GUIDE FOR APPLICANTS

Research for the benefit of specific groups (in particular SMEs)

Annexes, specific to call:

FP7-SME-2012
Activity 2.1: Research for SMEs
- Call 5 -

This part of the guide contains the annexes for the specific call and funding scheme shown above. It should be read in conjunction with the common part of the guide, published as a separate document, which contains the general information for applying to FP7 under this funding scheme.

July 2011

Annex 1:

Timetable and specific information for this call

The **work programme** provides the essential information for submitting a proposal to this call. It describes the content of the topics to be addressed, and details on how it will be implemented. The work programme is available on the CORDIS and Participant Portal call pages. The part giving the basic data on implementation (deadline, budget, additional conditions etc) is also posted as a separate document ("call fiche"). You must consult these documents.

- **Indicative timetable for this call**

Publication of call	20 July 2011
Deadline for submission of proposals	6 December 2011, 17:00 Brussels local time
Evaluation of proposals	January - February 2012
Evaluation Summary Reports sent to proposal coordinators ("initial information letter")	March 2012
Invitation letter to successful coordinators to launch grant agreement negotiations with Commission services	April 2012
Letter to unsuccessful applicants	May 2012
Signature of first grant agreements	June – July 2012

- **Further information and help**

The Participant Portal call page contains links to other sources that you may find useful in preparing and submitting your proposal. Direct links are also given where applicable.

Call information

CORDIS call page and work programme http://cordis.europa.eu/fp7/dc/index.cfm

Participant Portal http://ec.europa.eu/research/participants/portal/ *(select tab "FP7 calls")*

General sources of help:

The Commission's FP7 Enquiry service http://ec.europa.eu/research/enquiries

National Contact Points http://cordis.europa.eu/fp7/ncp.htm

National Contact Points in third countries http://cordis.europa.eu/fp7/third-countries_en.html

Specialised and technical assistance:

eFP7 Service Desk	http://ec.europa.eu/research/participants/portal/page/contactus
CORDIS help desk	http://cordis.europa.eu/guidance/helpdesk/home_en.html
EPSS Help desk	support@epss-fp7.org
IPR help desk	http://www.ipr-helpdesk.org
Ethics help desk	http://cordis.europa.eu/fp7/get-support_en.html
SME TechWEB	http://ec.europa.eu/research/sme-techweb/index_en.cfm

You may also wish to consult the following documents that can be found at:
http://cordis.europa.eu/fp7/find-doc_en.html

FP7 Legal basis documents generally applicable

- Decision on the Framework Programme
- Rules for Participation
- Specific Programmes
- Work Programmes

Legal documents for implementation

- Rules for submission, evaluation, selection, award
- Standard model grant agreement
- Rules on verification of existence, legal status, operational and financial capacity

Guidance documents

- Guidance Notes on Audit Certification Guide for beneficiaries Guide to Financial Issues
- Guide to IPR
- Checklist for the Consortium Agreement
- Negotiation Guidance Notes and Templates for Description of Work

Other supporting information

- Brochure “The FP7 in Brief”
- European Charter for researchers and the Code of Conduct for their recruitment
- International cooperation
- Risk Sharing Financing Facility and the European Investment Bank

Ethics Review

- Ethics check list
- Supporting documents

Annex 2:

Evaluation criteria and procedures to be applied for this call

1. General

The evaluation of proposals is carried out by the Research Executive Agency (REA) with the assistance of independent experts.

REA staff ensure that the process is fair and in line with the principles contained in the Commission's rules[1].

Experts perform evaluations on a personal basis, not as representatives of their employer, their country or any other entity. They are expected to be independent, impartial and objective, and to behave throughout in a professional manner. They sign an appointment letter, including a declaration of confidentiality and absence of conflict of interest before beginning their work. Confidentiality rules must be adhered to at all times, before, during and after the evaluation.

In addition, independent experts will be appointed by the REA to observe the evaluation process from the point of view of its working and execution. The role of the observers is to give independent advice to the REA on the conduct and fairness of the evaluation sessions, on the way in which the experts apply the evaluation criteria, and on ways in which the procedures could be improved. The observers will not express views on the proposals under examination or the experts' opinions on the proposals.

2. Before the evaluation

On receipt by the REA, proposals are registered and acknowledged and their contents entered into a database to support the evaluation process. Eligibility criteria for each proposal are also checked by REA staff before the evaluation begins. Proposals which do not fulfil these criteria will not be included in the evaluation.

For this call a proposal will only be considered eligible if it meets all of the following conditions:

- It is received by the REA before the deadline given in the call fiche
- It involves at least the minimum number of participants given in the call fiche
- It is complete (i.e. both the requested administrative forms and the proposal description are present). To satisfy this condition, part B of the proposal must be readable, accessible and printable.
- The content of the proposal relates to the topic(s) and funding scheme(s), including any special conditions set out in the relevant parts of the work programme
- Additional eligibility criteria, specified in the work programme:

[1] Rules for submission of proposals, and the related evaluation, selection and award procedures (posted on CORDIS).

- At least 3 participants must be Participant Type “SMEs” (SMEP), independent from each other and established in at least 3 Member States (MS) or Associated Countries (AC).

- At least 2 participants must be Participant Type "RTD performers" (RTDP) independent from any other participant.

- If there are any other enterprises and end-user participants, they must be independent of any other participant.

- SMEs that are research centres, research institutes, contract research organisations or consultancy firms are not eligible as Participant Type SMEP. However, they are eligible to take part as Participant Types 'RTD performers' or as 'Other enterprises and end-users'. This eligibility criterion will be checked definitively and finally at the end of the negotiation, before the signature of the grant agreement.

Where a maximum number of pages have been indicated for a section of the proposal, or for the proposal as a whole, the experts will be instructed to disregard any excess pages.

The REA establishes a list of experts capable of evaluating the proposals that have been received. The list is drawn up to ensure:

- A high level of expertise;
- An appropriate range of competencies;

Provided that the above conditions can be satisfied, other factors are also taken into consideration:

- An appropriate balance between academic and industrial expertise and users;
- A reasonable gender balance;
- A reasonable distribution of geographical origins;
- Regular rotation of experts

In constituting the lists of experts, the REA also takes account of their abilities to appreciate the industrial and/or societal dimension as well as the innovation dimension of the proposed work. Experts must also have the appropriate language skills required for the proposals to be evaluated.

REA staff allocates proposals to individual experts, taking account of the fields of expertise of the experts, and avoiding conflicts of interest.

3. Evaluation of proposals

At the beginning of the evaluation, experts will be briefed by REA staff, covering the evaluation procedure, the experts’ responsibilities, the issues involved in the particular area/objective, and other relevant material (including the integration of the international cooperation dimension as well as the innovation dimension).

Each proposal will first be assessed independently by at least three experts.

The proposal will be evaluated against pre-determined evaluation criteria.

Evaluation criteria applicable to **Research for the benefit of specific groups** *proposals*		
S/T QUALITY **"Scientific and/or technological excellence (relevant to the topics/activities addressed by the call)"**	**IMPLEMENTATION** **"Quality and efficiency of the implementation and the management"**	**IMPACT** **"Potential impact through the development, dissemination and use of project results"**
• Soundness of concept, and quality of objectives • Innovative character in relation to the state-of-the art • Contribution to advancement of knowledge / technological progress • Quality and effectiveness of S/T methodology and associated work plan	• Appropriateness of the management structure and procedures • Quality and relevant experience of the individual participants • Quality of the consortium as a whole (including complementarities and balance) • Appropriateness of the allocation and justification of the resources to be committed (staff, equipment, …)	• Contribution, at the European [and/or international] level, to the expected impacts listed in the work programme under the relevant topic/activity • Appropriateness of measures for the dissemination and/or exploitation of project results, and management of intellectual property.

Evaluation scores will be awarded for each of the three criteria, and not for the sub-criteria. The sub-criteria are issues which the expert should consider in the assessment of that criterion. They also act as reminders of issues to raise later during the discussions of the proposal.

The relevance of a proposal will be considered in relation to the topic(s) of the work programme open in a given call, and to the objectives of a call. These aspects will be integrated in the application of the criterion "S/T quality", and the first sub-criterion under "Impact" respectively. When a proposal is partially relevant because it only marginally addresses the topic(s) of the call, or if only part of the proposal addresses the topic(s), this condition will be reflected in the scoring of the first criterion. Proposals that are clearly not relevant to a call ("out of scope") will be rejected on eligibility grounds.

The innovation dimension of a proposal will be evaluated under the evaluation criterion 'impact'.

Each criterion will be scored out of 5. Half marks can be given.

