The European Union's Information Society Technology Program in FP6

Version 2.1

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Version 2.1

Comments to Myer@EFPConsulting.com

Specific changes –
Minor typographical corrections
Removed reference to two preregistrations required, only EPSS registration now required
Updated references to Gago Interim Report to Final Report of 17 Jan 2005 sections 9.12, 9.13
On 8 Feb some amendments made for typos and corrections to the section on EPSS pointed out to me by Altan Kucukcinar of Tubitak in Turkey.

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Preface to Version 2

This book follows on from a similar treatise I produced dealing with IST in the Framework Program Five. Although it is based on it, there are many significant differences. It was originally produced incrementally, in parallel with the definition of the new Framework Program Six. FP6 has significant differences from FP5 and thus readers of this book must bear in mind that the information is purely an interpretation of documents, laced with experience. However, I am keeping it up to date in the light of evolving practice.

Why did I write it? – Is there insufficient material by the Commission? In presentations I usually say that the problem is there is too much official information scattered across many documents. Thus, this book tries to combine the essence in a single place. I also often say that the Commission documentation describes the legal framework, not how to participate. It is akin to expecting that reading the Highway Code will teach you how to drive a car. This is a complementary document that should be seen as a practical guide to the program.

The book is a practitioners manual aimed at Senior Management staff in organisations wishing a broader background on the European Union's Sixth Framework R&D as well as at consultants to those organisations. However the initial chapters one, two and three can stand alone and give an overview suitable as an introductory text. It is primarily aimed at Commercial organisations, but three quarters of the content also applies to Academic Institutions and other non-commercial potential participants. With respect to technical coverage, it is squarely focused on the Information Society Technologies (IST) Program. However, the majority of the general content applies to all the other Thematic Priorities. But there are differences. I have tried to highlight major divergences in the text.

Bear in mind that the program content and the rules are under continual revision and reinterpretation. There is also a significant difference in how the common rules are interpreted by different CEC Directorate Generals. Ensure that all specific information is double checked with the current official documentation before being acted on.

This Version is written for a general audience. It is now the only Version being maintained - previously I also had a Version with some additional information for an Israeli audience - this is now no longer required. This Version includes further corrections as well as new information in the light of discussions and recommendations from the FP6 mid term review. In particular some updates applicable for the IST Calls 4 and 5 are included.

Finally, I would like to thank my daughter, Dana Remes, for her helpful comments and corrections and my wife Shoshana for her patience and understanding.

23 January 2005
Yavne, Israel

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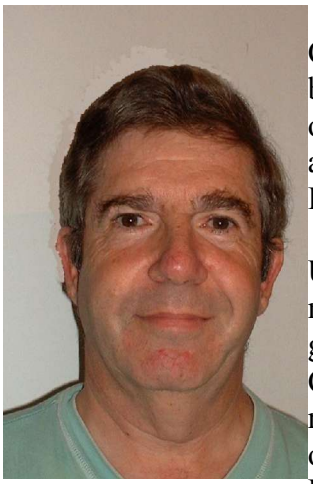
Author Brief CV

Mr Morron is a graduate of the University of Glasgow where he studied Pure Science as well as Computer Science from 1960 - 1965. He has a broad technical background but specialised in software engineering, especially operating systems and supercomputer architectures. He has worked in these fields in the US, UK and Israel.



Currently he is CEO of EFP Consulting, a company set up in 2002 to combine both Financial and Technical/Administrative as well as training support for organisations interested in participating in the Framework Program. In addition to an impressive array of satisfied clients EFPC itself is participating in six different EU funded projects - being coordinator of one.

Until recently Myer was IST Director at ISERD, the Israeli body responsible for managing the Association Agreement with the EU on behalf of the Israeli government. He represented the State of Israel on the IST Management Committee for the duration of FP5 and continued this role in FP6. He also represented the State of Israel on the Research Infrastructures Committee. As part of his job he coordinated all Israeli activity in the IST and RI parts of the Framework Program including the NCP activity in those areas. He was part of the team that negotiated the FP5 Association Agreement and then a member of the EC-Israel Research Committee that oversaw the operation of that Agreement. Mr Morron has been involved with IST and its predecessor programs from their inception in 1984 and has acted both as a project manager in many key projects as well as an evaluator and an external expert.

Prior to joining ISERD, Mr. Morron held various Senior Technical and Management positions for Computer and Telecommunications Manufacturers. The main companies he has worked for include Control Data (US and Israel), ICL, STC and Nortel (UK) and Elbit (Israel).

During the past twenty five years his work has concerned the development and successful market exploitation of new and emerging technologies and standards with an emphasis on Open Standards and joint collaborative projects. He has consulted and presented extensively in IT related issues, including for the CEC, US DoD, UK MoD, NATO and Standards Bodies ECMA, ISO, CEN, NIST and ETSI.

1 Overview

1.1 Background

1.1.1 The Framework Program

The IST Program is part of the European Union Framework Program Six Research and Development Program. It is a follow-on to the IST program of Framework Program Five that replaced the three programs ACTS, ESPRIT and Telematics Applications Program (TAP) that were in the previous Framework Program Four. Most, but not all of the technologies and application areas covered by the previous programs appear in some form in this revised IST Program.

Historically, each Framework Program runs for four years. The first programs started in the early eighties and they were gradually combined into a single Framework Program, but initially they were not known as "Framework Programs". That term was only applied retroactively to the early programs. Historically, the IST program derives from the ESPRIT Program that started in 1984. It encompassed various other activities in Information Technology into a more or less integrated program. For example the Multi-Annual Program "MAP" was a predecessor and it funded, inter alia, topics like software technology and included a broad Ada Technology activity that developed into part of ESPRIT.

Later in the eighties, other programs appeared that were eventually combined into the Framework such as RACE which became ACTS and covered telecommunication technologies. Various other programs in the application domain such as Health IT, Transport IT (such as the DRIVE Program), Education and Training etc. combined to form the Telematics Applications Program.

It is useful to remember these historical roots, as those communities and their practices still exist to some extent in the IST Program and tend to be semi-autonomous based on past practice. However, due to interchange of staff and a concerted effort at transparency differences are gradually disappearing.

Due to a French Initiative in the mid-late eighties another pan-European Program, originally seen as complementing the Framework Program, called EUREKA was formed. Its rules and conditions are substantially different from Framework and rely on funding from the involved countries directly being given to their own participants under country specific rules. EUREKA is a bottom up program compared to Framework, which is definitely top down in structure and implementation. However under FP6 the intention is to leverage this dual investment and by FP7 the two programs should be more integrated.

1.1.2 Reasons for Framework Program

But why does the European Union fund R & D and what is the intention? In the early eighties it became apparent that European high tech industry was under extreme threat from both Japan and the US.

At that time several key industries such as computing, microelectronics and telecommunications were seen to be in serious jeopardy. It was also believed in Europe that US competitors benefited both from a large homogeneous home market as well as indirect subsidies from the US government to its high tech industry, mainly as a spin off of defence funding. Together, this was thought to give US players a major competitive advantage as compared to the fragmented European industry. It was not seen to be any lack in innovation in Europe, but the inability to exploit it world-wide. Many of the key innovations being directed at Europe from North America were seen to be based on originally European innovations. There were other incidents that also raised worries in Europe such as Intel and Motorola deciding to be more restrictive in the licensing of their microprocessor designs.

With respect to Japan, it was also thought that protective trade practices as well as co-ordination and funding from MITI, allowed Japan to establish a dominant place in what was then seen as the brown goods market.

All of the above resulted in several longer term threats to Europe that can be seen as falling under the following categories –

• Commercial – it would result in an increasing imbalance in trade, especially in the high technology, high added value industries. This could have long term disastrous effect on European industry and standard of living via negative impact on exchange rates and inflation.
• Social – there would be a negative impact on employment, especially in the employment of graduates, who in ever increasing numbers would be forced overseas – the so called "brain drain".
• Security – the longer-term reliance of European military and security forces on imported technology was of major concern. For example without a successful commercial modern silicon fabrication facilities, sensitive components and systems would all have to be imported. A classic example is military crypto chips.

