

# **PROVISIONS FOR IMPLEMENTING INTEGRATED PROJECTS**

## **Background document**

**This is a practical guide on the provisions for implementing integrated projects  
in the Sixth Framework Programme.**

**This document, together with practical guides on other instruments and other  
relevant documents, is available on the Europa website:**

<http://europa.eu.int/comm/research/fp6/networks-ip.html>

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### Standard Disclaimer

*This document expresses solely the views of Directorate-General for Research of the European Commission. Readers should not regard these views as a statement of the official position of the European Commission.*

Other documents on issues related to the instruments available for implementing the thematic priorities of the Sixth Framework Programme are available on the Research web-site:

<http://europa.eu.int/comm/research/fp6/networks-ip.html>

*For this edition, the basic principles underpinning the implementation of this instrument have been decided by the legislative process concerning the Framework Programme and its Rules for Participation. The detailed implementation modalities have also been largely fixed, although certain points may still evolve. The document will, therefore, continue to be updated.*

## **1. GENERAL ASPECTS**

### **1.1. Purpose**

The integrated project is the instrument being designed to generate the knowledge required to implement the priority themes. It will do that by integrating together the critical mass of activities and resources needed to achieve ambitious clearly defined scientific and technological objectives. Each integrated project should be aimed at obtaining specific results relevant either to increasing the impetus to Europe's competitiveness or to addressing major societal needs. Its objectives may include more long-term or "risky" research.

The integrated project is thus an instrument to support objective-driven research, where the primary deliverable is new knowledge. Of course, by mobilising a critical mass of resources, integrated projects can also be expected to have a structuring effect on the fabric of European research.

Integrated projects will be used throughout the priority themes. They may also be used, in certain duly justified cases, in other research areas supporting Community policies and anticipating scientific and technological needs (the so called 8<sup>th</sup> priority), when the objective in question can be better achieved by this means.

### **1.2. Meaning of integration**

The detailed **internal architecture** of an integrated project will depend on the complexity and scope of the project, the topic it addresses, and the managerial approach taken. It should comprise **a coherent set of component parts**, often in the form of sub-projects implemented in close co-ordination, which may vary in size and structure according to the tasks to be carried out, each dealing with different aspects of the overall project implementation plan needed to achieve its agreed objectives.

Integration may take several forms:

Vertical integration of the full "value-chain" of stakeholders from those involved in knowledge production through to technology development and transfer. Principal stakeholders, including users, should be involved and help gear the project towards attaining the expected impact.

Horizontal integration of a range of multidisciplinary activities.

Activity integration: integrating various research activities from across the full research spectrum with each other and with other types of activity, including take-up activities, protection and dissemination of knowledge, training, etc, as appropriate.

Sectoral integration of actors from private and public sector research organisations, and in particular between academia and industry, including SMEs.

Financial integration of public and private funding, with overall financing plans that may involve the European Investment Bank and co-operation with Eurêka.

### **1.3. Scale of the critical mass**

Integrated projects are distinguished by the scale of ambition in terms of their research objectives and their expected impact. Each is expected to assemble the necessary critical mass of activities, expertise and resources to achieve its ambitious objectives.

Critical mass could differ widely in scale from field to field and possibly also from topic to topic inside a field. The over-riding criterion for judging critical mass will therefore simply be the qualitative one that an integrated project must have ambitious objectives and must mobilise whatever activities and resources are needed to achieve those objectives.

The value of the activities integrated by a project is expected to range up to many tens of millions of euros. However, there will be no minimum threshold, provided of course that the necessary ambition and critical mass are there.

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

There must be a minimum of three participants from three different Member States or Associated States, of which at least two shall be Member States or Associated candidate countries. However, in practice, there are likely to be substantially more participants and probably somewhat more, on average, than the figure of nine seen in the RTD projects of FP5. The work programme of the relevant specific programme may specify a higher minimum number of participants.

It should be noted however that not all future members of the consortium need be identified at the time the proposal is made. (It may, however, damage the evaluation prospects of a proposal if key members of the proposed consortium are missing). The agreed budget for a project may therefore contain a part set aside for a participant or participants that have not been identified when the contract is negotiated.

#### **1.5. Duration**

Integrated projects are expected to have a duration of typically three to five years. However, there will be no maximum, so a longer duration could be accepted if it is necessary to deliver the objectives of a project.

