



Negotiation of Call 2005 Workshop

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eTEN Programme

DEPLOYING THE EUROPEAN
e-SE eTEN Programme ALL

Initial remarks

- During the presentation you will see, but not always recognise, the Excel forms on the slides
- You all have (in your folder) a full copy of the **Negotiation Guidelines**
- I advise you to use them to follow our presentations
- To avoid confusion (or confuse you even more):
 - **Technical Annex** = TA = Description of Work
 - **Partner** = Beneficiary and Member
 - **Grant Preparation Forms** = **GPF**, include: Legal & Financial information, and distribution of budget by task and partner

What are Negotiations

- Negotiation process (*usually*) leads to the signing of a **grant agreement**
- Means discussing until acceptance by both parties (consortium & Commission) on:
 - Description of work (TA),
 - qualification (legal, financial & co-financing) of the beneficiaries to participate,
 - Grant Preparation Forms (distribution of budget by WP + by partner)

Why Request for forms

- We are **not** requesting additional information & documents for the **pleasure of adding red tape**
- We intend to **help consortia** define the appropriate set up for a **successful project** and **protect tax payers money**
- Technical Annex (TA) is the required contractual engagement that a consortium takes with the Commission
- Grant Preparation Forms (GPFs) are providing the appropriate level of details to **properly plan** the budget requirements of the project; and a basis for **monitoring**

Risks for the Commission

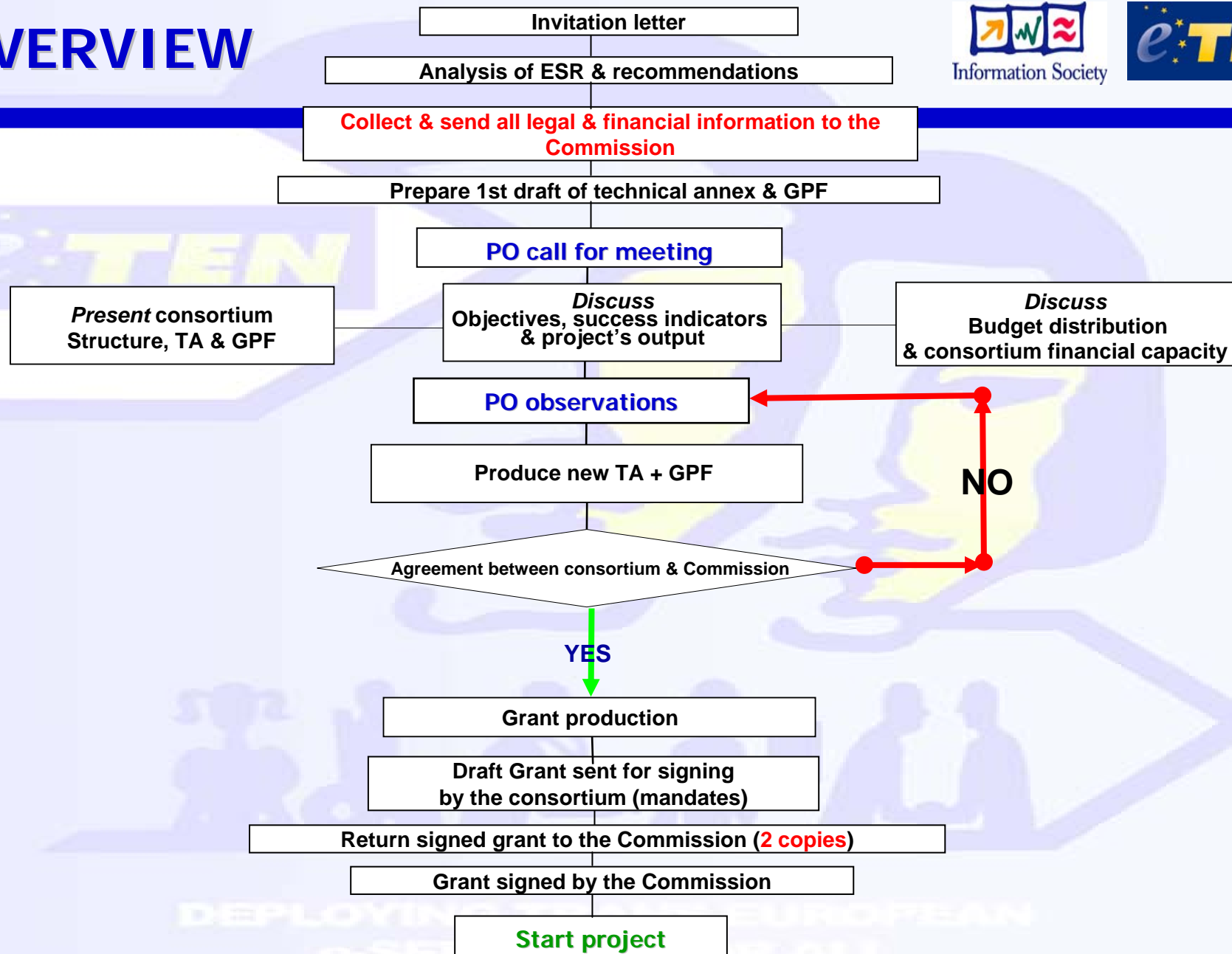
- Through the eTEN programme the Commission is co-financing the deployment of trans-EU services – a certain **technical risk** is acceptable, but must be **identified**.
- The Commission is administering public money – it cannot take any risk of misuse or lost of the funds it administers
- Thus legal & financial + **co-financing** capabilities required from beneficiaries is crucial