In the early eighties, we could already see some effects that would only get worse with time. For example, European computer manufacturers were becoming completely reliant on non-European sourcing of memory chips. It was noticed with frustration that any time there was a specific chip shortage, US suppliers tended to favour the US computer manufacturers, making European manufacturers situation even worse.

Of course, more recently additional reasons have been emphasised for the Framework Programs, such as:

1) Promotion of European Unity
2) Encouragement of Industry consolidation in Europe
3) Support for industrial and social policy i.e. political reasons

Such reasons are post hoc rationalisations and though desirable effects, were not the original reasons. The last reason above has become much more pronounced in FP6 some say is becoming more of a political program than a technological one.

1.1.3 The Nature of the Framework Program

The nature of the research programs is top down i.e., the specific technical areas to be funded are predefined. Other topics would not be eligible for funding. The Commission states many times that the goal of the framework is only to address about 5 - 10% of European Union industrial research – the rest is funded by individual countries or companies. The only topics available for funding are those covered by the "Workprogram" and which attempt to go beyond current state of the art and have a believable exploitation plan. That is, the results must be marketable with an expected market size commensurate with the cost/investment.

Because projects are expected and required to extend the state of the art, there has to be identifiable risk and the Commission sees the funding as being an offset for this risk. This is an important point – a project that cannot complete because of valid technical reasons should not be treated as a failure – it only demonstrated that a particular approach is not practical at this point.

Another critical criterion for a valid project must be that it demonstrates that there is significant added value or likelihood of success by addressing the project at the European level. This is the so-called "subsidiarity" criterion. This states that work better done at the local level should not be carried out at the European level. This concept of "subsidiarity" is important to understand and to address.

A final critical criterion for the new types of project introduced in FP6 must be that there is a significant strategic impact of the proposed work.

1.2 Major Differences with FP5

Between the Framework Programs Four and Five the Commission was forced to resign by the European Parliament after some alleged scandal that involved, partly, research funding. In particular, a new Research Commissioner was appointed and he has implemented major changes in the program that are being initially introduced in this Framework Program Six. At the same time a new Financial Regulation was adopted. The overall changes are the largest since the initial Framework. Changes have not only been

made to the legal instruments, but also to the contractual conditions. The funding rules are significantly different. In most respects these changes were intended to make participation less bureaucratic for organisations, however initially it has increased problems as both participants and the Commission become familiar with the modus vivendi and the fairly obvious mistakes in some of the changes implemented. See Section 2 for an overview of the changes.

1.3 What is an Associated State?

It was agreed in the eighties that European States that had not yet joined the then European Community could participate in the Framework Program. In the Nineties, these so called European Economic Area (EEA) states reduced as they gradually joined the EU. For Framework Programs the Four, Five and Six they consist of Norway, Iceland and Liechtenstein. The EEA states have an Association Agreement with the EU Framework Program.

An Associated State, contributes financially to the Framework Program and consequently has all the rights and obligations of a member State in respect of funding. They should be treated identically. There are only two minor differences, one is with respect to meeting the minimum number of participants and the other is their representatives do not have a formal vote at the Program Management Committees.

In Framework Program Five, subsequent to the ratification of the Association Agreements of Israel, Norway, Iceland and Liechtenstein, agreements were concluded with the "Pre-accession States" of Eastern Europe. This resulted in the Framework Program Five having fifteen Member States and fifteen Associated States. Of course, Israel is the only non-European Associated State. In FP5, these Pre-accession States were also referred to as "Newly Associated States" – NAS. Ten of them joined the EU on 1 May 2004 and are now referred to as New Member States (NMS). An additional three states (Romania, Bulgaria and Turkey) are now referred to as Associate Candidate Countries (ACC) and their status in FP6 is upgraded so they are treated as member states from the start of FP6. Finally, in Jan 2004, Switzerland concluded an Association Agreement and their status is now similar to that of Israel. Appendix 1 gives more specific data on this. Some other non-European countries have Science and Technology Agreements with the EU, but they only participate on a "project by project" basis. Funding for some third countries may be available.

1.4 Overview of rules of participation

1.4.1 The Workprogram

As previously mentioned, the IST program is top down. By this is meant that there is a Workprogram that is revised annually. This Workprogram is generated by DG INFSO based on input from various ad hoc committees as well as the ISTAG (IST Advisory Group) which consists of senior level experts notionally chosen by the Commission but in fact nominated and approved informally by the countries. They mostly consist of senior executives from the major national players as well as some senior academics. As a result of an initiative of DG Research that formally manages the whole of FP6, IST was forced to participate in a call for "expression of interest" which was intended also to feed into the planning activity for initial formulation of the work content. In practice it is not believed that it has had a major impact in IST. Input was also sought from the participating countries with further input coming from the European Parliament, generally heavily influenced by political considerations. This is particularly noticeable in the "parliament friendly" naming of the various activities and the increasing emphasis on applications which are hoped would make it easier to demonstrate to tax payers the relevance and results of the investments. Finally, the Workprogram is modified and approved by the IST Program Committee and also has to take account of input from all the other Directorate Generals who strongly defend their own turf.

In practice, we see much more political influence in a program's initial formulation but less in the annual updates. The major influencers are the large National Champions. The annual updates also take account of the area of coverage of projects awarded the previous year. An Advisory Group (ISTAG) set up by the Commission has a major impact on the thrust of the program and its priorities, however its advice on the

FP6 new instruments was totally ignored.

1.4.2 Calls for proposal

The IST Workprogram for FP6 is at a higher level than in FP5 with much less detail and much more focus. The content of the Workprogram is subdivided into Strategic Objectives with more details on the "focus" at a lower level. There was two major fixed deadline calls for proposals in the first year, each addressing a specific subset of the Workprogram. There was also a minor third "corrective" call in 2004. Call 4 will close in March 2005 and Call 5 in September 2005. In FP6, it has been decreed that a quarter of the total budget be opened each year, thus the first IST call used the 2003 budget and the second, 2004 budget. i.e. two years budget were committed in the first year. A fixed deadline call is one that closes on a stated date and time. With the evaluation occurring shortly afterwards. However there is also the Continuous Call, that remains open for several years with proposals being batched and evaluated every four months or so. The Future and Emerging Technologies Open scheme (FET) falls into this category.

1.4.3 Nature of proposals

Proposals for R & D are always made in consortia. These consortia are notionally "self forming". One member of the consortium is designated as the Coordinator and it is their job to put together the proposal and submit it to the Commission as required. Generally, if the proposal is accepted, the Coordinator will be expected to become the project Coordinator and thus be responsible for overall project management. In FP6 it will be possible to take on a partner who would carry out the administrative co-ordination and/or project management functions. This is different from FP5. However, in IST it is not generally encouraged. Sub-contracting these activities would not be permitted. Further details of the proposal can be found later on in Section 3.5 "Proposal preparation and submittal".

1.4.4 Nature of Consortia

For an R & D proposal there must be a minimum of three partners from three different countries, two of whom must be a Member State of the EU or an Associate Candidate Country. The rules are different for each instrument and they are summarised in the following table -

Instrument	Minimum members	Typical number	Typical funding in €M	Typical duration in years
Integrated Project (IP)	3	8 – 20	6 – 25	4
Network of Excellence (NoE)	3	6 – 20	5 – 8	2 - 4
Specific Targeted Research (STREP)	3	4 – 8	1 – 3	2 – 3

The overall funding of a proposed project can vary from say half a million Euros to a hundred million Euros. The majority of Specific Targeted Research Projects will have total funding of from one million to around three million Euros. Virtually no projects will get more than 25 MEuro in funding. People always ask questions such as "how big should a project be" or "how many partners should we have"? The standard answer is always "as large as is required and can be justified to carry out the work and commensurate with the expected impact."

1.4.5 A quick look at the funding rules

All funding is a grant, which is not repayable. Payments are annual in advance corrected annually by cost statements of actually incurred expenses and 15% of final year is retained until the final report has been accepted. Because of agreements between the partners in a specific project, specific companies may not actually get cash in advance, the money being held for them by the project coordinator.