#### **1.6. Participants**

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

The following may also participate in integrated projects:

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

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

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

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

#### **1.7. SME participation**

At least 15% of the budget of the seven Thematic Priorities is collectively to be allocated to SMEs and, therefore, the participation of small and medium-sized enterprises in the new instruments is strongly encouraged. A significant part of this budget is expected to be channelled through Integrated Projects.

Integrated Projects are well suited to include SMEs by their main characteristics, especially objective-driven research, knowledge creation and medium to high scale. The optimal participation of SMEs in

an Integrated Project can further its objectives of critical mass and ambition, and the involvement of SMEs constitutes one of the criteria to assess the quality of the consortium of an Integrated Project Proposal.

SMEs can participate in an Integrated Project at any stage, from its start to a later phase of its implementation. Activities such as research, technological development, take-up, demonstration, training, which are important components of an Integrated Project, can all involve SME participants. In addition, SME associations or groupings can participate in Integrated Projects on behalf of their members.

In the case where SMEs are not initially involved in an integrated project, the consortium has the flexibility to modify its composition to include SME participants at a later stage through one of the following mechanisms:

- the possibility to specifically dedicate a part of the EC contribution to an IP to SME participants that might be identified during the course of the project through a competitive call launched by the consortium (see section 6.3);
- the possibility to provide additional funding to an IP through a call for proposals launched by the Commission to add new activities and participants, SMEs in particular (see section 6.4).

In addition, work programmes may identify topics specifically relevant to SMEs as subjects for calls for proposals.

National Contact Points will play an important role in assisting SMEs to take part in Integrated Projects.

## 2. ACTIVITIES

Each project should contain a coherent set of component activities, including a research component and, as appropriate, technological development and/or demonstration components, activities to promote innovation, and any other type of activity directly relevant to the objectives of the integrated project, for example training.

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

A project may be at any point in the research spectrum. A single project may indeed span large parts of the spectrum, i.e. from basic to applied research. Most projects are expected to be multidisciplinary in nature.

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

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

The research and technological development activities conducted within an integrated project should present the following characteristics:

- be **objective-driven**: integrated projects must have clearly defined scientific and technological objectives, aiming at a significant advance in the established state-of-the-art;
- have a **multidisciplinary** character: the activities being integrated into the project will tend to draw on a range of different disciplines.

#### Innovation-related activities

Many integrated projects will have an exploitation potential. In that case, they should include 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:

- **intellectual property protection:** protection of the knowledge resulting from the project (including patent searches, filing of patent (or other IPR) applications, etc.);
- **dissemination activities** beyond the consortium: publications, conferences, workshops and Web-based activities aiming at disseminating the knowledge and technology produced;
- **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.);
- **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, 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.

## 2.2. Demonstration activities

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

## 2.3. Training activities

Integrated projects are likely to provide an excellent vehicle for the 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 activities should contribute to the professional development of the persons concerned.

## 2.4. Project management

Integrated projects will require particular attention by the consortium to overall management and co-ordination issues. 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. Depending on the size and scope of an integrated project, a specially constituted management team with dedicated staff covering a range of skills may need to be set up.

Project management will include:

- co-ordination at consortium level of the technical activities of the project;
- the overall legal, contractual, ethical, financial and administrative management of the consortium;
- preparing, updating and managing the consortium agreement between the participants;
- co-ordination at consortium level of knowledge management and other innovation-related activities;
- the implementation of the competitive calls for the consortium to find new participants;
- overseeing the promotion of gender equality in the project;
- overseeing science and society issues related to the research activities conducted within the project;
- obtaining audit certificates by each of the participants;
- bank guarantees for SMEs (if applicable).

## 3. FINANCIAL REGIME

The financial regime for integrated projects will be built on the following concepts:

- a "grant to the budget", acting as a ceiling for the Community contribution;

- where the support will be paid as a contribution to costs incurred;
- according to maximum rates of support specified in the contract for different types of activity within the project.

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

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

### 3.1. Eligible costs

Costs may be charged to the contract provided that they fulfil the following conditions:

- they are actual, economic and necessary for the implementation of the project; and
- they are determined in accordance with the usual accounting principles of each participant; and
- they are incurred within the duration of the project, except when otherwise provided for in the contract; and
- they are recorded in the accounts of the participant or, when provided for in the contract in the case of resources made available by third parties on the basis of a prior agreement, in the corresponding accounts of those third parties; and
- they exclude any indirect taxes, duties, interest, costs incurred in respect of another Community project, and do not give rise to profit.