- describe the process for the negotiation and preparation of a **Grant Agreement** for an eTEN cost-share instrument leading to a Market Validation, a Support Action or an Initial Deployment Project

The "*Guidelines for the preparation of e-TEN Grant Agreements*" and the "*Guidelines for the preparation of the Technical Annex*" can be found at:

http://europa.eu.int/information_society/activities/eten/library/index_en.htm#preparing_grant_agreement

OVERVIEW



Stages of Negotiation

- Invitation

- response to Evaluation Summary Report (ESR)
- send **legal and financial** documents

EC

Consortium

- Getting started

- fill in *Fiches Signalétiques*
- produce Technical Annex (TA)
- fill in Grant Preparation Forms (GPF)
- fill in **bank form** (coordinator + financial institution)
- letter of **commitment to invest** (initial deployment only)

Consortium

- Legal and Financial Viability (LFV)

EC

- Negotiation on TA, GPF, weak finance mitigation

Consortium + EC

- Grant Agreement preparation

EC

- Signing of grant

Consortium + EC

- Start project

Consortium

Phase 1 : Getting Started



Invitation letter

Analysis of ESR & recommendations

**Collect & send all legal & financial
information to the Commission**

Prepare 1st draft of technical annex & GPF

PO calls for meeting

DEPLOYING TRANS-EUROPEAN
e-SERVICES FOR ALL

Invitation to negotiate

- Invitation letter, sets the co-financing level and the time table for negotiation
- Adjustment of the Commission co-funding already applied (ESR) was a **minimum evaluated**; further reduction may occur as part of the negotiation with the PO if justified – **no increase possible**
- The coordinator is the contact point between project and PO, **no direct contact** with other partners
- The coordinator **MUST** collect and check information **BEFORE sending** it to the PO

- A copy of any **official document** not older than 18 months (e.g. official journal, register of companies, etc.) showing the contractor's name and address and the registration number given to it by the national authorities
- A copy of the **VAT** registration document if applicable (if not applicable, please supply justification)

This information is required to define whether or not the organisation has the legal capacity to conclude a Grant Agreement with the Commission

Legal Entities

- Be aware that the Commission **ONLY** recognises registered **legal entities**
- Any school, association, ... which is not registered as a legal entity **cannot be a grant beneficiary**, although they might have a VAT number

- The most recent **audited** Balance Sheets and Profit & Loss Accounts from the last 2 years
- These documents are **MANDATORY** for all non-governmental beneficiaries.

A financial validation will determine whether the organization is adequately funded and financially stable and that it has the financial resources to guarantee its share of the investment

Fiche Signalétique

- This form collects legal data for each partner
- Must be **signed and stamped** by the Authorised Representative(s) from each partner
- Please send us both the original and the electronic version
- This form is **MANDATORY** for all partners

http://europa.eu.int/comm/budget/execution/legal_entities_fr.htm

Response to ESR

- The Consortium is expected to analyse the recommendations in the **ESR** and to prepare a response.
- The response must be presented as a **table** showing the “ESR Recommendations” in regard to the consortium solutions.
- Reflect responses in the “**Technical Annex**” or in the **financial or administrative** distribution (new partner, shift in budget, new Work Package, etc).

