Legal and financial aspects

European Commission
Research and Innovation DG
G6 - Administration and Finance Unit
Legal Basis - FP7

**FP7**
- Specific Programmes (SP)
- Work programmes (WP)
- Calls for proposal

**Rules for Participation (RfP)**
- Model Grant Agreement (Art 19 RfP)
- Guidelines
Eligibility for funding

Legal entities from MS and AC or created under EU law (and JRC)

International European interest organisations

Legal entities established in international cooperation partner countries (ICPC), and

International organisations and legal entities from third countries other than AC or ICPC may receive funding only in very restrictive cases:

- provided for in SP or WP; or
- the EC financial contribution is essential for carrying out the action; or
- provision for funding is provided for in a bilateral agreement between Community and the third country
EC contribution - Eligible costs

**Eligible (art. 14.1 of Annex II to the GA)**

- actual
- incurred by the beneficiary
- during duration of project
- in accordance with the usual accounting and management principles and practices of the beneficiary
- recorded in the accounts of beneficiary
- used for the sole purpose of achieving the objectives of the project
- Indicated in Annex 1

**Non-eligible (art. 14.3 of Annex II to the GA provides a minimum reference list of non eligible costs)**

**Direct costs** => costs that can be directly attributed to the project (personnel, durable equipment, consumables, travel and subsistence, sub-contracting, etc...)

**Indirect costs** => costs incurred in direct relationship with the eligible direct costs attributed to the project
EC contribution - Indirect costs

For all:

- either actual overhead or simplified method
- **Standard flat rate** of 20% of direct costs minus subcontracting and 3rd parties not used at the premises of the beneficiary.

Special transitional flat rate (60% of direct costs minus subcontracting and 3rd parties not used at the premises of the beneficiary) can only be used if the following criteria are fulfilled:

- Non profit Public Bodies, Secondary and Higher Education establishments, Research Organisations and SMEs
- unable to identify real indirect costs,
- funding schemes with RTD.

For **CSA limit of 7% of direct costs** (special translational flat rate not allowed)
## EC contribution - Upper funding limits

<table>
<thead>
<tr>
<th>Maximum reimbursement rates</th>
<th>Research and technological development activities (*)</th>
<th>Demonstration activities</th>
<th>Management of the consortium activities</th>
<th>Other activities</th>
</tr>
</thead>
<tbody>
<tr>
<td>Network of excellence</td>
<td>50%</td>
<td></td>
<td>100%</td>
<td>100%</td>
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<tr>
<td>**</td>
<td>75% (**)</td>
<td></td>
<td></td>
<td></td>
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<tr>
<td>Collaborative project (****)</td>
<td>50%</td>
<td>50%</td>
<td>100%</td>
<td>100%</td>
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<tr>
<td>**</td>
<td>75% (**)</td>
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<tr>
<td>Coordination and support action</td>
<td></td>
<td></td>
<td>100% (***</td>
<td>100% (***</td>
</tr>
</tbody>
</table>

(*) Research and technological development includes scientific coordination.

(**) 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.

(****) Including research for the benefit of specific groups (in particular SMEs).
Third parties

*Important for the eligibility of costs!*

**Third parties:**
- Subcontractors
- Third parties other than subcontractors:
  - carrying out part of the work
  - making resources available for free or against reimbursement

**Basic principles:**
- To be negotiated with the Commission
- To be mentioned in the DoW
Third parties - Subcontractors

Selection procedure shall ALWAYS ensure best value for money, equal treatment and transparency

Tasks and estimated costs shall be indicated in Annex 1

Beneficiary remains responsible for all rights and obligations under the GA
Payment modalities - Prefinancing

One prefinancing for the whole duration of the project

Paid upon entry into force of the Grant agreement
Policy
Research and Innovation

Payment modalities
Guarantee Fund

*No more Financial collective responsibility as in FP6 =>*
Establishment of a participant’s Guarantee Fund to cover risks

*Amount of 5% of EU contribution deducted directly from the pre-financing and transferred to the Fund =>*
Financial interests generated by the Fund will serve to cover financial risk

*Amount will be reimbursed with final payment =>*
Possible deduction not exceeding 1% EU contribution (Not for Public Bodies, entities guaranteed by MS or AC, Higher and Secondary education establishments)

However, there is a “technical responsibility” to carry out the project jointly and severally vis-à-vis the Commission.
Thank you for your attention

Questions ?