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

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

### 3.2. Cost models

There will be a single family of three closely related cost models:

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

The FC model will be open to all participants, except for international organisations, physical persons and those public bodies obliged to use the additional-cost model. The FCF model will be an option available only to SMEs.

The ACF model will be the only model available to international organisations and physical persons as well as to those public bodies obliged to use this model. It will also be an option open to any public body free to choose its cost model.

Where an entity has a choice of models, it may choose only one for all its participations in those indirect actions of FP6 where these models are relevant. SMEs, which initially opt for the FCF model may however change to FC for later contracts.

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

### **3.3. Rates of Community support**

**For full cost participants (FC and FCF)**, the maximum rates of Community contribution for each of the four types of activities described above (see sections 2.1 to 2.4) will be:

- 50% for the research and technological development and the innovation-related activities of the project;
- 35% for demonstration activities;
- 100% for training activities (excluding the personnel costs of those being trained);
- 100% for the management of the consortium.

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

The model contract will specify which project management costs will be eligible for support at the 100% rate. Such costs will include the costs of obtaining audit certificates and of making competitive calls. A maximum of 7% of the overall Community contribution to a project may be used to support these costs.

## **4. THE PROPOSAL STAGE AND THE NEGOTIATION PROCESS**

### **4.1. Calls for proposals**

Calls for proposals for integrated projects will be published in the Official Journal of the European Communities and widely published by other means, including the Cordis web-site and through the National Contact Point network. A forward-looking schedule of the calls will be set out in the form of a “road map” in the work programme of the specific programme.

#### **Invitations to submit expressions of interest**

Invitations to submit expressions of interest may be issued prior to calls for project proposals. The first such invitation was published on 20 March 2002, with a deadline of 7 June 2002. The results of this exercise were published on [www.cordis.lu/fp6/eoi-instruments](http://www.cordis.lu/fp6/eoi-instruments) in September 2002.

The expressions of interest phase will enable the Commission to better identify specific topics to be addressed by integrated projects in the subsequent calls for proposals. This will enable the calls to be more tightly focused, hence reducing over-subscription. Expressions of interest will also help in proposal making and consortium building.

Expressions of interest should include a rationale for proposing the topic suitable for an integrated project, a description of the potential expertise, skills and resources available to implement it and a demonstration of the readiness to submit a proposal to the subsequent call for proposals.

Where appropriate, the Commission may modify, merge or subdivide the topics submitted. However, any topic not submitted as an expression of interest risks being excluded from the subsequent call.

## **Project proposals**

The information package relevant to the call for proposals will describe the content of a proposal. Annex II contains the elements applicants may be asked to include in their proposals.

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

Furthermore, applicants will be asked to provide only a summary description of the activities for the full duration of the project. A detailed implementation plan will be required only for the first 18 months. The fact that all participants do not need to be identified when the proposal is made is another potential source of simplification.

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

### **Two-stage proposal submission**

The Commission may also choose to arrange its calls for proposals in two stages, where in the first stage an outline proposal providing the essential aspects of the proposed project is submitted and evaluated with the help of external experts, and a full proposal is submitted in a second stage by those retained after that initial evaluation. When a two-step approach is to be followed, it will be specified in the relevant work programme, and its road-map.

## **4.2. Evaluation of proposals**

The fundamental principles governing the evaluation of proposals are:

- **transparency:** a clear framework will be provided for researchers preparing proposals, for experts evaluating proposals, and for the Commission services themselves;
- **fair treatment:** all proposals will be treated alike, irrespective of where they originate, of the identity of the applicants and of previous connections;
- **impartiality:** all eligible proposals will be treated impartially on their merits, subject to an independent peer review;
- **efficiency and speed:** the procedures must be designed to be as rapid as possible, commensurate with maintaining the quality of the evaluation and respecting the legal framework within which the specific programme is managed;
- **ethical considerations:** any proposal which contravenes fundamental ethical principles (particularly those set out in the Charter of Fundamental Rights of the Union), or which does not fulfil the conditions set out in the work programme or in the call for proposals, may be excluded from the evaluation and selection process at any time.

### **Peer review**

Evaluation will be conducted by the Commission services with the assistance of independent experts according to the principles of “**peer review**”. However the system used for the evaluation of RTD projects in the Fifth Framework Programme will need to be strengthened in order to reflect the more ambitious goals and scale of integrated projects.