- It is a **contractual** document
- Any deviation to the TA during the life time of the project has to be agreed and accepted by the EC
- Based on the objectives and description of the proposal Part B (and the **ESR** recommendations)
- It is a **detailed description** of the work to do:
 - **What to achieve?**
 - Goals, objectives, ...
 - **Who is doing what?**
 - activity per WP and per partner + synergies between partners
 - **Timing?**
 - Describe a realistic time table of what should be done when
 - Describe the management process and the mitigation of risks
 - **Budget lines?**
 - Human and financial resources needed by partner + per WP

Chapter 1: Overall Project Description

Chapter 2: Technical Approach, Description of the Service

Chapter 3: Market Approach

Chapter 4: Project Phase

Chapter 5: Financial Aspects

Chapter 6: Management of the Project Phase

The "***Guidelines for the preparation of the Technical Annex***" can be found at:

http://europa.eu.int/information_society/activities/eten/library/index_en.htm#preparing_grant_agreement

Some reminders:

- Substantiate and explain in detail the budget estimations (**TIC**) and costs of the project provided in the GPFs
- The “**Other Specific Costs**” cost category must be also reported in detail in the Technical Annex.
- **AC partners** are required to report the time of their permanent staff in the work plans both in the Technical Annex and the GPFs
- Set aside budget for **dissemination** workshops:
 - Interim workshop, final workshop, + 1 additional event organised/sponsored by eTEN

Management consideration

- A coordinator is NOT only a manager
 - He/she MUST **manage susceptibilities**, differences of cultures, hidden agendas of partners
 - Must **track work achievements**, timing, think of plan B (critical path analysis is a powerful tool)
 - Must have a **clear roadmap** (GANTT chart) and make sure everybody agrees with it
 - And more

Grant Preparation Forms (GPF)

- The GPF provide information to prepare the administrative and budgetary parts of the Grant Agreement
- It provides the basic information needed for preparing the Grant agreement and for performing Legal and Financial Checking
- **Negotiation need Correct and Complete GPFs**

Members

- Do not sign grant agreement with Commission, but Membership agreement with a signing beneficiary
- Fill and signs GPFs
- Members are checked legal, but not on financial viability
- Members perform the tasks assigned to them in accordance with the TA
- Members should be **ONLY assisting** the consortium in achieving set goals and objectives.
- A typical role for members is being users on test sites, but it can be anything else **which is NOT core business**

Eligible Costs

- **Eligible costs** (as specified in detail in annex 2 to the Model Grant Agreement)
 - be necessary for the **project**,
 - be incurred during the **duration** of the project,
 - Follow usual accounting principles and be recorded in the accounts
- **Non-eligible costs are in particular** (non exhaustive):
 - any **profit margin**, costs related to capital employed, provisions for possible future losses or charges, interest owed,
 - resources made available to a *beneficiary* free of charge, value of **contributions in kind**,
 - **unnecessary** or ill-considered expenses
 - **marketing**, **sales** and distribution costs for products and services,
 - indirect taxes and duties, **including VAT**,
 - **entertainment** or hospitality expenses, except such reasonable expenses accepted by the Commission as being **absolutely necessary** for carrying out the work described in the grant agreement.

- **FC – Full Cost Model**
 - The standard model
 - 50% funding of FULL cost
- **AC - Additional Costs model:**
 - only in exceptional cases
 - 100% funding of ADDITIONAL cost
 - but NO funding for recurring cost

Requirements:

- **non-commercial or non-profit organisations** established either under public law or private law; or international organisations;
- Must demonstrate that they **do not have an accounting system** that allows to determine the share of their direct and indirect costs relating to the *project*

Grant Preparation Forms (GPF)

per Project:

- A1 = Information on project
- A3a = cost breakdown table
- A3b = Milestones table (for ID only)

Coordinator's Bank account (**MUST BE SIGNED and STAMPED**)

per PARTNER:

- A2a = legal information, address and authorities' names
- A2b = Personnel costs
- A2c = costs categories per period
- A2d = Financial (balance sheet + profit & Loss)
- A2e = certification of no bankruptcy & correctness of all provided information (**MUST BE SIGNED and STAMPED**)
- A2f = List of all ongoing co-financed EU projects

A1 - Information on project

- This form **MUST** compile a **quick abstract** of the project:
 - Goals, objectives, description of service and success indicators;
 - Duration of project and expected timing of full deployment;
 - Total budget and total funding from the Commission;
 - List of partners and contacts for the coordinator
- This exercise **CANNOT** exceed **2000** characters