As in other aspects of these programs there is no simple rule. However as a general guideline:

- Universities can get back all their directly incurred costs plus a contribution of 20% to their overheads. In this mode permanent faculty staff time will not be funded.

• Larger Companies will get back at least all of their marginal labour and other direct costs and 50% of any subcontracts. Smaller companies will get significantly less because they can justify far less overheads.

1.4.6 Advance payments

Unlike previous Framework programs, normally advance payments can be made every year via the Coordinator to each partner based on their budget for the next period. For STREPs it may be 24 month or other determined period. The Coordinator must forward each partner his share without any deductions for handling etc. Note that it is inappropriate for partners to invoice the Coordinator for their payments as they are contractually required to be forwarded directly. There is a danger if you do issue an invoice that it will be liable to VAT, which is not a recognised allowable expense. The payment rules between the partners may be varied by the Consortium Agreement.

1.4.7 Who can participate?

The program is open for funded participation to any legal entity in a Member or an Associated State. A legal entity can be a company, a university, a research institute, a government department, a not for profit entity or an individual. There are also opportunities for participation (sometimes with funding) for organisations outside above countries. These opportunities for so called third countries are broader in FP6 than previously.

1.5 Benefits of participation in a R&D project

Intuitively when most companies first hear about this program they regard it is a source of finance. This is a basic misconception. Although activities are well funded, the money should not be the main reason to participate. It may however, be a valid reason for a research or academic institution. See Appendix 4 for a discussion on how best to quantify the relative benefits of participation.

The types of benefit can be classified as follows -

1. Development of advanced technology
2. Access to advanced technology
3. Collaboration with key players
4. Collaboration with key customers
5. Access to a new market
6. Access to a new geographic area
7. Development of an international standard
8. Marketing and/or technological intelligence
9. Funding for something you were planning to do

1.5.1 Development of advanced technology

This is notionally the main aim of R&D projects and it must be written in this way. The goal being to advance the state of the art in a Pan European manner. However, there are usually further reasons as to why an organisation participates. These are detailed below.

1.5.2 Access to advanced technology

Organisations generally do not develop and supply complete solutions to customers. They carry out less and less of the development from scratch. They have their own special niche of expertise but require to embed this in a full system or purchase or access complementary technology. It is most effective for companies to concentrate on their special high added value area and either buy in the balance or OEM to a higher level.

Participation in one of these projects is an ideal opportunity to establish or further relationships with others in your product chain.

1.5.3 Collaboration with key players

Smaller companies very often find it difficult to enter markets and one way is to establish a working relationship with key players. Such a relationship is also a helpful in many other ways. For example if it is a company aim to sell a strategic share to a major player, this is an ideal way.

1.5.4 Collaboration with key customers

By this I mean potential end users. IST projects by nature should contain at least one end user. The end user could be a major player or say a network of end users. As they are also funded, this is an easy way to expose your technology and future products to potential buyers and customise it for a specific market with external funding.

1.5.5 Access to a new market

It may be that an organisation is well established in a particular market segment but is unknown in another to which their products could also be well suited. Joining or forming a consortium with players from that new market is a possible way to become known and established in that market as well as providing a good opportunity to fine-tune and adapt to its requirements.

1.5.6 Access to a new geographic area

This is similar to the previous one but allows the use of a project to establish key relationships in a specific geographic area - which is often an important business consideration.

1.5.7 Development of an international standard

A proportion of projects deals with the eventual creation of new standards. Participants, would normally address a specific area where such a standard would facilitate future deployment or exploitation in a broader context from a European perspective. The EU has a tradition in the standards arena of using European Standards Institutions as a springboard to International Standards to the advantage of EU industry. A project could research, prototype and trial a particular solution prior to introducing it and supporting it through standardisation. This provides a significant benefit on its eventual adoption as such organisations will have a head start on others and may through tying the standard to previous IPR, force competitors to pay them royalties.

Although standards in themselves are not mandatory, the European Commission has frequently mandated particular standards for public procurement to the advantage of European industry. This has to be seen in the light of the US employing similar tactics for many years.

1.5.8 Marketing and/or technological intelligence

This should not be the main reason to participate but in several cases it can turn out to be the most valuable result. Even the process of researching the area within the program prior to identifying a suitable subject to propose on may result in valuable information on what the leading players in the market are doing. This info is available on-line in the synopses of running and previous projects in your area. In addition to the synopsis, there is also detailed information on the participants and expected results.

Later on in trying to set up or join a consortium when you get involved in direct discussions with potential partners, there is further opportunity. Of course, if a project is approved it not only gives you access to inside information on your partners activities but because of project clustering there are plenty of opportunities for broader information in your market or technology sector.

1.5.9 Funding for something you were planning to do

Finally, there are of course the financial benefits of participation. As mentioned previously, it should not be the goal of your participation if you are a commercial organisation, but it is an obvious additional incentive, especially if it allows you to fund work that otherwise you couldn't undertake or to have work funded that you were going to do anyway.

1.6 Reasons not to participate

It may seem peculiar to find this section, however on many occasions the best advice to an organisation is not to pursue this program further. The principal reasons are below -

1.6.1 Work is not a natural fit into the Workprogram

It may be that the proposed work is not clearly covered by a single Strategic Objective in the Workprogram after double-checking with the Commission. What is worse is that it may overlap between multiple Workprograms. It is also possible that the nature of the work does not take forward the technological state of the art in your selected area. In those cases do not try an unnatural fit - this rarely succeeds.

1.6.2 Time-table does not fit

As Technical topics sometimes do not reappear in successive Calls for Proposals, if you just miss the call that best suits you, you should check if it is worth while to wait for another year or even more for the next opportunity to participate in that area.

1.6.3 Time to market is unsuitable

There is a necessity for many checks and balances in the commitment of such large sums of public money. This results in a delay in excess of six months from close of the call for proposals before the work can start. In the fast moving world of high technology, such a delay may result in the loss of a window of opportunity and thus be an unsuitable vehicle. The program is best suited to longer-term work of a potential breakthrough nature that could open up completely new market opportunities.

1.6.4 Project is too secret

Although all proposals are submitted and dealt with under strict non-disclosure rules, it may not be strict enough for some types of proposed work. For example, the evaluators are of necessity experts in that area and a large percentage will be from companies dealing with this and therefore perhaps competitors. Although they have to sign strict non-disclosure and non-conflict of interest documents, for something very sensitive, I would be careful. In addition, the Project Officers and staff at the Commission frequently have come from major companies or are only on three-year contracts and will return perhaps to competitors and again, their confidentiality has to be viewed with some care. I have no reason to believe that any such significant leaks have occurred, but for highly sensitive things one needs to be careful.

2 Framework Program Six changes

I include here a high level overview of the changes basically as the Commission intended them. In practice, the truth is significantly different. See later parts of this book. Changes include the following aspects –

2.1 Project management changes

1) Changes in the project management structure
2) Ability to change partners in ongoing projects
3) Consortium Management costs up to 7% of total at 100%, balance at activity rate
4) Ability to assign some administrative management tasks to sub-contractor
5) Ability to have coordinator that only handles financial and/or project management

2.2 New instruments

The Commission included three new project types for Framework Program Six. The shared cost projects familiar from the Framework Program Five exist in a modified form along side them. I will not mention here other minor instruments such as III, Integrated Infrastructure Initiative, as it is not used in IST and the various Marie Currie types of Grants.

The project types were designed for variable needs. The aim of the Integrated Projects was to have a broad strategic impact by results that improve industrial competitiveness or provide solutions to social problems. The Networks of Excellence aimed to create virtual centres of excellence and encourage diverse European resources to integrate their activities. Article 169 as often called, is planned to tighten the links with national research.