The scores indicate the following with respect to the criterion under examination:

0 -	*The proposal fails to address the criterion under examination or cannot be judged due to missing or incomplete information*
1 -	*Poor. The criterion is addressed in an inadequate manner, or there are serious inherent weaknesses.*
2 -	*Fair. While the proposal broadly addresses the criterion, there are significant weaknesses.*
3 -	*Good. The proposal addresses the criterion well, although improvements would be necessary.*
4 -	*Very good. The proposal addresses the criterion very well, although certain improvements are still possible.*
5 -	*Excellent. The proposal successfully addresses all relevant aspects of the criterion in question. Any shortcomings are minor.*

No weightings will be applied.
Thresholds will be applied to the scores. The threshold for the "S&T Quality" and the "Implementation" individual criteria will be 3 while the threshold for the "Impact" criterion will be 4. The overall threshold, applying to the sum of the three individual scores, will be 11.

Conflicts of interest: Under the terms of the appointment letter, experts must declare beforehand any known conflicts of interest, and must immediately inform a REA staff member if one becomes apparent during the course of the evaluation. The REA will take whatever action is necessary to remove any conflict.

Confidentiality: The appointment letter also requires experts to maintain strict confidentiality with respect to the whole evaluation process. They must follow any instruction given by the REA to ensure this. Under no circumstance may an expert attempt to contact an applicant on his own account, either during the evaluation or afterwards.

4. Individual evaluation

This part of the evaluation will be carried out on the premises of the experts concerned ("remotely").

At this first step the experts are acting individually; they do not discuss the proposal with each other, nor with any third party. The experts record their individual opinions in an Individual Evaluation Report (IER), giving scores and also comments against the evaluation criteria.

When scoring proposals, experts must *only* apply the above evaluation criteria.

Experts will assess and mark the proposal exactly as it is described and presented. They do not make any assumptions or interpretations about the project in addition to what is in the proposal.

Concise but explicit justifications will be given for each score. Recommendations for improvements to be discussed as part of a possible negotiation phase will be given, if needed.

The experts will also indicate whether, in their view, the proposal raises research ethics issues.

Signature of the IER also entails a declaration that the expert has no conflict of interest in evaluating the particular proposal.

Scope of the call: It is possible that a proposal is found to be completely out of scope of the call during the course of the individual evaluation, and therefore not relevant. If an expert suspects that this may be the case, a REA staff member will be informed immediately, and the views of the other experts will be sought.

If the consensus view is that the main part of the proposal is not relevant to the topics of the call, the proposal will be withdrawn from the evaluation, and the proposal will be deemed ineligible.

5. Consensus meeting

Once all the experts to whom a proposal has been assigned have completed their IER, the evaluation progresses to a consensus assessment, representing their common views.

This entails a consensus meeting to discuss the scores awarded and to prepare comments.

The consensus discussion is moderated by a representative of the REA. The role of the moderator is to seek to arrive at a consensus between the individual views of experts without any prejudice for or against particular proposals or the organisations involved, and to ensure a confidential, fair and equitable evaluation of each proposal according to the required evaluation criteria.

The moderator for the group may designate an expert to be responsible for drafting the consensus report ("rapporteur"). The experts attempt to agree on a consensus score for each of the criteria that have been evaluated and suitable comments to justify the scores. Comments should be suitable for feedback to the proposal coordinator. Scores and comments are set out in a consensus report. They also come to a common view on the questions of scope.

If during the consensus discussion it is found to be impossible to bring all the experts to a common point of view on any particular aspect of the proposal, the REA may ask up to three additional experts to examine the proposal.

Ethics issues: If one or more experts have noted that there are ethics issues touched on by the proposal, the relevant box on the consensus report (CR) should be ticked and an Ethics Issues Report (EIR) should be completed stating the nature and type of ethics issues involved. Exceptionally for this issue, no consensus is required.

Outcome of consensus

The outcome of the consensus step is the consensus report. This will be signed/approved (either on paper, or electronically) by all experts, or as a minimum, by the "rapporteur" and the moderator. The moderator is responsible for ensuring that the consensus report reflects the consensus reached, expressed in scores and comments. In the case that it is impossible to reach a consensus, the report sets out the majority view of the experts but also records any dissenting views.

The REA will take the necessary steps to assure the quality of the consensus reports, with particular attention given to clarity, consistency, and appropriate level of detail. If important changes are necessary, the reports will be referred back to the experts concerned.

The signing of the consensus report completes the consensus step.

Evaluation of a resubmitted proposal

In the case of proposals that have been submitted previously to the Commission or to the REA, the moderator gives the experts the previous evaluation summary report (see below) at the consensus stage. If necessary, the experts will be required to provide a clear justification for their scores and comments should these differ markedly from those awarded to the earlier proposal.

6. Panel review

This is the final step involving the independent experts. It allows them to formulate their recommendations to the REA having had an overview of the results of the consensus step.

The main task of the panel is to examine and compare the consensus reports in a given area, to check on the consistency of the marks applied during the consensus discussions and, where necessary, propose a new set of scores.

The panel comprises experts involved at the consensus step. One panel will cover the whole call.

The tasks of the panel will also include:

- reviewing cases where a minority view was recorded in the consensus report
- recommending a priority order for proposals with the same consensus score
- making recommendations on possible clustering or combination of proposals.

The panel is chaired by the REA. The REA will ensure fair and equal treatment of the proposals in the panel discussions. A panel rapporteur will be appointed to draft the panel's advice.

A ranked list will be drawn up for every indicative budget shown in the call fiche. The panel can deal with one or more ranked lists for the proposals under evaluation for every activity/budget, following the scoring systems indicated above.

Priority order for proposals with the same score

If necessary, the panel will determine a priority order for proposals which have been awarded the same score within a ranked list. Whether or not such a prioritisation is carried out will depend on the available budget or other conditions set out in the call fiche. The following approach will be applied successively for every group of *ex aequo* proposals requiring prioritisation, starting with the highest scored group, and continuing in descending order:

- The proposals will be prioritised first according to the scores for the criterion "impact" and, when these scores are equal, according to the scores for the criterion "scientific and technological excellence".

The outcome of the panel meeting is a report recording, principally:

- An evaluation summary report (ESR) for each proposal, including, where relevant, a report of any ethics issues raised and any security considerations;
- A list of proposals passing all thresholds, along with a final score for each proposal passing the thresholds and the panel recommendations for priority order.
- A list of evaluated proposals having failed one or more thresholds;
- A list of any proposals having been found ineligible during the evaluation by experts;
- A summary of any deliberations of the panel;

Since the same panel has considered proposals submitted to various parts of a call (for example different funding schemes, or different topics that have been allocated distinct indicative budgets in the work programme), the report may contain multiple lists accordingly

The panel report is signed by at least three panel experts, including the panel rapporteur and the chairperson.

7. Ethics Review of project proposals

An ethics review of above-threshold proposals may be organised by the REA. The Ethics Review is carried out by independent experts with a special expertise on ethics. Reviewing research projects on ethical grounds at the EU level is a legal requirement under FP7. The Review evaluates several aspects of the design and methodology of the proposed research such as intervention on humans, animal welfare, data protection issues, terms of participation of children, population groups and dual use.

The Panel drafts an Ethics Review Report that summarises its opinion on the ethical soundness of the project proposal under consideration. The requirements put forward by the Panel are taken into account in any subsequent negotiations on the grant agreement, and may lead to obligatory provisions in the conduct of the research.

The Ethics Review process is described in detail in the Rules for submission, evaluation, selection and award procedures[1]

[1] COMMISSION DECISION of 28 February 2011

amending Decision C(2008) 4617 related to the rules for proposals submission, evaluation, selection and award procedures for indirect actions under the Seventh Framework Programme of the European Community for research, technological development and

demonstration activities (2007-2013) and under the Seventh Framework Programme of the European Atomic Energy Community (Euratom) for nuclear research and training activities (2007-2011)

(Text with EEA relevance)

(2011/161/EU, Euratom)

Annex 3:

Instructions for completing "Part A" of the proposal

Proposals in this call must be submitted electronically, using the Commission's Electronic Proposal Submission System (EPSS). The procedure is given in section 3 of this guide.

In Part A you will be asked for certain administrative details that will be used in the evaluation and further processing of your proposal. Part A forms an integral part of your proposal. Details of the work you intend to carry out will be described in Part B (annex 4).

Section A1 gives a snapshot of your proposal, section A2 concerns you and your organisation, while section A3 deals with money matters.

Please note:

- The coordinator fills in sections A1 and A3.
- The participants already identified at the time of proposal submission (including the coordinator) each fill in their respective section A2.
- Subcontractors should not fill in section A2 and should not be listed separately in section A3.
- The estimated budget planned for any future participants (not yet identified at the time of the proposal) is not shown separately in form A3 but should be added to the coordinator's budget. Their role, profile and tasks are described in Part B of the proposal.

Check that your budget figures are correctly entered in Part A. Make sure that:

- Numbers are always rounded to the nearest whole number
- All costs are given in Euros. Do not express your costs in thousands of Euros ("KEUROS") etc. This can affect decisions on the eligibility of your proposal
- You have inserted zeros ("0") if there are no costs, or if no funding is requested. Do not leave blanks
- Costs do not include value added tax.

