
- **Use**: Direct or indirect utilisation of foreground in further research or commercial activities
- **Access rights**: Licences and user rights to foreground and background for the execution of the project or the use of the foreground
Plan for the use and the dissemination of foreground (PUDF)

It summarises the strategy and the concrete actions of a consortium for the protection, exploitation and dissemination of the results.

It must contain information on:

- exploitable foreground and its use
- dissemination of foreground
- publishable results

Participant → Foreground → Protection → Dissemination → Use
Is it easy to manage FP7 projects?

- The requirements are detailed in the support documents
- Good communication and good faith within the consortium is essential
- Experienced partners can help a lot
- A well designed CA can help when things go really wrong
- The Project Officer can offer support
- Usually, everybody wants an FP7 project to succeed!
Thank you for your attention !