All new project types were designed to give researchers more freedom and responsibility. The participants may decide on project implementation changes more independently than before. Specifically, the new instruments are:

1) Integrated Projects
2) Networks of Excellence
3) Article 169

2.3 Traditional instruments

1) Specific Targeted Research Projects (STREPs - similar to old RTD projects)
2) Coordination activities (CA - similar to old Thematic networks)
3) Specific Support Actions (SSAs - similar but broader than previous Accompanying Measures)

- Each now use new forms of contracts
- Take up activities will only now be permitted as part of an Integrated Project – but now at 50%
- Take up also allowed in Specific Targeted Innovation Project (STIP) but not implemented in IST
- Exploratory Awards and FET Assessment projects no longer available

2.4 Contractual changes

- Proposals are now submitted without signatures, even for coordinator
- Changes in liability rules for participants - industrial participants now have "collective responsibility"
- Rules for minimum number of partners increased from two to three
- More autonomy for project consortia
- New contracts will allow projects to begin when coordinator and Commission have signed
- Advance payments to consortium can now be made annually – not only for first year
- Interim cost statements can now be regarded as final. Final cost statement can only cover last period.
- Contractors must use their normal financial systems to calculate costs and not an imposed one

- Cost categories have been eliminated
- FF Cost Model has been replaced by FCF model effectively reducing overheads from 80% to 20%
- AC Cost Model has been modified slightly, but is virtually identical
- Audit certificates are required for all cost statements, to speed up the payment process
- Management costs will be fully paid at 100% of full cost to a limit of 7% of EC contribution, balance at activity rate
- IPR rules are more flexible
- Mandatory Consortium Agreements

2.4.1 Collective responsibility of the participants

The technical implementation of the project will be the collective responsibility of the participants.

Each participant will also be liable for the use of the Community financial contribution in proportion to his indicated share of the project up to a maximum of the total payments it has received. Should a participant breach the contract and should the consortium not make good this breach, the Commission may, as a last resort and if all other approaches have been explored, hold the participants liable under the following conditions:

1. Independently of any action it may take against the defaulting *participant*, the Commission will require the remaining participants to implement the project.
2. Should the implementation be impossible or should the remaining participants refuse to comply with 1, above, the Commission may terminate the contract and recover the Community financial contribution. When investigating the financial disadvantage, the Commission will take into account the work already undertaken and results obtained, thereby establishing the debt.
3. For that part of the debt established according to 2, above, that is owed by the defaulting *participant*, the Commission will distribute it among the remaining participants on the basis of each *participant's* share of the expenses accepted and up to the amount of the Community financial contribution each participant is entitled to receive.

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

2.4.2 Intellectual property rights

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

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

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

Summary of access rights

	Access rights to pre-existing know-how	Access rights to knowledge resulting from the project
For carrying out the project	Yes, if a participant needs them for carrying out his own work under the project	
	Royalty free unless otherwise agreed before signing the contract	Royalty free
For use purposes (exploitation) further research	Yes, if a participant needs them for using his own knowledge	
	On non-discriminatory and reasonable conditions to be agreed	Royalty free unless otherwise agreed before signing the contract
	Possibility for participants to agree on exchange of specific pre-existing know how of a participant from this obligation before this participant signs the contract or before the entry of a new participant	

2.5 Proposal changes

- Protool from FP5 has been replaced by web based EPSS service and EPT stand alone tool
- Proposals not signed, even by Coordinator
- Part B of R&D Proposals are no longer anonymous - as a consequence Part C no longer exists
- Short listed proposers of NoEs and IPs will be invited to appear before evaluators' panel
- From Call 3, in IST, only on-line electronic proposal submittal is permitted

See section 3.5 for details of proposal content.

2.6 Networks of Excellence

The Networks of Excellence are intended to gather top research institutes to collaborate in one virtual centre of excellence. The network must have a joint program of activity which will facilitate the integration of the institutes. The NoE must also carry out actions supporting integration and dissemination of expertise.

The measures that support integration refer to close virtual and physical collaboration, personnel exchange and the development or use of common resources. The dissemination of expertise can consist of the training of researchers from outside the group and dissemination of information on achievements.

The networks are selected on the basis of a call for proposals and gathered around the core group. The EU funding may amount to several Million Euros a year. The amount of money depends on the network's own input. "Grant for integration" is a cost principle developed for the Networks of Excellence. The principle is: the more you integrate, the more you receive funding. The participants sum up the resources they have integrated, and the Commission grant is based on the number of researchers in the network when the call formally closes. See Section 4.1 for a more detailed review of NoEs.

2.7 Integrated Projects

Integrated Projects are defined as being extensive, independent and ambitious. Integrated Projects should have a common research objective and Workprogram. The project can also decide on its operation independently. It could organise calls for proposals to select additional participants. Projects can be divided into sections that are independent of each other to some extent. However, there must remain a connection between the sections. Therefore, the projects demand a good coordinator and strong management.

The focus of the Integrated Projects can, however, also include demonstration, technology transfer or training of researchers and/or potential users. The Commission funding covers each sub-project at the rates and rules appropriate to that activity. An Integrated Project may receive up to several million Euros a year. The projects are selected on the basis of calls for proposals.

There must be enough participants in the Integrated Projects to obtain sufficient critical mass for the matter. The minimum is from three countries. In practice, the projects will certainly be larger. However, in practice in IST, sizes of IPs differ from topic to topic. Some may be 5-7 MEuro funding and others 15-20 MEuro funding for example. Each potential coordinator should verify what size is anticipated in that specific Strategic Objective.

See Section 4.2 for more details on Integrated Projects.

2.8 Specific Targeted Research Project

This is a continuation of the RTD projects used under previous Framework Programs. See Section 4.3 for more details on STREPs. However they are subject to the new contractual conditions.

2.9 Article 169

The third new project type proposed by the Commission refers to common programs shared by the several Member States. The research topics are born out of national programs. Workprograms are drafted for the common programs, and they publish common, parallel or mutually co-ordinated proposal requests. Whenever necessary, common infrastructure can be used or developed.

Article 169 of the Treaty forms the basis of operation. All Member States have approved it in principle, even though it has never been applied in practice. The programs based on Article 169 will be accepted through a joint decision procedure. Both European Parliament and the Council of Ministers must approve them. The decision-making system is slow, wherefore the number of such projects will probably remain low. An initial list of six topics for Article 169 projects has been agreed. However only one is currently being actively considered. None of them fall within the scope of the IST program. DG INFSO has not yet decided to initiate such activities within IST. It is unlikely to happen prior to FP7. See section 4.4 for some further notes.

2.10 Coordination Action

This is a continuation of the Thematic Networks projects used under previous Framework Programs. They are aimed at bringing together e.g. manufacturers, users, universities, research centres around a given Science and Technology objective. These include co-ordination networks between Community funded projects. Support will cover a maximum 100% of the eligible costs necessary for setting up and maintaining such networks. The IST Program supports the following types of Projects: IST project clusters, Networks of Excellence and Working Groups. See section 4.5 for further details.

2.11 Specific Support Actions

These are actions that contribute to the implementation of the IST program or the preparation of future activities of the Program. They also prepare for or support other indirect RTD actions (financial participation: maximum of 100% of total eligible costs). The IST Program supports the following types of Accompanying Measures: Studies, Dissemination and Awareness actions and Training actions. As well as support to conferences, seminars, workshops or exhibitions are part of a call for grants that has been already published. See section 4.6 for further details.

2.12 SME Status

On the surface not too much appeared to have changed but the implications for SMEs are more negative under the new FP6 rules. Most people did not appear to realise the implications. I can categorise the

changes under the following aspects, some positive but most negative. However, I believe there are ways of side-stepping some of those problems and perhaps benefiting. The Commission claims to have addressed SME participation concerns in several ways:

1) SME involvement as part of evaluation criteria
2) Suggesting SME groupings or associations to participate as a single entity.
3) Provision of specific SME measures Co-operative and collective research. See 4.7 for details.

The problem with both, use of Associations and the SME measures, is that they seem to be aimed at so called low tech SMEs. See below. The fact is that the IST program should be aimed at participation of high tech SMEs and this is more problematic in FP6 as the proposed remedies are best suited to low tech! Despite this, it is clear that FP6 is also much less conducive to low tech with the removal of the stand alone take up instrument.