Note:
The following notes are for information only. They should assist you in completing Part A of your proposal. On-line guidance will also be available. The precise questions and options presented on EPSS may differ slightly from these below.

RESEARCH FOR THE BENEFIT OF SPECIFIC GROUPS (IN PARTICULAR SMES)

Section A1: Summary	
Proposal Acronym	The short title or acronym will be used to identify your proposal efficiently in this call. It should be of no more than 20 characters (use standard alphabet and numbers only; no symbols or special characters please). The same acronym should appear on each page of Part B of your proposal.

Collaborative Projects For each type of Collaborative Projects, please refer to the work programme.

Proposal Title	The title should be no longer than 200 characters and should be understandable to the non-specialist in your field.
Duration in months	Insert the estimated duration of the project in full months.
Call (part) identifier	[pre-filled] The call identifier is the reference number given in the call or part of the call you are addressing, as indicated in the publication of the call in the Official Journal of the European Union, and on the call page. A call identifier looks like this: *FP7-KBBE-2008-1*
Topic code(s) most relevant to your proposal	Please refer to the topic codes /objectives listed in the work programme call fiche. All activities and topics of FP7 have been assigned unique codes, which are used in the processing of data on proposals and subsequent contracts. The codes are organised hierarchically. The choice of the first topic code will be limited in the drop-down menu to one of the topics open in this call. Select the code corresponding to the topic most relevant to your proposal. The choice for the second code is also limited to topics open in the call in question. Enter a second code if your proposal also addresses another of these. Select 'none' if this is not the case. Select a third code if your proposal is also relevant to another theme. This time, the available codes will simply correspond to broad themes. Select 'none' if this is not the case.
Free Keywords	Please enter a number of keywords that you consider sufficient to characterise the scope of your proposal. There is a limit of 100 characters.
Abstract	The abstract should, at a glance, provide the reader with a clear understanding of the objectives of the proposal, how they will be achieved, and their relevance to the Work Programme. This summary will be used as the short description of the proposal in the evaluation process and in communications to the programme management committees and other interested parties. It must therefore be short and precise and should not contain confidential information. Please use plain typed text, avoiding formulae and other special characters. **If the proposal is written in a language other than English, please include an English version of the proposal abstract in Part B.** There is a limit of 2000 characters.
Similar proposals or signed contracts	A 'similar' proposal or contract is one that differs from the current one in minor ways, and in which some of the present consortium members are involved.

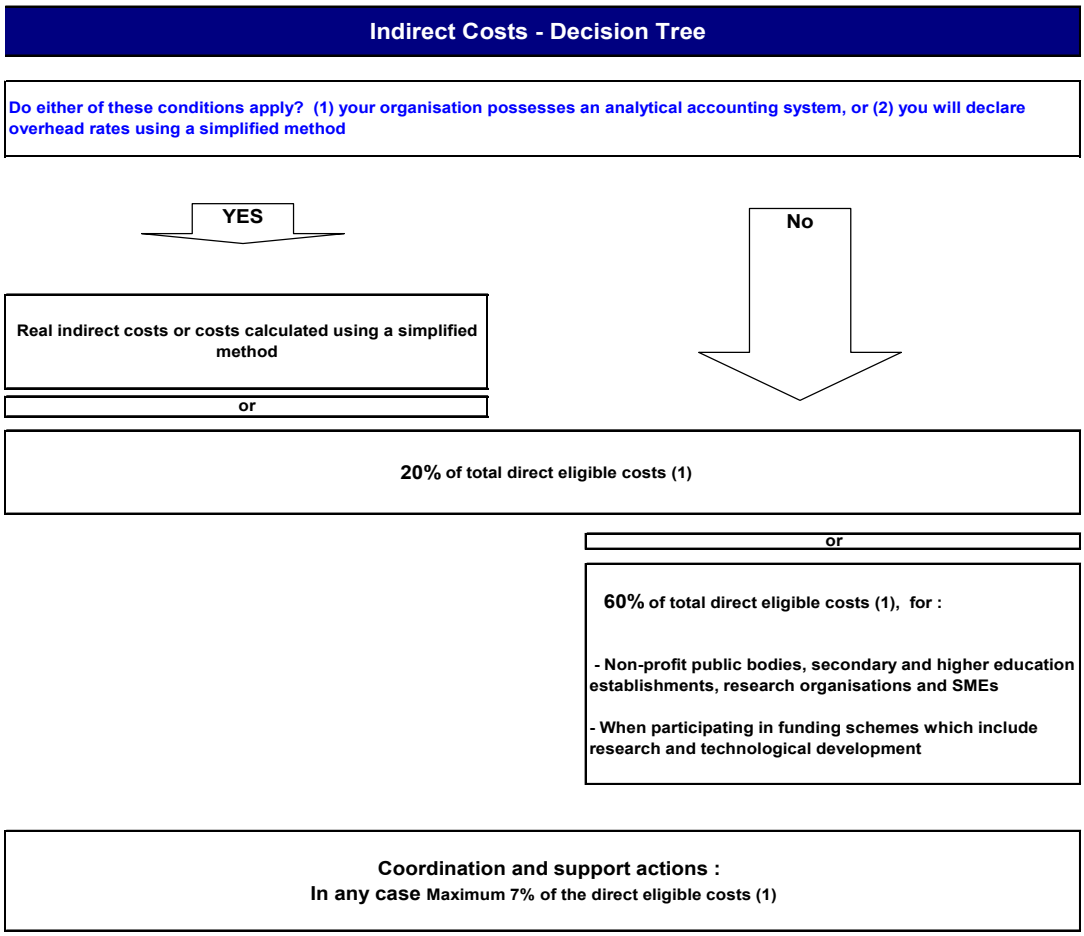
Section A2/ Participants	
Participant number	The number allocated by the consortium to the participant for this proposal. The **co-ordinator** of a proposal is always **number one**.
Participant Identification Code	The Participant Identification Code (PIC) enables organisations to take advantage of the Participant Portal. Organisations who have received a PIC from the Commission are encouraged to use it when submitting proposals. By entering a PIC, parts of section A2 will be filled in automatically. An online tool to search for existing PICs and the related organisations is available at http://ec.europa.eu/research/participants/portal. Organisations not yet having a PIC are strongly encouraged to self-register (at http://ec.europa.eu/research/participants/portal) before submitting the proposal and insert in section A2 the temporary PIC received at the end of the self-registration.
Type of Participant	**As referred to in the Work Programme, the BGS-SME scheme foresees3 types of participants:** **-' SME participants' (SMEP)** **-' RTD Performers' (RTDP)** **- 'Other enterprise and end-users' , including SMEs (OTHER)**
Legal name	**For a Public Law Body,** it is the name under which your organisation is registered in the Resolution text, Law, Decree/Decision establishing the Public Entity, or in any other document established at the constitution of the Public Law Body; **For a Private Law Body,** it is the name under which your organisation is registered in the national Official Journal (or equivalent) or in the national company register. **For a natural person**, it is e.g. Mr Adam JOHNSON, Mrs Anna KUZARA, and Ms Alicia DUPONT.
Organisation Short Name	Choose an abbreviation of your Organisation Legal Name, only for use in this proposal and in all relating documents. This short name should not be more than 20 characters exclusive of special characters (./;…),e.g. CNRS and not C.N.R.S. It should be preferably the one commonly used, e.g. IBM and not Int.Bus.Mac.
Legal address	For Public and Private Law Bodies, it is the address of the entity's Head Office. For Individuals it is the Official Address. If your address is specified by an indicator of location other than a street name and number, please insert this instead under the "street name" field and "N/A" under the "number" field.
Non-profit organisation	Non-profit organisation is a legal entity qualified as such when it is recognised by national or, international law.
Public body	Public body means any legal entity established as such by national law, and international organisations.
Research organisation	Research organisation means a legal entity established as a non-profit organisation which carries out research or technological development as one of its main objectives.
NACE code	**NACE** means " Nomenclature des Activités économiques dans la Communauté Européenne". Please select **one** activity from the list that **best** describes your professional and economic ventures. If you are involved in more than one economic activity, please select the **one** activity that is **most** relevant in the context of your contribution to the proposed project. For more information on the methodology, structure and full content of NACE (rev. 1.1) classification please consult EUROSTAT at: http://ec.europa.eu/eurostat/ramon/nomenclatures/index.cfm?TargetUrl=LST_CLS_DLD&StrNom=NACE_1_1&StrLanguageCode=EN&StrLayoutCode=