A2a Legal Status & Authorised Personas



Fill up **all fields**

- **Formal legal information**
 - Legal name of company/organisation
 - Legal address
 - Legal Status (PRC, GOV, PNP, INO, PUC, JRC, EEIG)
 - Authorised person(s) (2 is better)
- **Project relevant information**
 - Role: Coordinator, Contractor, Member
 - Cost regime model (Full Costs – FC; Additional Costs - AC)
 - Contact person

A2b – Personnel Costs

- Provide hourly rate per period, and per category (category = job allocated)
- Distinguish hourly rate from overhead
- Overheads in FC model
 - On the basis of actual cost as allowed by their accounting system
 - Only eligible cost can be calculated into overheads (e.g. **no sales & marketing cost**):
 - EC will ask for proof in case of high personnel cost or overheads
- Overheads in AC model
 - Limited to 20% of direct cost, excluding subcontracting

A2c – Costs distribution - Categories

- **Durable equipment** (long-term equipment to be depreciated), **follow carefully the depreciation method**
- **Subcontracting**, **tolerated** – follow the rules
- **Travel & subsistence** (travel and accommodation)
- **Computing** (only for rented computing services NOT PCs or licences)
- **Consumables** (software licences & others specific to project, **NOT** printer ink, CDs, ...)
- **IPR** (warning if set aside the budget cannot be reshuffled)
- **Other specific costs** (other eligible cost not fitting in other categories) **MUST be detailed in the TA**

Depreciation calculation for durable equipment

- **Depreciation period dependant of equipment cost:**
 - cost < 25k€ → depreciation over 36 months
 - cost > 25k€ → depreciation over 60 months
- Exact formula in general conditions (annex 2) of model grant agreement, takes also percentage of usage for project into account.
- Purchase before start date possible (max 6 months), **BUT depreciation starts at project starting date!**

Subcontracting

- Subcontracting **tolerated** under specific circumstances
 - Must be a service **clearly defined** in scope and time,
 - Must be a service that **no partner can do**,
 - Cannot be a **main core** task
 - Cannot be **coordination**
 - Cannot be done by **outside EU company** unless specific reason (i.e. no EU company qualified for a specific job)

- Provide balance sheets for the last 2 audited years
- Provide profit & loss for the last 2 audited years
- Required from all beneficiaries, but gov. org.
- Not required for members
- Please check for correctness

COMMISSION OF THE EUROPEAN COMMUNITIES		A2d	
Project Nb:	0	Acronym:	0
Financial Information			
Short Name: #REF!			
Closing date t0:	Duration t0 (months):		
Nb Employees:	Currency:		
Is the organisation a Small or Medium-sized Enterprise (SME) ?			
if no, please explain:			
Less than 3 annual balance sheets ?			
Comments on financial results:			
Balance sheet		t0	t+1
Assets			
1	Subscribed capital unpaid:		
2	Fixed assets	0	
2.1	Intangible fixed assets		
2.2	Tangible fixed assets		
2.3	Financial assets		
3	Current assets	0	
3.1	Stocks		
3.2.1	Debtors due within one year		
3.2.2	Debtors due after one year		
3.3	Cash at bank and in hand		
3.4	Other current assets		
Total Assets		0	
Liabilities			
4	Capital and reserve	0	
4.1	Subscribed capital		
4.2	Reserves		
4.3	Profit and loss brought forward (enter sign)		
4.4	Profit and loss brought forward for the financial year (enter sign)		
5	Creditors	0	
5.1.1	Long term non-bank debt		
5.1.2	Long term bank debt		
5.2.1	Short term non bank debt		
5.2.2	Short term bank debt		
Total liabilities		0	
Profit and Loss			
6	Turnover		
7	Variation in stock		
8	Other operating income		
9	Costs of material and consumables		
10	Other operating charges		
11	Staff costs		
12	Gross operating profit	0	
13	Depreciation and value adjustments on non-financial assets		
14	Net operating profit	0	
15	Financial income and value adjustment on financial assets		
16	Interest paid		
17	Similar charges		

A2e - Certification

- 
- **Must be signed** and stamped by each beneficiary and member
 - **Signing** certifies that **all A2 forms'** information is correct and accurate

PARALLEL SESSIONS AT 2 PM



Meeting rooms

0/54

06/07

07/65

Project officer

M.R. ; J.F.J. ; J.G.M. ; E.N.

J.B. ; V.J.

A.K. ; A.H. ; P.D.