2.12.1 Types of SMEs

It is important to distinguish between two distinct categories of SMEs. The first is the High Technology SME. These are the "engine of innovation". Usually being set up by several scientists and business men to develop and exploit an innovative idea or invention. Mostly they attract venture capital and the successful ones go on to have an IPO and may get listed on stock exchanges etc. A large percentage fail, either financially or technically but in my view mostly through incompetent business management or ignorance of the investment community. Those that survive mostly are eventually taken over by the big industry players and very few survive independently to grow into sector leaders in their own right. Large companies do not nurture the high risk innovative climate to be able to come up with the occasional major break through. The industry norm is to take over SMEs in order to acquire new technology. This tendency does complicate things for SMEs early on in the innovation cycle – see 2.12.5 and 2.12.6 below. We can distinguish between types of SME by the following attributes -

Attribute	Low Tech SME	High Tech SME
Activity	Innovation	RTD
Potential Role	End user or exploiter	Technology/solution provider
Period of involvement	Mainly second half	From beginning
Type of project	Application trial	Enabling/application technology
R&D capability	None or very limited	High
Suitability for RTD project	Medium	High

The vast majority of SMEs however are low tech. These are the small manufacturers, retailers and service companies. They do not possess any in house R&D capability. However it is important for the general economy that they adopt leading edge technologies to remain competitive. So they have to be encouraged to take up latest technology.

SME opportunities per instrument are seen as follows –

Instrument	Low Tech SME	Note	High Tech SME	Note
IP	As an end user	Medium	Technology contributor	Major
STREP	As an end user	Medium	Technology contributor	Major
NoE	None	--	Management, dissemination, technology transfer, training	Minimal direct involvement with research itself

2.12.2 Funding rules for SMEs

The replacement of the FF cost model by FCF model in FP6 has affected SMEs by decreasing the recognised overheads without justification from 80% to 20%. On the positive side, the overhead now applies to all expenses except sub-contracts and not just labour as in the past. It is also possible to include non-technical staff such as administrators etc., directly working on the project. However, this still would leave most SMEs far short of the previous funding levels. On the other hand, I believe if an SME chooses the FC model, it should be possible to exceed FCF funding levels in most cases. I understand that even for micro-companies. i.e. 5 or 10 staff it should be possible to come up with a model that could justify overheads of more than 20%. I know that some accountants are able to come up with a legal creative model to maximise benefits of FC usage by SMEs. I wish they could make it freely available.

It is important to note that Exploratory Awards are no longer be available.

2.12.3 Opportunities for High Tech SMEs

High Tech SMEs have many possibilities for participation as they have strong innovative R&D capabilities. In fact, they can participate in every area of the IST program, perhaps with the exception of FET as it is much more academic and long term. As the inclusion of SMEs is now part of an evaluation criterion, I had hoped this will enable the more stable and mature of them to participate. However, the way this evaluation criterion is worded it doesn't really favour High Tech SMEs. For those that are already involved with some of the major players either directly as part of their supply chain or indirectly, it should be much easier.

2.12.4 Opportunities for Low Tech SMEs

The role of low tech SMEs has generally either been as end users for new technology. There is much less of this in IST in FP6 with the elimination of stand alone take-up projects. This is a major blow for low tech SMEs. However, where appropriate Take up is possible within IPs, but towards the end of the project. But a further blow is that this new type of Take-up is considered under Innovation; which is only at the 50% rate. So this does not offer much immediate help for them. Where there are opportunities is within "Networked Business and Government" as part of the so called "business ecosystems".

In addition there will continue to be opportunities under the Innovation/SME program but that is not directly part of IST and the elimination of Exploratory Awards has also dealt a blow to this.

2.12.5 SME Financial viability issues

Given that an SME has found a suitable project opportunity, its financial viability will come under question. Even though the Commission says it has eliminated the need for this, it has only transferred the risk to its industrial partners and still exists for coordinators. Thus one would expect potential partners to undertake such checks and perhaps require guarantees. This raises other potential problems such as commercial secrecy. **The best way to resolve this issue would be if some third party would insure against the failure of any partner.** The cost of any such insurance would be 100% recoverable under the management costs. It is unclear what the insurance companies would require by way of security. However even this is not being uniformly applied with some Commission Units still involving themselves in financial viability checking of individual partners.

2.12.6 Domination by large companies

The issues raised in 2.12.5 has the spectre that IPs will be dominated by the large industrial companies who would only allow in SMEs that they already work with and so it has been in many areas in the initial calls of FP6. However as I remark elsewhere, I don't see major problems for the larger SMEs to co-ordinate IPs in most of the technical areas. However, in practice, this does not seem to have happened.

2.12.7 Implication of non-monolithic IPs

A way for large organisations to appease the SME requirement would be also to proclaim in the proposal

that suitable SMEs would be added in say after two years in an internal call for additional participation. However, that would normally only apply to low tech SMEs as I would expect the high tech ones to make a contribution from the beginning. In any case the costs involved in having an internal call will detract from the R&D funding and no one sees a problem in identifying SMEs at proposal time. In the first two calls only one or two IPs have availed themselves of this option.

2.12.8 Evaluation criteria

As mentioned previously, participation of appropriate SMEs now constitutes a part of the criteria. However the wording – does not favour high tech SMEs!

2.13 Available R&D Funding

One of the rationales for the introduction of the new instruments was to reduce amount of Commission micromanagement of projects, moving from 'input management' to 'output management'. An implication is therefore that less Commission staff would be required. In FP5 approximately 7½% of the budget of the overall budget of the program was used to fund the Commission staff. In IST for example there were around 300 project officers with additional management and support staff. In order to demonstrate a reduction, in FP6 this percentage has been reduced to 6½%. This management charge does not in reality reduce the amount of money available for funding projects as it is offset by the contributions from the Associated States which has never been included in the published funding amounts. It is necessary to bear in mind that it will not be really until years 3 and 4 that reductions in work load will be seen due to ongoing FP5 projects. Even so, staff numbers are already being reduced.

That being said, at the bottom line I note that the projects have asked for substantially more than before in management costs and, given that first 7% will be fully paid, the overall spend in the program on R&D will decrease substantially. Even the costs for Audit Certificates will add considerably to non-research expenditure and the larger project size and costs involved in having internal calls etc. will add to administrative costs. It was normal to have about 10% of a projects costs allocated to Project Management, however I am sure it will be more like 12% or so with the first 7% paid at 100% in effect increasing the previous 10% to 15%. Thus we are off the top losing 5% of the research budget and not seeing a commensurate reduction in Commission management fee.

In a paper[1] I wrote for the Idealist project examining problems SME s experienced in participating in IPs, I calculated that about 500 MEuro less in real R&D funding was available in FP6 IST program when compared to IST in FP5.

2.14 Future IST Calls

The current scenario is as follows –

Call	Closing date	Funding	Note
IST FET Open	20 Sep 2005	120 MEuro	Last step 1
IST Call 4	22 March 2005	1,120 MEuro	Similar to Call 1 SOs
IST Call 5	21 September 2005	638 MEuro	Similar to Call 2 SOs
Supplemental call	?	?	Transition to FP7 ??