Possibilities for strengthening the peer review system for integrated projects include: the more systematic use of two-stage submission (where only those applicants whose outline proposals pass the first stage will be invited to submit a full proposal) and hearings of applicants by the panel, in particular to allow applicants to answer questions not covered in the proposal itself. Such hearings would act as an additional means of simplifying proposal-making, since proposals would no longer have to foresee answers to all possible questions that the experts might wish to ask.

## Evaluation criteria

The following basic set of criteria is intended to be common to all priority themes for the evaluation of proposals for integrated projects. These issues will be detailed and complemented as necessary in the relevant calls for proposals.

**Relevance to the objectives of the programme.** The extent to which:

- the proposed project **addresses the scientific, technical, socio-economic and policy objectives** of the work programme in the areas open for the particular call.
- **Potential impact.** The extent to which:
  - the proposed project is **suitably ambitious** in terms of its strategic impact on reinforcing competitiveness or on solving societal problems;
  - the innovation-related activities and exploitation and/or dissemination plans are adequate to ensure **optimal use of the project results**;
  - the proposed project demonstrates a clear **added value** in carrying out the work at European level and takes account of research activities at national level and under European initiatives (e.g. Eureka).
- **S&T excellence.** The extent to which:
  - the project has **clearly defined objectives**;
  - the objectives represent clear **progress beyond the current state-of-the-art**;
  - the **proposed S&T approach** is likely to enable the project to achieve its objectives in research and innovation.
- **Quality of the consortium.** The extent to which:
  - the participants collectively constitute a **consortium of high quality**;
  - the participants are **well-suited and committed to the tasks** assigned to them;
  - there is **good complementarity** between participants;
  - the **profiles** of the participants, including those to be included later, have been clearly described;
  - the opportunity of **involving SMEs** has been adequately addressed.
- **Quality of the management.** The extent to which:
  - the **organisational structure** is well-matched to the complexity of the project and to the degree of integration required;
  - the **project management** is demonstrably of high quality;
  - there is a satisfactory plan for the **management of knowledge**, of intellectual property and of other innovation-related activities.
- **Mobilisation of resources.** The extent to which:
  - the project mobilises the **critical mass of resources** (personnel, equipment, finance...) necessary for success;
  - the **resources** are **convincingly integrated** to form a coherent project;
  - the overall **financing plan** for the project is adequate.

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

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

### 4.3. The negotiation process

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

- to finalise the objectives and deliverables of the project, which should then be considered fixed for the life of the project;
- to agree an outline implementation plan for the full duration of the contract, which in most respects should be considered fixed, but may be revised, if necessary, particularly after the mid-term review;
- to agree a financial ceiling for the Community contribution;
- to agree a detailed implementation plan (and associated financial plan) for the first 18 months, which will subsequently roll forward every 12 months;
- to agree principles for modifying the composition of the consortium.

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

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

## 5. THE CONTRACT

More information on the model contract can be found at:

[http://europa.eu.int/comm/research/fp6/working-groups/model-contract/index\\_en.html/](http://europa.eu.int/comm/research/fp6/working-groups/model-contract/index_en.html/)

### 5.1. Content of the contract

The contract with the Commission will establish the rights and obligations of participants and in particular the arrangements for the technical, technological, financial and, where appropriate, ethical monitoring of the project, the updating of its implementation plan, changes in consortium membership, eligibility of expenditure, as well as rules regarding intellectual property rights.

The contract may be structured along the following lines:

- a **core** text containing: the scope, duration, maximum Community contribution, deliverables, payment modalities and the list of initial participants;
- a **technical annex** (Annex I) containing: a) the objectives of the project, the outline implementation plan for the whole duration; an outline description of the role of the participants; a description of the deliverables; ethical provisions; a description of the organisation and management structure; the circumstances under which a competitive call will be needed; b) a detailed implementation plan for the first 18 months together with its associated indicative financial plan;
- **general conditions** (Annex II) common to all FP6 instruments, covering standard legal and administrative provisions, the IPR regime and standard financial provisions among others;
- **conditions specific to integrated projects** (Annex III), for example, the maximum rates of Community support as described in Section 3.4; reporting schedule and detailed payment conditions; the mechanisms for updating its outline implementation plan and detailed periodic implementation plans.