	HIERARCHIC .
Small and Medium-Sized Enterprises (SMEs)	SMEs are micro, small and medium-sized enterprises within the meaning of Recommendation 2003/361/EC in the version of 6 May 2003. The full definition and a guidance booklet can be found at http://ec.europa.eu/enterprise/enterprise_policy/sme_definition/index_en.htm To find out if your organisation corresponds to the definition of an SME you can use the on-line tool at http://ec.europa.eu/research/sme-techweb/index_en.cfm
Dependencies with (an)other participant(s)	Two participants (legal entities) are dependent on each other where there is a controlling relationship between them: – A legal entity is under the same direct or indirect control as another legal entity (**SG**); or – A legal entity directly or indirectly controls another legal entity (**CLS)**; or – A legal entity is directly or indirectly controlled by another legal entity **(CLB)**. ***Control:*** Legal entity A controls legal entity B if: – A, directly or indirectly, holds more than 50% of the nominal value of the issued share capital or a majority of the voting rights of the shareholders or associates of B, or – A, directly or indirectly, holds in fact or in law the decision-making powers in B. The following relationships between legal entities shall not in themselves be deemed to constitute controlling relationships: (a) the same public investment corporation, institutional investor or venture-capital company has a direct or indirect holding of more than 50 % of the nominal value of the issued share capital or a majority of voting rights of the shareholders or associates; (b) the legal entities concerned are owned or supervised by the same public body.
Character of dependence	According to the explanation above, please insert the appropriate abbreviation according to the list below to characterise the relation between your organisation and the other participant(s) you are related with: • **SG**: Same group: if your organisation and the other participant are controlled by the same third party; • **CLS**: Controls: if your organisation controls the other participant; • **CLB**: Controlled by: if your organisation is controlled by the other participant.
Contact point	It is the main scientist or team leader in charge of the proposal for the participant. For participant number 1 (the coordinator), this will be the person the Commission will contact concerning this proposal (e.g. for additional information, invitation to hearings, sending of evaluation results, convocation to negotiations).
Title	Please choose one of the following: Prof., Dr., Mr., Mrs, Ms.
Sex	This information is required for statistical and mailing purposes. Indicate F or M as appropriate.
Phone and fax numbers	Please insert the full numbers including country and city/area code. Example +32-2-2991111.

Section A3/Budget

Indirect Costs	Indirect costs are all those eligible costs which cannot be identified by the participant as being directly attributed to the project but which can be identified and justified by its accounting system as being incurred in direct relationship with the eligible direct costs attributed to the project. They may not include any eligible direct costs.
Method of calculating indirect costs	**Summary description (as displayed on EPSS)** • Participants who have an analytical accounting system that can identify and group their indirect costs in accordance with the eligibility criteria (e.g. exclude non-eligible costs) must report their **actual indirect costs** (or choose the 20% flat rate option referred to below). • For the purpose of calculating the actual indirect costs, a participant is allowed to use a **simplified method** of calculation of its full indirect eligible costs. • Optionally, participants may opt for a **flat rate** for indirect costs of **20%** of the direct costs (minus subcontracting and third party costs not incurred on the premises of the participant. • A specific **flat rate of 60%** of the direct costs is allowed for **non-profit public bodies, secondary and higher education establishments, research organisations and SMEs** which are unable to identify with certainty their real indirect costs for the project. For **Coordination and Support actions**, whichever method is used, the reimbursement of indirect eligible costs may not exceed 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 participant. **Further guidance** In FP7 all departments, faculties or institutes which are part of the same legal entity must use the same system of cost calculation (unless a special clause providing for a derogation for a particular department/institute is included in the grant agreement). Under FP7, there are no cost reporting models. 1. Participants which have an analytical accounting system that can identify and group their indirect costs (pool of costs) in accordance with the eligibility criteria (e.g. exclude non-eligible costs) must report their **actual indirect costs (**or choose the 20% flat rate option under 2. below). This method is the same as the "full cost" model used in previous Framework Programmes. For the purpose of calculating the actual indirect costs, a participant is allowed to use a **simplified method** of calculation of its full indirect eligible costs. The simplified method is a way of declaring indirect costs which applies to organisations which do not aggregate their indirect costs at a detailed level (centre, department), but can aggregate their indirect costs **at the level of the legal entity**. The simplified method can be used if the organisation does not have an accounting system with a detailed cost allocation. The method has to be in accordance with their usual accounting and management principles and practices; it does not involve necessarily the introduction of a new method just for FP7 purposes. Participants are allowed to use it, provided this simplified approach is based on actual costs derived from the financial accounts of the last closed accounting year. There is no "standard model"; each legal entity will use its own system. The minimum requirements for it to be considered a simplified method for FP7 purposes are the following: - the system must allow the participant to identify and remove its direct ineligible costs (VAT, etc.); - it must at least allow for the allocation of the overheads at the level of the legal entity to the individual projects by using a fair "driver" (e.g. total productive hours); - the system applied and the costs declared according to it should follow the normal accounting principles and practices of the participant. Therefore, if the system used by a participant is more "refined" than the "minimum" requirements mentioned here, it is that system which should be used when declaring costs. *Example: if a participant's accounting system distinguishes between different overheads rates according to the type of activity (research, teaching...), then the overheads declared in an FP7* grant agreement

	should follow this practice and refer only to the concerned activities (research, demonstration...) The simplified method does not require previous registration or certification by the Commission. 2. Optionally, participants may opt to declare their actual direct costs plus a **flat rate** for indirect costs of 20% of the direct costs (minus subcontracting and third party costs not incurred on the premises of the participant). This flat rate is open to any participant whatever the accounting system it uses. Accordingly, when this option is chosen, there is no need for certification of the indirect costs, only of the direct ones. 3. Also, a **specific flat rate** is allowed for certain types of organisations. The use of this flat rate is subject to three cumulative conditions : (i) Status of the organisation The flat rate is reserved to: - non-profit public bodies - secondary and higher education establishments - research organisations - SMEs (ii) Accounting system of the organisation The flat rate is allowed for organisations which are unable to identify with certainty their real indirect costs for the project. How will it be proved that an organisation is unable to identify with certainty their real indirect costs for the project? The participant (for example, an SME) does not have to change its accounting system or its usual accounting principles. If its accounting system can identify overall overheads but does not allocate them to project costs, then the participant can use this flat rate if the other conditions are fulfilled. *Example:* *A University, which in FP6 has used the "additional cost" basis because its accounting system did not allow for the share of their direct and indirect costs to the project to be distinguished may under FP7:* *- either opt for the 60% flat rate, or* *- introduce a cost accounting system "simplified method" by which a basic allocation per project of the overhead costs of the legal entity will be established, or* *- introduce a full analytical accounting system.* Following this, an organisation which used the "full cost" model under the Sixth Framework Programme is presumed to be in a situation to be able to identify the real indirect costs and allocate them to the projects. Accordingly, this organisation would not in principle be able to opt for the 60% flat rate for FP7. An organisation which can identify the real indirect costs but does not have a system to allocate these indirect costs can opt for this 60% flat rate. The choice of this specific flat rate lies within the responsibility of the participant. If a subsequent audit shows that the above-mentioned cumulative conditions are not fulfilled, all projects where this participant is involved might be reviewed. (iii) Type of funding scheme The flat rate is reserved to funding schemes which include research and technological development and demonstration activities: Network of Excellence and Collaborative projects (including research for the benefit of specific groups – in particular SMEs). The basis for the calculation of the flat rate excludes the costs for subcontracting and the costs of resources made available by third parties which are not used on the premises of the participant because in these two cases, the indirect costs are not incurred by the participant but by the subcontractor or the third party. When a participant opts for the specific flat rate of 60 % for its first participation under FP7 it can opt afterwards for the actual indirect costs system for subsequent participations. This change does not affect previous grant agreement. After this change, this organisation cannot opt again for a flat rate system (either 60% or 20% flat rate).



1) excluding direct eligible costs for subcontracting and the cost of reimbursement of resources made available by third parties which are not used on the premises of the beneficiary.