[1] Informal Report Participation of SMEs in Integrated Projects in FP6 IST Calls 1 & 2 - Feed-back and Recommendations - Myer W Morron - updated 28 July 2004

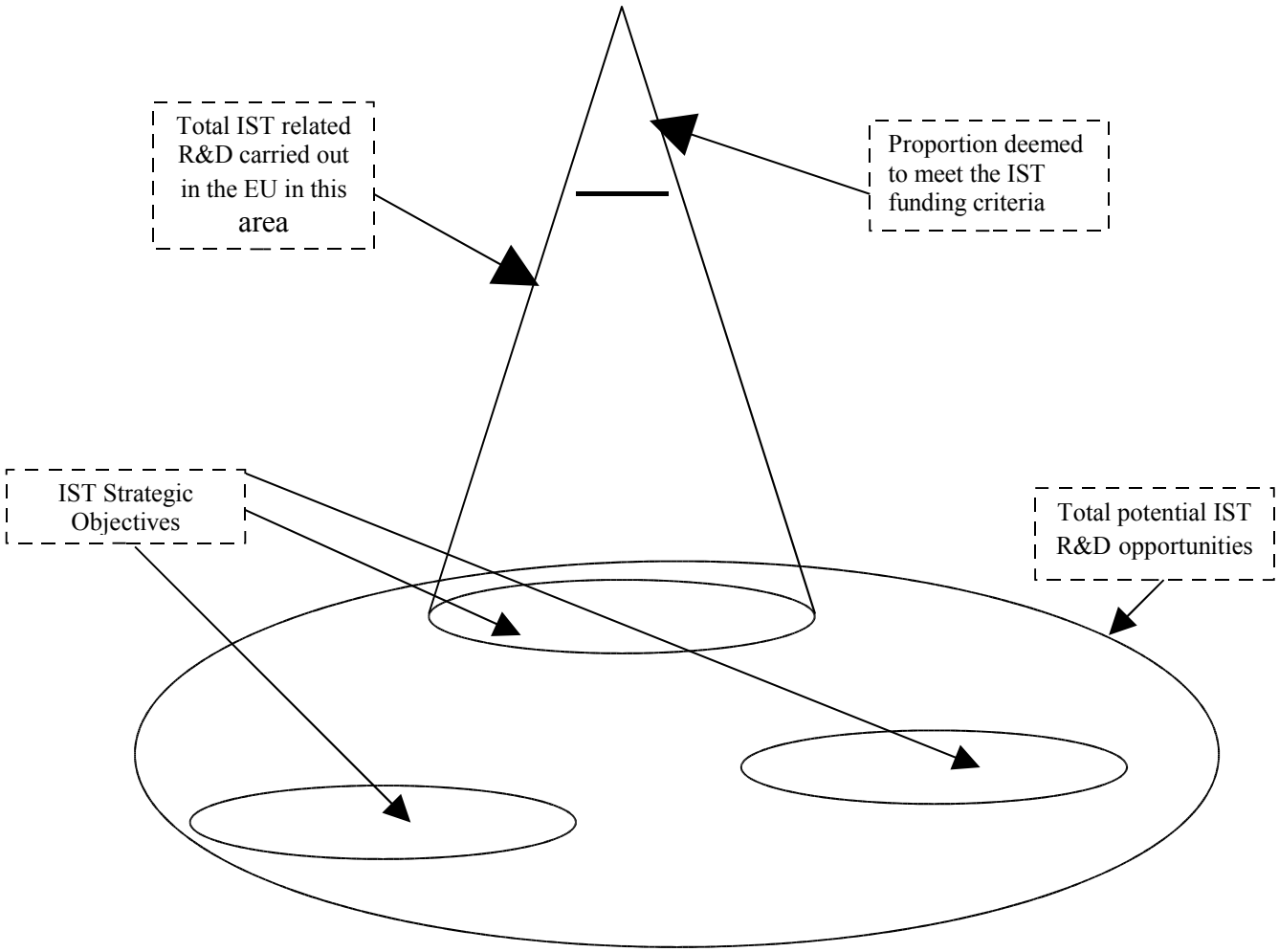
3 Formal process

3.1 Workprogram

The overall process is driven by the Workprogram and more specifically, the Strategic Objectives. The initial IST Workprogram covered two years but is modified after the first year and replaced for the second two years. The initial Workprogram is annually updated and it is vital to start from the current latest version. It has been practice to have a final draft of the following years version available in November for initial distribution at the annual IST conference which is now normally held in the country holding the EU presidency.

The remaining two major IST calls for FP6 (Call 4 and Call 5) are now defined (see 2.14). I expect that a minor Call 6 will be added to pave the way forward into FP7.

The Workprogram is always a top down document. Not all possible technologies in the ICT field are included. The intention is to focus this funding onto selected key enabling and application technologies. And of course IST R&D is targeted at current generation technology plus two – i.e. fairly far from the market. This is illustrated below.



After identifying your reason for planning to participate, the first step for potential participants is to examine the Workprogram and identify which specific Strategic Objectives are of potential interest and which topic within. You should also know as soon as possible which type of project would be most appropriate. It is usually necessary to attend an IST Information event either held in your home country or some central event in Brussels or elsewhere to understand the thinking behind the items and to discuss your ideas. Because of the type of language, it is not always obvious what they are actually looking for,

especially to newcomers. Some IST Units publish on their web site an expanded version of their section of the Workprogram or other background documents. Again it is important to verify if such a document exists in your area of interest.

In the past most Strategic Objectives continue from year to year with only minor changes. This is still the case in the second half of IST in FP6 - with Calls 4 and 5 mirroring Calls 1 and 2 to a large extent. The IT world is so dynamic that it is unrealistic to stick to a predetermined four year plan. This is now recognised and taken account of.

3.2 Deciding to Propose

There are many considerations to take into account and I hope that the rest of this chapter will assist in the decision. However there are some specific items about suitability as follows

3.2.1 R&D Proposals Suitable for FP6

- Work that is clearly in the scope of an IST Strategic Objective
- Work that is clearly within the scope of required instrument
- Longer term project with large potential impact (Current Generation Technology plus two)
- Work that advances the state of the art
- Clear technological risk
- Does not repeat work currently underway
- Establishing business relationships in EU
- Can wait for six to twelve months to start funded work
- Project funding appropriate for instrument

3.2.2 R&D Proposals Unsuitable for FP6

- Where only seeking funding source
- Something that needs to start now
- Does not clearly advance the state of the art
- Product development/lower risk (Current Generation Technology plus one)
- Lacks clear market or strategic impact
- Anything outside IST scope
- Anything that is extremely secret
- Where you don't need to collaborate
- Where you could do all the work in-house

3.3 Calls for Proposals

When the Strategic Objective and correct instrument have been identified and validated the proposal submittal timeframe should be clear. The Workprogram identifies the planned dates for each Strategic Objective. Note that these dates are only for guidance and can be changed by up to a month in either direction. There are two key dates per call – the opening date and the closing date. They are generally at least three months apart. Tenders may be shorter (they are outside the scope of this document) and some may be much longer – especially those involving so called third countries.

The absolutely **key date is the closing date**, as proposals submitted after this date will not be evaluated. The significance of the opening date is much less – it is the date when the notice of the call is published in the Official Journal. Its contents are available as drafts from national coordinators several months prior to it being published and in any case all the relevant information is in the Workprogram. However, when the call is formally opened, various other needed administrative documents such as the various Proposer Guides are also published. **It is a mistake to wait until a call is formally opened to start to work on a proposal** – it is probably too late already.

The Idealist project conducted a survey early 2003 among IP coordinators and found that 2/3s of consortia had been basically formed prior to the first call being issued. Although they could accept additional partners after that, the core team had already formed[1].

3.4 Partner Search

Finding suitable partners is key not only to achieving your business goals in the project but also it is key to having a successful proposal and eventual project. It is also the single biggest problem for newcomers to the Program. It must be seen as an initial bootstrap process. Once you are participating in a project, it is much easier to get into further projects. In fact it is sometimes too easy and many are sucked into some projects that, on reflection, they perhaps should have avoided given the scarcity of skilled manpower. Each potential participation must be closely reviewed in the context of your organisation to check the cost/benefit of participation.

Thus prior to initiating a partner search the business reason for your participation must be clearly understood - this allows you to judge, from a business perspective, whether a potential partner is an asset or not.

One has to remember that most consortia consist of many participants. Only one can be the Coordinator. Thus for every Coordinator there are perhaps say twelve additional contractors, depending on instrument. We find that small companies with an innovative idea always want to be the Coordinator. This is not usually a good idea. See 3.4.1 below for a discussion on the reasons. In FP6 it is not really possible in IPs because of the financial and resource requirements.