Bank Account

- Coordinator's bank account information
- **Must be signed + stamped by both bank & company**
- Accessible at:
http://europa.eu.int/comm/budget/execution/ftiers_fr.htm

FINANCIAL IDENTIFICATION
UNITED KINGDOM

PRIVACY STATEMENT http://europa.eu.int/comm/budget/execution/ftiers_fr.htm

ACCOUNT HOLDER

NAME

ADDRESS

TOWN/CITY POSTCODE

COUNTRY VAT NUMBER

CONTACT PERSON

TELEPHONE FAX

E - MAIL

BANK

BANK NAME

BRANCH ADDRESS

TOWN/CITY POSTCODE

SORT CODE ACCOUNT NUMBER

IBAN GB

REMARKS :

BANK STAMP + SIGNATURE OF BANK REPRESENTATIVE
(Both Obligatory)(1)

DATE + SIGNATURE ACCOUNT HOLDER :
(Obligatory)

Letter of Investment Commitment (Initial Deployment projects only)

- Required from **all beneficiaries** to demonstrate their long-term commitment to the project
- The Authorized Representative(s) of the company or administration must **sign and stamp** this letter.
- This commitment will be part of the Grant Agreement.
- Model in the Annex 2 of the “Negotiation Guidelines”

DRAFT

**TO BE PRODUCED BY ALL PARTICIPANTS IN
DEPLOYMENT PROJECTS**

LETTER OF INVESTMENT COMMITMENT

<Name of beneficiary organization³>, represented by <Authorized Representative⁴> in his/her position of budgetary authority, as <position of Authorized Representative⁵>, declares to take up the following commitments in the framework of the <Project Acronym¹> Deployment eTEN Project number <Grant Agreement number²>:

- <definition of the investment components, where the beneficiary will invest>

as per the following Investment Plan:

Milestone	Milestone title	Date	Amount in EURO
Milestone 1	<to be defined on the base of the Technical Annex>	<to be defined on the base of the Technical Annex>	<to be defined on the base of the Technical Annex>
.....			
Milestone n			
		TOTAL	<total investment>

Yours Truly,

On behalf of <name of Beneficiary³>

Date⁶

Name⁴

Title⁵

Signature⁷

<Stamp>⁸

From GPF to Project Start

- LFV checking with possible mitigation (e.g. bank guarantees) → next presentation
- Agreement on Description of Work (TA)
- Drafting of contract
- eTEN sends grant agreement
- Consortium signs (possibly with mandates)
- Commission signs
- Consortium starts project
- Membership agreements are signed

- Optional form mandating the Coordinating partner to sign the Grant Agreement on behalf of one or more beneficiaries
- For a large Consortium, mandates can speed up the signing process
- The Coordinator must send an “acceptance of mandates” letter
- Mandates must be signed by one of the authorized representatives of the organization (form A2a)
- Templates for the “Mandate” and the “Acceptance of a Mandate” are given in Annex 3 of the Negotiation Guidelines (“*Guidelines for the Preparation of e-TEN Grant Agreements*”)

Grant Signing

- Coordinator receives grant agreement as **.pdf file**
- Coordinator **forewards pdf file** to beneficiaries
- Each beneficiary signs his **2 pages** and sends them back to the coordinator together with a cover letter **stating that no change or alteration** has been made
- **DO NOT DATE THE SIGNED PAGES**
- The coordinator collects all signed pages, check for **correctness**, signs the ones he has **mandates** for
- When it is all done correctly the coordinator sends **all pages and cover letters + his cover letter back to the PO**, together with the rest of the grant agreement, plus a **press release**
- The Commission counter-signs all pages and **sends 1 original agreement to the coordinator**
- The **project can start the 1st** of the month following the **signing of the Commission**, unless otherwise specified

Membership Agreement

- *A member can only benefit from a grant agreement when his **membership agreement** has entered into force*
- He receives his share of the Community financial contribution in accordance with the conditions of the *membership agreement*
- *Pre-financing will **ONLY** be released when **all** memberships agreements **have been signed***

Roadmap

- **November 8, 2005:** deadline for providing all requested documents
- **November 21, 2005:** start of meetings for 1st batch
- **December 19, 2005:** finalised negotiation 1st batch
- **January 2006:** agreement signing process
- **February 2006:** most advanced projects can start

Thank you!

Any questions?

<http://europa.eu.int/eten>

http://europa.eu.int/information_society/activities/eten/library/index_en.htm#preparing_grant_agreement

contacts:

General aspects pascal.collotte@cec.eu.int
caroline.loquerie@cec.eu.int

Specific aspects your PO