International Cooperation Partner Country (ICPC)	International Cooperation Partner Country means a third country which the Commission classifies as a low-income, lower-middle income or upper-middle-income country and which is identified as such in Annex I to the work programmes.
Lump sum funding method	Legal entities established in an ICPC may opt for lump sums. In that case the contribution is based on the amounts shown below, multiplied by the total number of person-years for the project requested by the ICPC legal entity. • Low-income ICPC: 8,000 Euro/researcher/year • Lower middle income ICPC: 9,800 Euro/researcher/year • Upper middle income ICPC 20,700 Euro/researcher/year The maximum EC contribution is calculated by applying the normal upper funding limits shown under "requested EC contribution". This amount is all inclusive, covering support towards both the direct and the indirect costs. More information on ICPC lump sums can be found in the section II.18 of the "Guide to financial issues" http://cordis.europa.eu/fp7/find-doc_en.html or on the Participant Portal http://ec.europa.eu/research/participants/portal/page/home

Type of Activity	• **RTD and innovation activities** means activities directly aimed at creating new knowledge, new technology, and products including scientific coordination. • **Demonstration activities** means activities 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). • **Other activities** means any specific activities not covered by the above mentioned types of activity such as training, coordination, networking and dissemination (including publications). These activities should be specified in the proposal Part B. • **Management activities**. They include the maintenance of the consortium agreement, if it is obligatory, the overall legal, ethical, financial and administrative management including for each of the participants obtaining the certificates on the financial statements or on the methodology, the implementation of competitive calls by the consortium for the participation of new participants and, any other management activities foreseen in the proposal except coordination of research and technological development activities.
Personnel costs	Participants may opt to declare average personnel costs if these fulfil the four acceptability criteria defined by the Commission in its Decision of 24th January 2011 on the three simplification measures for FP7 (ftp://ftp.cordis.europa.eu/pub/fp7/docs/c-2011-174-final_en.pdf). Detailed explanation can be fund in the FP7 Guide to Financial Issues (ftp://ftp.cordis.europa.eu/pub/fp7/docs/financialguide_en.pdf). For the particular case of personnel costs to be claimed by SME owners and natural persons not receiving a salary, the Commission has set up a mandatory flat rate system. Detailed information on this flat-rate system can be fund in the FP7 Guide to Financial Issues (ftp://ftp.cordis.europa.eu/pub/fp7/docs/financialguide_en.pdf).
Sub-contracting (other than to RTD Performers)	A subcontractor is a third party which has entered into an agreement on business conditions with one or more participants, in order to carry out part of the work of the project without the direct supervision of the participant and without a relationship of subordination. Where it is necessary for the participants to subcontract certain elements of the work to be carried out, the following conditions must be fulfilled: - subcontracts may only cover the execution of a limited part of the project; - recourse to the award of subcontracts must be duly justified in Part B of the proposal having regard to the nature of the project and what is necessary for its implementation; - recourse to the award of subcontract by a participant may not affect the rights and obligations of the participants regarding background and foreground; - - Part B of the proposal must indicate the task to be subcontracted and an estimation of the costs; Any subcontract, the costs of which are to be claimed as an eligible cost, must be awarded according to the principles of best value for money (best price-quality ratio), transparency and equal treatment. Framework contracts between a participant and a subcontractor, entered into prior to the beginning of the project that are according to the participant's usual management principles may also be accepted. Participants may use external support services for assistance with minor tasks that do not represent per se project tasks as identified in Part B of the proposal. If applicable, actual direct costs and real overhead costs of third parties that make available to the proposal resources otherwise unavailable within the consortium, can also be included under the category of subcontracting costs (provided that these costs are not related to proposal's core tasks).
Other direct costs	Means direct costs not covered by the above mentioned categories of costs.
Total Budget	*Note: The "total budget" **is not** the requested EC contribution.* A sum of all the eligible costs, under the respective types of activity.

Requested EC contribution	The requested EC contribution shall be determined by applying the upper funding limits indicated below, per activity and per participant to the costs accepted by the Commission, or to the flat rates or lump sums. **Maximum reimbursement rates of eligible costs** • **Research and technological development = 50% or 75%*** • **Demonstration activities = 50%** • **Other activities (including management) = 100%** (*) For participants that are non profit public bodies, secondary and higher education establishments, research organisations and SMEs.
Total Receipts	*Note: The term "receipts" **is not** the requested EC contribution.* Receipts of the project may arise from: a) Financial transfers or contributions in kind free of charge to the participant from third parties: i. shall be considered a receipt of the project if they have been contributed by the third party specifically to be used on the project. ii. shall not be considered a receipt of the project if their use is at the management discretion of the participant. b) Income generated by the project: i. shall be considered receipts for the participant when generated by actions undertaken in carrying out the project and from the sale of assets purchased under the grant agreement up to the value of the cost initially charged to the project by the participant; ii. shall not be considered a receipt for the participant when generated from the use of foreground resulting from the project. The EU financial contribution may not have the purpose or effect of producing a profit for the participants. For this reason, the total requested EC funding plus receipts cannot exceed the total eligible costs.

Annex 4:

Instructions for drafting "Part B" of the proposal

Research for SMEs

A description of the funding scheme used in "Research for SMEs" activities is given in section 2 of this Guide for Applicants. Please examine this carefully before preparing your proposal.

This annex provides a template to help you structure your proposal. It will help you present important aspects of your planned work in a way that will enable the experts to make an effective assessment against the evaluation criteria (see annex 2). Sections 1, 2 and 3 each correspond to an evaluation criterion. The sub-sections (1.1, 1.2 etc.) correspond to the sub-criteria.

IMPORTANT: **Page and table limits**: remember to keep to the page and table limits where these are specified.

The minimum font size allowed is 11 points. The page size is A4, and all margins (top, bottom, left, right) should be at least 15 mm (not including any footers or headers).

Please remember that it is up to you to verify that you conform to page limits. There is no automatic check in the system!

Ensure that the font type chosen leads to clearly readable text (eg. Arial or Times New Roman).

As an indication, such a layout should lead to a maximum of between 5000 and 6000 possible characters per page (including spaces).

The REA will instruct the experts to disregard any excess pages.

Even where no page limits are given, or where limits are only recommended, it is in your interest to keep your text concise since over-long proposals are rarely viewed in a positive light by experts.

SUMMARY OF MANDATORY PAGE LIMITS
(conforming to font and margin sizes mentioned above)

Section	Maximum pages
• **1: Scientific and/or technical quality,**	• **15 pages for whole**
• **1.1 Soundness of concept, and quality of objectives**	• **No specific limit**
• **1.2 Innovative character in relation to the state-of-the art**	• **No specific limit**
• **1.3 Contribution to advancement of knowledge / technological progress**	• **No specific limit**

• **1.4 Quality and effectiveness of S/T methodology and associated work plan**	• **2 pages for each work package description in section 1.4 (c)**
• **2 : Implementation**	•
• **2.1 Quality of the consortium as a whole**	• **4 pages**
• **2.1.1 Description of the project management structure and procedures**	• **4 pages**
• **2.1.2 Description of the consortium**	• **No specific limit**
• **2.2 Appropriate allocation and justification of the resources to be committed**	• **4 pages**
• **3. Potential Impact**	• **10 pages for whole section**
• **3.1 Contribution to the European and/or the international level, to the expected impacts listed in the Work Programme under the relevant activity**	• **No specific limit**
• **3.2 Appropriateness of the measures envisaged for the dissemination and/or the exploitation of the project results, and management of intellectual property**	• **No specific limit**
• **3.2.1 Project results and management of intellectual property**	• **No specific limit**
• **3.2.2 Dissemination and/or exploitation of project results**	• **No specific limit**
• **3.3 Innovation Impacts**	• **No specific limit**
• **4. Ethics Issues**	• **No limit**
• **5. Consideration of gender aspects**	• **1 page**

***** *This limit does not include the Gantt chart under 1.4 ii), the tables 1.4a- e, the Pert diagram under 1.4 iv) and table 3.2.2.*

Cover Page

Proposal full title:
Proposal acronym:
Type of funding scheme: Research for SMEs

Name and organisation of the coordinating person:
List of participants:

Participant no. */ Type of participant	Participant organisation name	Participant short name	Country
1 (Coordinator)/			
2 /			
3 /			

* *Please use the same participant numbering as that used in section A2 of the administrative forms. Type of participants are SMEP, RTD or OTH, as in section A2.*

Table of Contents

(Included in a new page)

Proposal

1: Scientific and/or technological excellence, relevant to the topics/activities addressed by the call

1.1 Soundness of concept and quality of objectives

Describe the extent to which the proposed project addresses a specific scientific and/or technological problem or needs of the SME participants through outsourcing research activities to RTD performers. Provide a conclusive analysis of the competitive threat and specify clearly how the proposed work will enable the SME participants to improve their competitive position. SME participants should carry out research and/or demonstration activities to validate and exploit the research results provided by the RTD performers.

Describe in detail the proposed project's S&T objectives. Show the soundness of the concept: the objectives should be realistic and their achievement verifiable within the project, as the progress of the project work will be measured against these goals.

Describe how the proposed project reflects the concept of "Research for SMEs" by offering a solution to SME participants in need of outsourcing research and development activities.

1.2 Innovative character in relation to the state-of-the-art

Describe the international state-of-the-art on which the project's approach is based, by means of a documentary study including, for example, literature, publications, patents,

standards and data-base searches. Briefly describe the technical limitations of existing products /processes /services and include comments on competing techniques.

1.3 Contribution to advancement of knowledge / technological progress

Describe the innovative character of the project and how the proposed project will enhance significantly the state-of-the-art in that area.

"Research for SMEs" aims at offering technological solutions to SMEs. Hence, with regard to innovation it is not a requirement to develop cutting edge technology at world class level. The adoption of existing technologies to new applications in a concrete SME business case is also worth considering here. In that sense 'State-of-the-art" is to be understood as advancement of knowledge or technological progress including a comprehensive description.

