



Framework Programme 7

Payment Process

Payment process in FP7

Overview

- *Payment modalities*
 - **Pre-financing**
 - **Interim payments**
 - **Final payment**
 - **Guarantee fund**
- *Controls and audits*
 - **Liquidated damages**



FP7- Payments

- *Pre-financing payment*
 - Amount defined in the grant agreement
 - No request needed, the Commission pays when contract is signed
 - 5% of total EU funding is retained as a contribution to the guarantee fund
- *Interim payments*
 - Corresponding to the costs accepted for the period
 - Payments until the 90% ceiling of total EU funding is reached
- *Final payment*
 - Including the restitution of the 5% contribution from the guarantee fund
 - Take into account the declaration of receipts at participant level



FP7- Payment modalities

Simple example

- *Project duration 32 months – 3 periods, EU funding 3.0 million €*
- **Pre-financing**
 - **usually 160% of average for one period**
→ amount for pre-financing is **1.6 million €**
 - **5% to guarantee fund: 150.000€**
 - **Pre-financing payment 1.45 million €**
- **1st Interim payment:** *if accepted EU funding 1 million € in P1*
→ payment **1 million €**
- **2nd Interim payment:** *if accepted EU funding 1 million € in P2*
→ payment **100.000€** (retention 10%)
- **Final payment:** *if accepted EU funding 1 million € in P3 & all conditions are met*
→ payment **300.000€**
→ release from the guarantee fund **150.000€**



FP7- Payment modalities

- *Commission has 90 days to evaluate and execute the corresponding payment*
 - **No tacit approval of reports**
 - **EC will pay interest on late payment**
- *After reception of reports the Commission may*
 - **Approve the reports and deliverables, in whole or in part or make the approval subject to certain conditions**
 - **Reject giving justification, if appropriate start the procedure for termination**
 - **Suspend the time-limit requesting revision/completion**
 - **Suspend the payment**



Controls and audits

- *Financial audits and controls (see Art. II.22)*
 - At any time during the implementation of the project and up to five years after the end of the project
 - By external auditors, by the Commission services including OLAF or by European Court of Auditors
- *Technical audits and reviews (see Art. II.23)*
 - At any time during the implementation of the project and up to five years after the end of the project.
 - The Commission may be assisted by external scientific or technological experts



Controls and audits

- *Liquidated damages (see Art. II.24)*
 - **A beneficiary who overstated any amount and received an unjustified financial contribution from the Commission shall be liable to pay damages**
 - Liquidated damages = unjustified Community financial contribution x (overstated amount/total Community financial contribution claimed)
- *Financial penalties (see Art. II.25)*



More information?

- *Grant Agreement*
 - **Core contract**
 - **Annex I Description of work**
 - **Annex II General Conditions (v6)**
- *Guide to Financial Issues to FP7 Indirect Actions*
- *Guidance notes for beneficiaries and auditors on certificates issued by external auditors*
- *Guidance notes on project reporting*
- http://cordis.europa.eu/fp7/find-doc_en.html
- *Your Project Officer*