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

The breakdown of the Community contribution **will not be fixed in the contract either by activity or by participant**. This will give a degree of flexibility to the consortium on the distribution of the Community contribution and will also eliminate a good part of its micromanagement associated with FP5 contracts.

## **5.2. Contracting parties**

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

Any participant joining an ongoing project shall accede to the contract and enjoy the rights and assume the obligations of participants toward the Community.

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

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

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

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

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

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

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

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

the basis of each *participant's* share of the expenses accepted and up to the amount of the Community financial contribution each participant is entitled to receive.

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

## 5.5. Consortium agreement

The conclusion of a **consortium agreement** will be **mandatory** for all integrated projects (unless otherwise specified in the relevant call for proposals). The need for a consortium agreement in part arises from the larger autonomy that consortia will be given and from the simplification of the contract with the Commission, for example with respect to the management of the Community contribution and to intellectual property. A **consortium agreement** may include:

- the internal organisation of the consortium, its **governance structure, decision-making processes and management arrangements**;
- arrangements for the distribution of the Community contribution among participants and among activities;
- provisions for the settlement of disputes within the partnership;
- **specific arrangements concerning intellectual property** rights to be applied among the participants and their affiliates, in compliance with the general arrangements stipulated in the contract;
- **any other provision** necessary to ensure a sound management of the project.

The consortium agreement should be signed as early as possible and preferably no later than the date on which the contract with the Commission enters into force. The Commission will publish non-binding guidelines on points that may be addressed by a consortium agreement.

## 6. IMPLEMENTATION OF THE PROJECT

At its outset, the contract will contain an agreed overall implementation plan for the full duration of the project, and a detailed plan for the first 18 month period together with its associated indicative financial plan. An advance payment equivalent to 85% of the Community contribution to the budget for the first 18 months period will be made at the start of the project.

With the agreement of the Commission, the overall implementation plan may be modified and the detailed plan will roll forward each year, as part of the reporting schedule. However, the overall objectives and principal deliverables, as set out in the contract, will not be expected to change during the lifetime of the project. With the agreement of the Commission, the composition of the consortium may also be modified as the project progresses.

### 6.1. Periodic reporting

Each year, the consortium will submit to the Commission the following **reports for the previous 12-month period**, as well as a **plan for the forthcoming 18-month period**. The simultaneous submission of these documents allows optimal monitoring of progress by the Commission services and furnishes a solid basis for the payment of the periodic advances.

- An **activity report** for the previous twelve months, which contains:
  - a management-level overview of the activities carried out by the project during the period;
  - a description of progress toward its scientific and technological objectives and associated innovation-related activities;
  - a description of progress toward the milestones and deliverables foreseen;
  - a description of training activities, if any;
  - identification of problems encountered and corrective action taken.
- A **financial report** for the period, which contains:

- a **summary cost statement** prepared by each participant, showing the total eligible costs incurred broken down by type of activity;
  - a **cost certificate** per participant, furnished by an independent external auditor or, in the case of a public body or international organisation, by a competent public official, certifying the overall total of eligible costs incurred by that participant;
  - a **management-level justification** prepared by each participant of its overall costs incurred, linking these costs to the resources deployed and to the activities carried out by the participant;
  - a **summary financial report** prepared by the co-ordinator, bringing together the incurred costs of the consortium and the requested Community contribution, broken down by participant and type of activity.
- An **updated implementation plan**, including a detailed description of the implementation plan for the eighteen months following the twelve-month period covered by the reports above, and a revision of the overall implementation plan if needed.
  - An associated **financial plan**, containing an estimate of the costs to be incurred by each participant during the period, broken down by type of activity.

The Commission needs to review and approve all four of these documents. In doing so, the Commission may be assisted by external experts. Once the updated implementation plan and financial plan for the period that follows have been approved (subject, when necessary, to ethical review) they will be incorporated in the contract through a **contract amendment**.

## 6.2. Payments schedule

The payments schedule, illustrated in the diagram below, has been designed to give greater financial security to the project. At the start of the contract, the Commission will pay an advance equivalent to 85% of its foreseen contribution for the first 18 months of the project based on the project's approved financial plan. The period covered by the advance may be adjusted for projects of a duration of less than three years.

Annually thereafter, once the Commission has accepted the financial report, an equivalent part of the advance will be converted into an accepted payment and will be considered as a full and final settlement of the payment for the period concerned (subject, of course, to any ex-post audit).