1.4 Quality and effectiveness of S/T methodology and associated work plan

A detailed work plan should be presented, broken down into work packages[1] (WPs) which should follow the logical phases of the implementation of the project, and include consortium management and assessment of progress and results. (Please note that your overall approach to management will be described later, in section 2).

Please present your plans as follows:

i) Describe the overall strategy of the work plan and address the following activities in order to achieve the project's objectives:

- **Research, technological development and innovation activities:** Explain how the research/innovation effort of the project is comprised of a number of different components (major elements or blocks of work). Describe each of these components; identify who will carry out each. Show the relevance and contribution of each to the project as a whole. Show contingency plans for unexpected outcomes of the research work.

- **Demonstration activities**: If demonstration activities are planned they should be typically linked to the validation of the RTD results. Describe each demonstration activity and identify who will carry out each. Show the relevance and contribution of each to the research elements of the project on which these demonstrations are fully or partly based. Demonstration activities are an important step of a project on its way towards commercialization and should therefore typically be a distinct element of a project.

- **Other activities**:
  Other activities facilitate the take-up of results by the SMEs, in particular by training, dissemination, knowledge management and IPR protection. The workplan should include these activities and should clearly demonstrate credible added value for the participating SMEs and coherence with the outcome of the proposed RTD work

[1] A work package is a major sub-division of the proposed project with a verifiable end-point - normally a deliverable or a milestone in the overall project.

- Training activities are performed in general by the RTD performers and are aimed at technical and managerial staff from the participating SMEs. Training should focus on results/technologies generated by the projects. Training activities should normally not exceed 10% of the total eligible project costs.

- Dissemination activities may include conferences, publications, workshops or web-based initiatives.

- Knowledge management and IPR protection should support the participating SMEs in using the research results to their best advantage, leading to a clear economic impact.

ii) Show the timing of the different WPs and their components (Gantt chart or similar).

iii) Provide a detailed work description broken down into work packages:
- Work package list (please use table 1.4a);
- Deliverables list (please use table 1.4b);
- Description of each work package, and summary (please use table 1.4c). Maximum length per work package is 2 pages.
- Summary effort table (please use table 1.4d)
- List of milestones (please use table 1.4e)

iv) Provide a graphical presentation of the components showing their interdependencies (Pert diagram or similar)

v) Describe any significant risks, and associated contingency plans.

Note:

- The number of work packages used must be appropriate to the complexity of the work and the overall value of the proposed project. The planning should be sufficiently detailed to justify the proposed effort and allow progress monitoring by the REA.

Maximum length for the whole of Section 1 – 15 pages, plus the tables

Table 1.4 a: Work package list

Work package No[1]	Work package title	Type of activity[2]	Lead participant No[3]	Lead participant short name	Person months[4]	Start month [5]	End month
		TOTAL					

[1] Work package number: WP 1 – WP n.
[2] Please indicate one activity per work package:
RTD = Research and technological development (including any activities to prepare for the dissemination and/or exploitation of project results, and coordination activities); DEM = Demonstration; MGT = Management of the consortium; OTHER = Other specific activities, if applicable in this call.
[3] Number of the participant leading the work in this work package.
[4] The total number of person-months allocated to each work package.
[5] Measured in months from the project start date (month 1).

Table 1.4 b: Deliverables List

Del. no. [1]	Deliverable title	WP no.	Nature[2]	Dissemination level[3]	Delivery date[4]

[1] Deliverable numbers in order of delivery dates. Please use the numbering convention <WP number>.<number of deliverable within that WP>. For example, deliverable 4.2 would be the second deliverable from work package 4.

[2] Please indicate the nature of the deliverable using one of the following codes:

R = Report, **P** = Prototype, **D** = Demonstrator, **O** = Other

[3] Please indicate the dissemination level using one of the following codes:

PU = Public

PP = Restricted to other programme participants (including the Commission Services and/or REA Services).

RE = Restricted to a group specified by the consortium (including the Commission Services and/or REA Services).

CO = Confidential, only for members of the consortium (including the Commission Services and/or REA Services).

[4] Measured in months from the project start date (month 1). Note that this is the date by which the deliverable needs to be submitted to the REA

Table 1.4 c: Work package description

For each work package:

Work package number		**Start date or starting event:**					
Work package title							
Activity Type[1]							
Participant number							
Person-months per participant:							

Objectives

Description of work (possibly broken down into tasks), and role of participants

Deliverables (brief description and month of delivery)

[1] Please indicate one activity per work package:
RTD = Research and technological development (including any activities to prepare for the dissemination and/or exploitation of project results, and coordination activities);
DEM = Demonstration;
MGT = Management of the consortium;
OTHER = Other specific activities, if applicable.

Table 1.4 d: Summary of staff effort

A summary of the staff effort is useful for the evaluators. Please indicate in the table the number of person months over the whole duration of the planned work for each participant and for each work package (if deemed appropriate also tasks within a work package). Identify the work package leader for each WP by showing the relevant person-month figure in bold.

Participant no. & short name	Part.1	Part.2	Part.3	Part. …	Part. …	Part. …	Total SMEs	Total RTDP	Total OTHER	Total all Partners
Research & innovation activities - total										
WP1										
WP2										
WP3										
…										
Demonstration activities - total										
…										
…										
Other activities - total										
…										
…										
…										
Management activities - total										
…										
TOTAL ACTIVITIES										

Table 1.4 e: List of milestones

Milestones are control points where decisions are needed with regard to the next stage of the project. For example, a milestone may occur when a major result has been achieved, if its successful attainment is required for the next phase of work. Another example would be a point when the consortium must decide which of several technologies to adopt for further development.

Milestone number	Milestone description	Work package(s) involved	Expected date [1]	Means of verification[2]

[1]Measured in months from the project start date (month 1).
[2]Show how you will confirm that the milestone has been attained. Refer to indicators if appropriate. For example: a laboratory prototype completed and running flawlessly; software released and validated by a user group; field survey complete and data quality validated.

2. Implementation

2.1 Quality of the Consortium as a whole

2.1.1 Description of project management structure and procedures *(Max 4 pages)*

Show how the project organisational structure and decision-making mechanisms are directly related to the complexity of the project and to the degree of integration required. Show how the project management will enable the project to achieve its goals and the SME participants to achieve execution of the project according to their needs and requirements. Demonstrate that there is a satisfactory plan for the management of knowledge, intellectual property and other innovation-related activities arising from the project.

In the proposal the consortium is expected to outline the decision making mechanisms and clearly state the responsibilities of each individual partner. The management and decision making approach should be tailored to the real needs of the project in terms of scale and complexity. Particular attention should be paid to conflict resolution mechanisms and contingency planning. The decision making approach has to ensure that no decision in the consortium will adversely effect the collective interest of the SME participants.

The organisational structure should reveal an adequate representation of the SMEs' needs and demonstrate their role in the "driver's seat" of the project. Distinct responsibilities should be defined for both strategic and daily business matters. The establishment of steering committees and advisory boards is worth considering, but should be appropriate and not render the project management overly complex. Handling of IPR matters should be reflected in the decision making process.

Demonstrate that the coordinator is experienced and qualified for this demanding and complex management task. Provide a clear justification if the SMEs entrust the coordination to another partner in the consortium specialised in professional project management and explain how this organisation will ensure that it is acting in the interest of the SMEs.

2.1.2 Description of the consortium

Present a profile of each participant: organisation name, type, size, full range of business activities, contractual role, role in the project, degree of involvement and qualifications for these roles. For each individual participant, outline the consistency between its business activities, its intended role in the project and the benefits it expects to derive from participating. It should be clear that the SME participants should be well suited and committed to the tasks assigned to them in the project and to exploit the results. For the RTD performers, explain why they were selected to carry out the work, describe their competence in the appropriate field and identify the principal research personnel who will be involved.

If 'Other enterprises or end users' are included in the consortium, describe their relevance to the project and how their participation is in the interest of the SME participants.

Describe the participants in the proposed project and the main tasks attributed to them. Describe how the participants collectively constitute a consortium capable of achieving the project objectives, and how they are suited and are committed to the tasks assigned to them. Show complementarities between participants, if appropriate, describe the

industrial/commercial involvement provided for to ensure exploitation of the results. Show how the opportunity of involving SMEs beyond the consortium will be addressed.

Demonstrate the quality and relevant experience of the individual participants (including "track record" and commitment towards dissemination / exploitation of results where appropriate) and show that each partner has the managerial capacity to exploit results. Demonstrate that all partners possess the necessary and complementary key qualifications to meet project objectives and results.

Demonstrate the quality of the consortium as a whole (including complementary balance). The SME participants must be the real driving force for the project with each having an active role in the consortium. The RTD performers must demonstrate a high level of scientific excellence and complement each other.

Demonstrate that all participating companies in the project have a natural company-related and well defined interest, with little or no overlap. All SME participants should have a clear strategic or commercial interest in achieving results. If there are potential commercial conflicts between partners, clearly demonstrate how they will deal with this problem.