The way to go about the partner search depends on whether you plan to co-ordinate and thus you are looking for partners to join in the realisation of your idea - this we refer to as a Type A search. However if you are looking to join some one else's proposal as a participant - this we call a Type B search. We have recently introduced the concept of a Type C. This is a Type A search where the originator does not want to coordinate and is also looking for a coordinator for his idea.

3.4.1 To co-ordinate or not

This decision is also dependent on the particular instrument. IPs and NoEs require much more consideration as the respective management effort and commitment is much higher than the traditional instruments.

The benefits of being the Coordinator of a project can be summarised as follows -

- Appointment of the Project Manager
- Direct contact with the Commission and their staff
- Overall control of the project direction and budget
- Chairing of the Project Management Committee
- A de facto preferential position with respect to exploitation and rights
- Easier access to the 100% funded management budget
- Better visibility and publicity

However, there are offsetting potential drawbacks -

- More manpower required for management and administration but they can be 100% funded
- There is a corresponding executive level commitment required
- Better knowledge and experience of the process and procedures required

[1][Paul Drath Published in Proceedings of eChallenges-2003 conference 22-24 Oct. 2003, Bologna, Italy. "Building the Knowledge Economy. Issues, applications, case studies". Ed. by Paul Cunningham, Miriam Cunningham and Peter Fatelirig. IOS Press, Ohmsha, 2003] How research project co-ordinators choose partners for IST proposals

- More management attention required

I advise companies to co-ordinate if the following is true -

- The project is strategically important
- It is basically your idea
- Your organisation has multinational project management experience
- You have a suitable Project Manager
- Your company is established for several years and is financially secure
- You have previously participated in a EU project (not mandatory if your organisation is a major world player and of sufficient size and stature)

This last point is for the evaluators - who in assessing the proposal would expect reassurance that the potential Coordinator can carry out the work successfully.

Note that in the above, only fairly large financially solid companies should consider coordinating an IP, whereas smaller ones could coordinate STREPs, CAs or SSAs. Companies, in general should not really be involved in NoEs. See later sections.

However, if you do not fit above criteria but the project is strategically important and you are the driving force, then you should submit as Coordinator and perhaps hand over this to a partner during negotiation stage with the Commission. You could then in the Consortium Agreement ensure that you are essentially still in the driving seat and even provide the Project Manager and/or the Technical Director. If you do plan to submit as Coordinator, ensure that you do not say that your company is only two years old and has three staff. Only document your strengths.

Proposals have failed because from looking at the participant list and the split of funding and resource, it is frequently clear who the major contributor is. If it is not the Coordinator, the evaluators may, quite correctly question the commitment of that player, not only to the project but to exploiting the results.

There have been cases of companies preparing a proposal but submitting it via a partner as the coordinator. It passed evaluation but with some comments to cut back the project to a certain extent. The result was that the coordinator threw out the originating partner. Remember that the coordinator of a proposal is in a unique position to dominate the contract negotiations.

In the IST program (except for NoEs and FET), it is not a good idea to have a University be the coordinator. It rarely succeeds and if it does it is despite it. Most Professors make exceptionally poor project managers. If they could manage or write winning IST proposals they would normally be in industry and not be academics. You have been warned!

3.4.2 Type A

You are originating the idea. You plan to coordinate the proposal and the resulting project and are looking for suitable partners. It is possible to act during partner search as a Type A but subsequently when you gather a group of partners to hand over the co-ordination to someone else, assuming everyone is agreeable. This is a useful way to try to progress your own idea without incurring the overheads of Coordination or if your organisation is not a suitable Coordinator for one of the reasons above. Traditionally, the cost of preparing a proposal and submitting it as a Type A organisation could come to €20,000 in your own costs and those of contracted consultants or it could be as little as five or ten thousand; it all depends on your own abilities and experience. However, with the new instruments, the costs could now be several times this. One should consider spreading it across a core group of organisations that would share the work and costs and in return have a more significant role in the resulting project. i.e. set up a core team of partners.

There are many possible ways to carry out a Type A search. However there follows a list of methods in the order you should examine them. Frequently a Type A search is used to publicise an organisation's interest with a view to handing over coordination to a more suitable partner.

1. Via contacts during existing project (if you have one)
   This is the absolute best method but only if you already have a project. For first time participants it of course doesn't apply. This is important. Getting your first project is by far the most difficult. Once you are in, other projects come more freely. For example Concertation Events are held for participants in projects by technical area to discuss mutual issues and this is an ideal forum to forge new alliances and generate ideas for a new project.
2. Via your own technical/business contacts in Europe
   This is of obvious business advantage. However it is always better not to have too many organisations new to the Framework Program in any single proposal.
3. Via participation in a related European industrial or trade association.
   In some areas such groupings play key roles in formulating the ideas for the program in cooperation with the Commission.
4. Via CORDIS partner search
   On this online database you can record the type of project you wish to undertake, the type of partners you are looking for and the Strategic Objective you wish to submit under. However this database although large contains a large number of extremely general and usually out of date information. Most of the major players do not use it. Try it, but don't rely on it. One of its major drawbacks is that there is no quality control over its content and thus many organisations put in very general entries that cover almost all technical areas. This means that when you scan it you pick up many organisations that in reality have little to offer in your specific area.
5. Via the Expression of Interest data base
   In May/June 2002, the Commission requested ideas for IPs and NoEs. Details on some of the response can be found at http://eoi.cordis.lu/search_form.cfm This is a useful place to look for suitable contact people. However there is no guarantee that the idea will prove successful. In fact there are two major problems with these specific EoIs. The first is that they are invalid for the instruments stated. Most IP ideas are better seen as scaled up RTD proposals. The second is that the subjects were decided before the draft Workprogram was published and thus they do not align with the Strategic Objectives. So take them purely as a statement of interest and not as valid ideas necessarily. Also remember that it was possible to request anonymity for an EoI and I would think that the best ones did. Thus searching this data base may well not reveal who the most likely winners may be. This EoI exercise is unlikely to be repeated in FP6.
6. Via IDEAL-IST Active partner search
   IDEAL-IST is an IST funded project that has a point of contact in each participating country with a prime aim of assisting potential proposers to find partners. As a Type A, you can submit your specific search request via a special form to your own country node. After editing and review, this will be sent to all the other country nodes and published on the Idealist web site. This allows interested parties to contact you. The success rate is very high with more than two thirds finding partners within two weeks.
7. Via participation in previous projects
   This is an extremely effective way to identify potential partners. There are online searchable databases that contain synopses of all current and previous projects by technical area. These also identify the participants. So it is possible for example to find all previous projects in a specific area for a named organisation and identify the point of contact in the organisation for each project. Or it is possible to search for all

previous projects by some technical key words and identify the participants etc.

8. Via contacts at Commission sponsored events or Information Days
   Each technical area or Strategic Objective has a Project Officer in charge in Brussels and it is beneficial to try to meet him either in Brussels or at some event. This is useful to discuss potential ideas to see if they are in scope or perhaps to seek advice on potential suitable partners. Project Officers will informally frequently suggest particular organisations.
9. Via participation in or contact with Roadmap projects where applicable.
   In the final call of FP5, some of the IST key Actions funded projects that were in essence studies to map out some strategic areas. This was strongest in KA II. Some of these projects will be the core of future proposals. It is a good idea to contact those in your area of interest offering to assist or to attend the workshops many of them are organising. But before contributing things have some written agreement that you will be permitted to join their proposal.
10. Via participation in a European Technology Platform activity
    This is a new type of activity for the second half of FP6 that will lead into FP7. Several strategic areas have been identified; in IST so far three and part of their remit is to mobilise all of the relevant actors in the sector and part of the role is to create future roadmaps for calls. See section 9.12.
11. Via technical area specific activities
    Some technical areas have their own partnering mechanism. These can be best identified via the activity specific web site.

Of course in practice, most successful searches end up being a combination of several of the above.

An important point is not to disclose too much in a partner search. If you use CORDIS or Idealist or some other search mechanism, the goal is to identify potential partners, not to justify your idea. All to often too much detail is disclosed that could give assistance to potential competitors. In other words mention the "what" not the "how". Be discrete.