Furthermore, once the plans for the following 18-month period are approved and the payment for the previous 12-month period has been settled, the Commission will supplement its outstanding advance to bring the advance up to the equivalent of 85% of its foreseen contribution to the budget of that financial plan. That way, the project should never be operating without an approved detailed plan, nor without a satisfactory advance payment.

**Reporting and payments schedule for 48-month integrated project**



### **6.3. Evolution of the consortium (without additional funding)**

The contract will specify the procedures for modifying the membership of the consortium within the limits of the Community contribution. The following general cases can be envisaged.

#### **Replacement of a participant**

When the consortium is faced with the need to replace a participant, for example one that has withdrawn, the new participant may be selected without a competitive call, unless this is considered useful by the consortium itself (or specifically requested by the Commission). The Commission may object to the inclusion of particular selected new participants on grounds such as financial precariousness or past frauds.

#### **Expansion of the consortium**

The consortium may itself decide to take in new participants as the project evolves, though without any additional financing from the Community. The contract will specify when the addition of a new participant will require the prior publication of a competitive call, for example in those cases where a proportion of the original budget was assigned to a participant that had yet to be identified.

#### **Competitive calls launched by the consortium**

Competitive calls will comply with the following general principles:

- transparency of the procedures: appropriate publicity, clearly enunciated selection criteria;
- equal treatment;
- equal access granted to all potential participants: no exclusion on basis of geographical origin.

The consortium will publish the competitive call and advertise it widely using specific information support, particularly internet sites on the sixth Framework Programme, the specialist press, etc. The consortium will carry out the evaluation of the proposals with the assistance of independent experts. They should be individuals with internationally acknowledged expertise in the specialised area.

Two general cases may be envisaged:

a) Calls for the selection of a new participant to join the consortium: here, candidates will be judged in their individual capacities to perform the required tasks on the basis of criteria that include scientific and technological excellence and the ability to successfully carry out the work required, assessed in terms of resources, competence and organisation.

b) Calls for the selection of a group of new participants presenting a joint proposal for the execution of an entire task or sub-project: here, the proposals will have to be evaluated against the full set of criteria that governed the evaluation and selection of the project as a whole.

The consortium will not be obliged to select a new participant where it has objective grounds for objecting to the participant, for example commercial competition.

The consortium will inform the Commission of the process followed. The Commission may object to the result, if, for example, the specified modalities have not been properly applied. In all cases, the Commission may object to the inclusion of particular selected new participants on grounds such as past frauds.

### **6.4. Additional financial contribution to extend the project**

The Commission may decide to launch calls for proposals enabling the Community contribution to existing integrated projects to be increased, in order, for example, to cover new activities or to involve particular types of participants. This possibility may, for example, be a useful mechanism for stimulating take-up measures and enhancing the participation of SMEs. The evaluation will be carried out in accordance with the general principles used for the evaluation of integrated projects.

## 6.5. Final reporting

At the completion of the project, a **final report** will assess the results of the project against its agreed objectives. The final report will also include, among others: an analysis and evaluation of the potential economic and social impact of the technologies concerned and the factors involved in their successful exploitation; a description of the project's activities and future plans regarding the use and dissemination of knowledge; an assessment of the equal opportunity promotion actions.

The final report should be accompanied by an activity report and an expenditure report for the final period.

## 7. FOLLOW-UP AND MONITORING

The Commission services will monitor the project so as to ensure proper work execution according to the terms of the contract, to protect the Community's financial interests, to reinforce public accountability and to ensure maximum synergy and coherence with other actions within the specific programme. The Commission will need to develop a robust scheme suitable for the output monitoring of integrated projects. Such a possible scheme is outlined below.

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

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

- serving as a permanent contact point for the project;
- arranging the follow-up of the project, including analysis of all project reports, both from the scientific/technical and financial/managerial points of view;
- attending all formal project reviews and any consortium meetings where this is deemed necessary.

The contract may foresee the following reviews by the Commission, each with the possible assistance of external experts:

- **annual reviews:** coinciding with the annual cycle of reporting and planning to act as a basis for the settlement of the previous year's contribution;
- **a mid-term or milestone review (*optional*):** which would trigger a go/no-go decision on whether to continue the project to its foreseen end;
- **an end-of-term review:** primarily to assess the impact of the project on enhancing the Community's competitiveness or on addressing major societal needs.