2.2 Appropriate allocation and justification of the resources to be committed

(Max 4 pages. This limit does not include table 2.2)

Describe the appropriate allocation and justification of the resources to be committed (budget, staff, equipment). Demonstrate how the project will mobilise the critical mass of resources necessary for success; how the resources will be integrated to form a coherent project, and show that the overall financial plan for the project is adequate.

Show that the proposal allocates and justifies appropriate resources in terms of personnel, equipment and materials in line with the work plan and for the successful conduct of the project. There must be a coherent integration of finance, resources (personnel, others), work plan and partnership from an overall point of view. The cost breakdown must be well structured and it has to correspond to activities to be implemented by each partner.

Make clear that the SME participants take into account the remuneration ("invoices") for the subcontracting to the RTD performers. Table 2.2 shows, as an example, a possible breakdown of the cost items to be reimbursed by the SME participants (and, if applicable, by 'Other Enterprises and end-users') to RTD performers.

Demonstrate that the transaction price agreed with the RTD performers respects market conditions.

Demonstrate that the SME participants possess their own resources necessary for the total investment in the project. Show how the consortium intends to distribute the EC contribution among all partners and how the EC contribution to 'Other enterprises and end-users' will be used by the consortium. Explain how the RTD performers will co-invest in the project in case they retain ownership of foreground.

Demonstrate that the participating SMEs have the necessary resources to exploit the project results after the project is finished.

If appropriate, the following issues should also be addressed within this section:

i) Sub-contracting other than "Subcontracting to RTD performers": If any part of the work is to be sub-contracted by the participant responsible for it, describe the work involved and explain why a sub-contract approach has been chosen for it[1].

ii) Other countries: If one or more of the participants requesting EU funding is based in a country that is outside the EU, and is neither an Associated Country nor on the list of International Cooperation Partner Countries[2], explain in terms of the project's objectives why such funding would be essential.

[1] This does not apply for the RTD and demonstration activities outsourced to the RTD performers.
[2] See CORDIS web-site.

Table 2.2: Indicative breakdown of the offer from the RTD performers to the SME participants[1].

Name of RTD Performer	Number of Person/Month	Personnel Costs	Durable Equipment	Consumables	Computing	Overhead Costs	Other Costs	Total by RTD	Project Results (No **)	Work package No (***)
Total Receipts(*)										

(*) This Total must be equal to the figure estimated in Form A3.2 (Total amount of subcontracting to RTD performers, excl. VAT)
(**) Same Number as in table 3.2.2 (Multiple combination is possible)
(***) Multiple combination is possible

[1] And, if applicable, to 'Other Enterprises and end-users'.

3. Impact. The potential impact through the development, dissemination and use of project results

3.1 Contribution, at the European and/or international level, to the expected impacts listed in the work programme under the relevant activity

Projects under 'Research for SMEs' aim at strengthening the competitiveness of the SME participants and contribute at programme level to improving industrial competitiveness across the European Union. The expected outcome should demonstrate a clear economic impact for the SME participants, improving their competitiveness by creating new or by expanding existing markets.

Explain how the results of the project will improve the competitiveness of the SME participants. Provide economic justification for the proposed research, i.e. its cost effectiveness, taking into account the overall cost of the project in relation to its potential direct economic benefits for the individual SME participants. Describe the extent to which the proposed project will lead to new and improved products, processes or services with clear market potential. Give the estimated time-to-market and indicate any further technical development or demonstration activities required after the completion of the research project to produce marketable products, processes or services by the SMEs.

The impact on the participating SMEs should be clearly addressed in terms of economic growth, employment, market strategy, distribution channels etc. underpinned by quantitative and qualitative indicators. Describe how the project will enable the SME participants to increase their markets and extend/internationalise their business activities in practical details.

Justify the transnational approach and explain how the project will increase transnational technological cooperation amongst SMEs and between SMEs and research organisations or other organisations at the European level.

3.2 Appropriateness of measures envisaged for the dissemination and/or exploitation of project results, and management of intellectual property

3.2.1 Project results and management of intellectual property

Provide a clear and adequate description of how the participants will organise IPR (intellectual property rights) ownership and user rights (e.g. licences, royalties) among themselves. Very useful information and advice is provided in the "Guide to Intellectual Property Rules for FP7 projects" published in CORDIS (ftp://ftp.cordis.europa.eu/pub/fp7/docs/ipr_en.pdf). It includes a special section 9 on Actions for the benefit of specific groups (including SMEs).

By default, the SME participants retain the full ownership of all project results ("foreground") and the RTD-performers are remunerated accordingly. The consortium may however reach a different agreement in their own best interests, as long as the SMEs are provided with all the rights that are required for their intended use and dissemination of the project results.

If the consortium decides to follow the default approach it has to ensure that the RTD performers provide the SME participants with the full ownership and exploitation rights of all

the results generated by the project. Describe adequately and clearly the intended process and measures for the exploitation and/or protection of project results by the participating SMEs. The proposal should clearly outline how the consortium intends to protect, share, manage and exploit IPR.

If the consortium agrees that the RTD performers keep part ownership or the entire foreground the consortium has to describe clearly:

- How it is ensured that the SME participants are provided with all the rights that are required for their intended use and dissemination of the project results.
- How this is reflected in the value of the transaction (remuneration of the RTD performers).
- How the RTD performers are going to exploit the IPR.

Furthermore, the consortium may provide for 'Other Enterprises and end-users' to invest in the project and receive in return licences or any other form of rights for the dissemination and use of results generated by the project. This has to be described clearly and has to be fully reflected in part 2.2 (allocation of resources, remuneration of RTD performers).

In both cases, the partners should already present a breakdown on the sharing of different elements of the IPR proportional to their work in the project and in line with their business strategy or position in the supply chain. Describe clearly, if applicable, any allocation of rights for the dissemination and use to 'Other Enterprises and end-users'.

It is also recommendable to build on a search of already existing IPR, in particular patents, existing knowledge inside the consortium ("background") and outside the consortium.

Access rights to background and foreground to carry out the project and after its conclusion should be clearly defined. Access rights to the background for the implementation of the project shall be royalty-free. Access rights to the background for use of the foreground shall be granted royalty-free or under fair and reasonable conditions. If the later is chosen, this shall be agreed before acceding to the grant agreement and therefore be clearly documented in the DOW as well as in the Consortium Agreement and needs to be agreed by all partners in the consortium. A table listing all items by partner and type of access right granted should be included in this chapter.

The expected IPR emanating from the project (foreground) needs to be specified as clearly as possible and should take into account the options of either protecting an integrated system / result / product or distinct modules that can be related to individual work packages and partners. The protection approach should be indicated e.g. use of patenting, licensing, royalties and the possible role of implicit or other knowledge.

The handling of IPR should be embedded in a wider knowledge management approach. It is advisable to insert a dedicated task in the work plan.

3.2.2 Dissemination and/or exploitation of project results

The description of the innovation components should in particular include a preliminary "plan for the use and dissemination of the foreground" explaining how knowledge and intellectual property issues will be managed within the consortium, and what are its

preliminary intentions regarding dissemination and (especially) the actual use (exploitation, by consortium members or by third parties) of the expected project results.

Describe the industrial or commercial routes envisaged for the exploitation of the results by the participating SMEs. Describe the steps that are foreseen to ensure that the SME participants will be able to assimilate and exploit the results of the project with the necessary resources required. Specify in particular the role of each SME participant as well as 'Other enterprises and end-users' and the tasks to be implemented during the project to validate the technology and facilitate the absorption of results by the SME participants.

Identify the project results (including knowledge), how these results are going to be exploited by the SME participants and the amount to be reimbursed to the RTD performers in order to create the new knowledge and/or achieve the results (see table 3.2.2).

Describe, if relevant, the scope, any intended measures and time scale for dissemination of the results and transfer of technology to other organisations, especially if any rights for the dissemination and use are allocated to 'Other Enterprises and end-users'.

In designing these measures, you should take into account a variety of communication means and target groups as appropriate (e.g. policy-makers, interest groups, media and the public at large).

With regard to the innovation dimension, describe the measures you propose to increase the likelihood of market uptake of project results, such as: verification, testing, and prototyping; supporting the development of technical standards; identifying and collaborating with potential users; identifying potential partners and sources of finance for commercialisation.

For more information on communication guidance, see http://ec.europa.eu/research/science-society/science-communication/index_en.htm

(Maximum length for the whole of Section 3 – ten pages. This limit does not include table 3.2.2))

Table 3.2.2: Project Results (including knowledge) to be acquired by the SME participants[1].

		SMEP (Participant No)		SMEP (Participant No)		SMEP (Participant No)	
Project Result (No)	Project Result (Description)	Type of Exploitation (*)	Remuneration (€)	Type of Exploitation (*)	Remuneration (€)	Type of Exploitation (*)	Remuneration (€)
Subtotal remuneration							
Total remunerations**							

(*) Ownership, Patenting, Licensing, other IPR protection, etc.
(**)This Total must be equal to the figure estimated in Form A3.2 (Total amount of subcontracting to RTD performers, excl. VAT)

3.3 Innovation impacts

Describe the potential areas and markets of application of the project results and the potential advantages of the resulting technologies/ solutions compared to those that are available today.