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

### 7.2. Audits

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

- **Technical audits** may be launched at any point during the implementation of the project in order to verify that the *project* is being or has been carried out in accordance with the conditions indicated by the participants. A yearly review would be considered a technical audit.
- **Financial audits** may be launched at any time, and may deal with any aspect of the financial implementation of the whole or a part of the project. For each integrated project, it is the

Commission's intention that **at least one financial audit will be carried out** within the auditable period.

- **Technological audits** dealing with the use and dissemination of results may be launched at the end of all the projects, but may also be carried out earlier, if considered necessary by the Commission.
- **Ethical audits** may be launched at any time during the implementation of the project in order to verify that the project is respecting fundamental ethical principles and national regulations.

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

## **8. INTELLECTUAL PROPERTY ASPECTS**

### **8.1. General principles**

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

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

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

### **8.2. Ownership of knowledge**

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

### **8.3. Protection of knowledge**

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

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

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

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

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

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

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

## 8.5. Access rights

### Main principles

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

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

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

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

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

### Access rights for the execution of the project

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

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

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

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

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

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

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

### Summary of access rights

	Access rights to pre-existing know-how	Access rights to knowledge resulting from the project
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 knowledge	
	On non-discriminatory and reasonable conditions to be agreed	Royalty-free unless otherwise agreed before signing the contract
	Possibility for participants to agree on exclusion of specific pre-existing know-how of a participant from this obligation before this participant signs the contract (or before entry of a new participant)	

**PARTICIPATION AND FINANCING POSSIBILITIES BY COUNTRY OF ESTABLISHMENT OF PARTICIPANT**

<b>Participant's country of establishment</b>	<b>Participation</b>	<b>Financing</b>
European Union Member States, JRC	Rightfully	Rightfully
Associated Candidate Countries	Rightfully	Rightfully
Other Associated Countries	Rightfully	Rightfully
International organisations of European interest	Rightfully	Rightfully
Russia, New Independent States, Mediterranean Countries, Developing countries (with or without a co-operation agreement)	Rightfully over and above the minimum threshold	Within the limits of the budget available for international co-operation activities in the context the thematic priorities
Third countries having a co-operation agreement	Rightfully over and above the minimum threshold	If Community contribution is necessary and foreseen by the Work Programme
Other third countries	If participation is foreseen or if it is necessary for carrying out the project	If Community contribution is foreseen or if it is essential for carrying out the project
Other international organisations	Rightfully over and above the minimum threshold	If Community contribution is foreseen in the work programme or if it is essential for carrying out the project

## **CONTENT OF INTEGRATED PROJECT PROPOSALS**

### **CONTENT OF INTEGRATED PROJECT PROPOSALS**

Applicants may be asked to include the following elements in their proposals:

#### **Objectives and expected impact**

- the scientific and technological objectives of the project and the scientific approach proposed to achieve them;
- a description of the international state of the art and of how the project intends to advance beyond (originality);
- the contribution of the project to the objectives of the work programme of the specific programme concerned;
- an assessment of the potential socio-economic impact of the project.

#### **Implementation plan and associated budget**

- an outline implementation plan for the whole duration of the project, highlighting the integration of the various components of the project and their expected objectives, and the associated outline budget, broken down by activity and by participant;
- a detailed implementation plan for the first 18 months of the project and the associated detailed budget broken down by activity and by participant;
- management-level justification for the resources and budget needed to carry out the project.

#### **The consortium and the project resources**

- the role of the participants (including the role of any participant(s) which are not yet identified) and their specific skills, explaining their complementarity;
- the resources (human and material) that will be deployed for the implementation of the project;
- the overall financial plan for the project;
- a description of how the resources are integrated and how critical mass will be achieved;
- a description of how the project intends to involve SMEs in its implementation (if appropriate).

#### **Project management**

- a description of the organisation, management and decision-making structures of the project;
- a description of the experience of the management team;
- an action plan through which gender equality will be promoted within the project.

#### **Exploitation and dissemination plans**

- a plan for the management and protection of knowledge and of intellectual property;
- a description of the innovation-related activities to be carried out during the duration of the project;
- a plan for exploitation of results;
- a plan for dissemination of knowledge beyond the consortium (including to policy-makers, citizens, etc.)

#### **Ethics, safety and other issues**

- the identification of potential ethical and safety issues and the way they will be handled.

The “guide for proposers” of the relevant call for proposals will specify the required content of the proposal.