[1] And, if applicable, by 'Other Enterprises and end-users'.

Describe the measures you propose to increase the likelihood of market uptake of project results, such as: verification, testing, and prototyping; supporting the development of technical standards; identifying and collaborating with potential users; identifying potential partners and sources of finance for commercialisation.

(Maximum length for the whole of Section 3 without tables – ten pages)

4. Ethics Issues

Describe any ethics issues that may arise in the project. In particular, you should explain the benefit and burden of the experiments and the effects it may have on the research participants. All countries where research will be undertaken should be identified. You should be aware of the legal framework that is applicable and the possible specific conditions that are relevant in each country (EU and non-EU countries alike). It is strongly advised that when drafting the research proposal, the local ethics committee or/and relevant competent authorities (Data Protection, Clinical Trials etc) should be contacted for information and, when applicable, guidance. You may also address specific questions to the FP7 Ethics Help Desk (see page 2 in this Annex).

The following special issues should be taken into account:

Human embryonic stem cells: Research proposals that will involve human embryonic stem cells (hESC) will have to address all the following specific points:

- the applicants should demonstrate that the project serves important research aims to advance scientific knowledge in basic research or to increase medical knowledge for the development of diagnostic, preventive or therapeutic methods to be applied to humans.
- the necessity to use hESC in order to achieve the scientific objectives set forth in the proposal. In particular, applicants must document that appropriate validated alternatives (in particular, stem cells from other sources or origins) are not suitable and/or available to achieve the expected goals of the proposal. This latter provision does not apply to research comparing hESC with other human stem cells.
- the applicants should take into account the legislation, regulations, ethics rules and/or codes of conduct in place in the country(ies) where the research using hESC is to take place, including the procedures for obtaining informed consent.
- the applicants should ensure that all hESC lines to be used in the project were derived from embryos
    - of which the donor('s)(s') express, written and informed consent was provided freely, in accordance with national legislation prior to the procurement of the cells;
    - that result from medically-assisted *in vitro* fertilisation designed to induce pregnancy, and were no longer to be used for that purpose;
    - of which the measures to protect personal data and privacy of donor(s), including genetic data, are in place during the procurement and for any use thereafter. Researchers must accordingly present all data in such a way as to ensure donor anonymity;
    - of which the conditions of donation are adequate, and namely that no pressure was put on the donors at any stage, that no financial inducement was offered to donation for research at any stage and that the infertility treatment and research activities were kept appropriately separate

Include the Ethics issues table below. If you indicate YES to any issue, please identify the pages in the proposal where this ethics issue is described. Answering 'YES' to some of these boxes does not automatically lead to an Ethics Review. It basically enables the independent experts to decide if an Ethics Review is required. If you are sure that none of the issues apply to your proposal, simply tick the YES box in the last row.

(No maximum length for Section 4: Depends on the number of such issues involved)

Note:
Only in exceptional cases will additional information be sought for clarification, which means that any ethics review will be performed solely on the basis of the information available in the proposal.
Projects raising specific ethics issues such as research intervention on human beings[1]; research on human embryos and human embryonic stem cells and non-human primates are automatically submitted for ethics review.

To ensure compliance with ethical principles, the Commission services will undertake ethics audit(s) of selected projects at its discretion.
A dedicated website that aims to provide clear, helpful information on ethics issues is now available at: http://cordis.europa.eu/fp7/ethics_en.html.
Additional information (reference documents, EU and International legislation etc) can be found in the EUROPA research site:
http://ec.europa.eu/research/science-society/index.cfm?fuseaction=public.topic&id=1289&lang=1

[1] Such as research and clinical trials involving invasive techniques on persons (e.g. taking of tissue samples, examinations of the brain).

ETHICS ISSUES TABLE

	Research on Human Embryo/ Foetus	YES	Page
	Does the proposed research involve human Embryos?		
	Does the proposed research involve human Foetal Tissues/ Cells?		
	Does the proposed research involve human Embryonic Stem Cells (hESCs)?		
	Does the proposed research on human Embryonic Stem Cells involve cells in culture?		
	Does the proposed research on Human Embryonic Stem Cells involve the derivation of cells from Embryos?		
	I CONFIRM THAT NONE OF THE ABOVE ISSUES APPLY TO MY PROPOSAL		

	Research on Humans	YES	Page
	Does the proposed research involve children?		
	Does the proposed research involve patients?		
	Does the proposed research involve persons not able to give consent?		
	Does the proposed research involve adult healthy volunteers?		
	Does the proposed research involve Human genetic material?		
	Does the proposed research involve Human biological samples?		
	Does the proposed research involve Human data collection?		
	I CONFIRM THAT NONE OF THE ABOVE ISSUES APPLY TO MY PROPOSAL		

	Privacy	YES	Page
	Does the proposed research involve processing of genetic information or personal data (e.g. health, sexual lifestyle, ethnicity, political opinion, religious or philosophical conviction)?		
	Does the proposed research involve tracking the location or observation of people?		
	I CONFIRM THAT NONE OF THE ABOVE ISSUES APPLY TO MY PROPOSAL		

	Research on Animals[1]	YES	Page
	Does the proposed research involve research on animals?		
	Are those animals transgenic small laboratory animals?		
	Are those animals transgenic farm animals?		
	Are those animals non-human primates?		
	Are those animals cloned farm animals?		
	I CONFIRM THAT NONE OF THE ABOVE ISSUES APPLY TO MY PROPOSAL		

[1] The type of animals involved in the research that fall under the scope of the Commission's Ethical Scrutiny procedures are defined in the Council Directive 86/609/EEC of 24 November 1986 on the approximation of laws, regulations and administrative provisions of the Member States regarding the protection of animals used for experimental and other scientific purposes Official Journal L 358 , 18/12/1986 p. 0001 - 0028

	Research Involving non-EU Countries (ICPC Countries[1])	YES	Page
	Is any material used in the research (e.g. personal data, animal and/or human tissue samples, genetic material, live animals, etc) : a) Collected and processed in any of the ICPC countries?		
	b) Exported to any other country (including ICPC and EU Member States)?		
	I CONFIRM THAT NONE OF THE ABOVE ISSUES APPLY TO MY PROPOSAL		

	Dual Use[2]	YES	Page
	Research having direct military use		
	Research having the potential for terrorist abuse		
	I CONFIRM THAT NONE OF THE ABOVE ISSUES APPLY TO MY PROPOSAL		

Areas Excluded From Funding Under FP7 *(Art. 6)*

(i) Research activity aiming at human cloning for reproductive purposes;

(ii) Research activity intended to modify the genetic heritage of human beings which could make such changes heritable (Research relating to cancer treatment of the gonads can be financed);

(iii) Research activities intended to create human embryos solely for the purpose of research or for the purpose of stem cell procurement, including by means of somatic cell nuclear transfer;

All FP7 funded research must comply with the relevant national, EU and international ethics-related rules and professional codes of conduct.

Where necessary, the beneficiary(ies) shall provide the responsible Commission services with a written confirmation that (a) favourable opinion(s) of the relevant ethics committee(s) has(have) been received and, if applicable, the regulatory approval(s) of the competent national or local authority(ies) in the country in which the research is to be carried out, before beginning any Commission approved research requiring such opinions or approvals.

In addition to ethics committees, national competent authorities on issues such as Data protection, Clinical trials, Animal welfare, Human tissue and cells, have been established in all EU Member States.

[1] In accordance with Article 12(1) of the Rules for Participation in FP7, 'International Cooperation Partner Country (ICPC) means a third country which the Commission classifies as a low-income (L), lower-middle-income (LM) or upper-middle-income (UM) country. Countries associated to the Seventh EC Framework Programme do not qualify as ICP Countries and therefore do not appear in this list.

[2] Dual-use items' means items, including software and technology, which can be used for both civil and military purposes (Ref: Article 3**,** Council Regulation (EC) No 428/2009 of 5 May 2009 setting up a Community regime for the control of exports, transfer, brokering and transit of dual-use items

Guidance notes on informed consent, dual use, animal welfare, data protection and cooperation with non-EU countries are available at : http://cordis.europa.eu/fp7/ethics_en.html#ethics_sd

5. Consideration of gender aspects

You may give an indication of the kind of actions that would be undertaken during the course of the project to promote gender equality in your project, or in your field of research. (These will not be evaluated, but will be discussed during negotiations should your proposal be successful).

These could include actions related to the project consortium (e.g. improving the gender balance in the project consortium, measures to help reconcile work and private life, awareness raising within the consortium) or, where appropriate, actions aimed at a wider public (e.g. events organised in schools or universities)

(Maximum length for section 5 – one page)