3.4.3 Type B

You wish to participate in a project that someone else is co-ordinating. You have specific technology and/or capability to contribute and are looking for a suitable proposal. This is the best way to "bootstrap" your organisation into the program. Also remember that there is only one Coordinator per project; so this is by far the most common type of Partner Search. Even when your technology is the key essence, it may well be that your contribution could be as Work Package leader in a larger project, where your speciality is a contributing element. One person's system is another person's component.

The way to go about it appears very similar to that of Type A above, but the detail is different as explained in the following recommended list of approaches.

1. Via contacts during existing project (if you have one)
   This is identical to point 1 under 3.4.2 above.
2. Via your own technical/business contacts in Europe
   This is of obvious business advantage if you have some that are not new to the Framework Program and you enquire if they are aware of opportunities of potential mutual benefit.
3. Via participation in a related European industrial or trade association.
   This is identical to point 3 under 3.4.2 above.
4. Via CORDIS partner search
   This is identical to point 4 under 3.4.2 above.
5. Via the Expression of Interest data base
   This is identical to point 5 under 3.4.2 above.

6. Via IDEAL-IST Active partner search
   IDEAL-IST is an IST funded project that has a point of contact in each participating country with a prime aim of assisting potential proposers to find partners. As a Type B, you can scan the searches online. The quality is much higher than CORDIS but you have to be quick as consortia get formed very quickly.
7. Via participation in previous projects
   This is an extremely effective way to identify potential partners. There are online searchable databases that contain synopses of all current and previous projects by technical area. These also identify the participants. So it is possible for example to find all previous projects in a specific area for a named organisation and identify the point of contact in the organisation for each project. Or it is possible to search for all previous projects by some technical key words and identify the participants etc. For a Type B, this can be used to identify Coordinators.
8. Via contacts at Commission sponsored events or Information Days
   This is identical to point 8 under 3.4.2 above.
9. Via participation in or contact with Roadmap projects where applicable.
   This is identical to point 9 under 3.4.2 above.
10. Via participation in a European Technology Platform activity
    This is identical to point 10 under 3.4.2 above.
11. Via technical area specific activities
    This is identical to point 11 under 3.4.2 above.
12. Via parallel EUREKA activity (See 9.7)

Of course in practice, most successful searches end up being a combination of several of the above.

3.4.4 Due Diligence

You are about to embark on what is a business relationship with some organisations. If the organisations are not well known to you, it is always an excellent idea to check up on them, especially if they have had previous projects in the Framework Program. It is possible to find out informally if they completed it successfully. In essence verify that they would be an asset to you - not a liability. Remember that the industrial contractors to an EU RTD contract have collective responsibility. In practice, the Commission enforces this beneficially if you undertake work in good faith. i.e. they will not generally sue you if a partner defaults.

The overall key point in any kind of Partner Search is "***Try to work with proven winners".***

3.4.5 Memorandum of Understanding

Given the completely new form of contract and the devolved management of FP6 projects, I would suggest that every potential participant to a proposal sign an MoU that would outline the ground rules for the Consortium Agreement. If this is not done well before proposal submission then it leaves too many issues unresolved and also leaves the various parties open to major misunderstandings and manipulation.

For IPs and NoEs I would suggest that a core team be identified and they conclude this MoU between them. It should basically cover the main points of the Consortium Agreement as outlined in 7.2 with details of how the Agreement will be settled. It also seems to be useful to ensure that no party has a conflict of interest by being involved in a rival consortium submitting on the same subject. I see the following as potentially part of an MoU:

1. Non-disclosure agreement
2. Non-competitive clause i.e. competing consortium
3. Status in consortium i.e. "Core" partner or not
4. Role in consortium

5. How to handle financial viability check and who pays
6. Access to the 7% management at 100%
7. Notional level of participation
8. Identification of background IPR
9. Any relevant issues regarding generated IPR
10. Any relevant exploitation issues

3.5 Proposal preparation and submittal

Proposals are prepared and usually submitted by the Coordinator or his agent. Proposals for R&D are always made in consortia. One member of the consortium, is designated as the Coordinator and it is their job to put together the proposal with the assistance to a greater or lesser extent of the other partners and submit it to the Commission as required. Generally, if the proposal is accepted, the Coordinator will be expected to become the project Coordinator and thus be responsible for overall project technical direction, as well as administration and management.

There are now (from Call 3) only two ways to prepare and submit an IST proposal, as follows –

1) Off-line preparation using EPTool, followed by on-line submission via EPSS – see 3.5.4 below
2) On-line preparation and on-line submission using EPSS – see 3.5.5 below

EPSS is the Electronic Proposal Submission System and EPTool is the Proposal Preparation Tool that is part of EPSS or can be used off-line by itself. Note that use of EPSS or EPTool requires Internet Explorer 5 or higher, Netscape 7 or Opera 7.

Remember, the Coordinator is the one who has to operate EPSS. If you are not the Coordinator, he will send you an A2 form to fill in, and ask for your contribution to part B as well as your estimated man months, man rate, cost model, budget and requested funding.

Sections 3.5.1 and 3.5.2 below describe the content of proposals; See Appendix 4 for links to the various guides and support material available on-line.

The proposals themselves are in two parts –

- Part A The Forms
- Part B The technical proposal and consortium details

3.5.1 Part A - The Forms

In FP6 for most proposals there are three forms as follows -

A1 - General information on the proposal containing the following:

- Type of Instrument
- Proposal number/Acronym
- Duration in months
- Call ID
- Research objective(s)
- Proposal abstract and keywords

A2 - Information on the Coordinator and partners, one form for each with following information:

- Participant number, Name address etc.
- Activity type, legal status, SME
- Dependencies with other participants
- Person in charge - Name, Address etc
- Proposal previous submittal

A3 - Cost breakdown - one sheet for whole project for all instruments except NoEs
With breakdown for each participant and by activity type, Cost and Requested Grant

A3 - Cost breakdown - one sheet for whole project for NoEs
With breakdown per participant the number of researchers to be integrated by sex and same for PhD students.

3.5.2 Part B - The Proposal

The Proposer Guides identify the following required contents for Part B:

All instruments - (See table below for variations)

- Title Page
- Links to Priority
- Criterion 1 aspects (Relevance to objectives)
- Criterion 2 aspects (Potential impact)
- Criterion 3 aspects (S&T Excellence)
- Criterion 4 aspects (Quality of the consortium)
- Criterion 5 aspects (Quality of/and Management)
- Criterion 6 aspects - not for NoEs or SSA - (Mobilisation of Resources)
- Other aspects (ethics, safety, gender issues ....)
- Overall work plan of project

In addition IPs have to supply –

- 18 month implementation plan

and NoEs have to supply –

- Detailed Joint Program of Activities (JPA)

The evaluation criteria are slightly different for each instrument as summarised in following table -

Criterion	IP	NoE	STREP	CA	SSA
1	Relevance to objectives	Relevance to objectives	Relevance to objectives	Relevance to objectives	Relevance to objectives
2	Potential impact	Potential impact	Potential impact	Potential impact	Potential impact
3	S&T Excellence	Excellence of the participants	S&T Excellence	Quality of the coordination	Quality of the support action
4	Quality of the consortium	Degree of integration and JPA	Quality of the consortium	Quality of the consortium	Quality of the Management
5	Quality of Management	Organisation and management	Quality of Management	Quality of Management	Mobilisation of resources
6	Mobilisation of Resources	-	Mobilisation of Resources	Mobilisation of Resources	--

Note FET is different from above.

3.5.3 Notification of Intention to Submit

It is required to prepare and submit a proposal using the Electronic Proposal and Submission System (EPSS). Electronic submittal via EPSS is mandatory from IST Call 3. Another change from Call 3 is the mandatory use of pdf for Part B - submittal in rtf is no longer permitted. You thus need to pre-register with EPSS and receive a password. This now serves two purposes; first to enable use of EPSS itself, but also now gives advance notification of upcoming proposals which enables an informed selection of evaluators by Commission staff. Please note that final proposal package size is limited to 10 MB.

3.5.4 Off-line preparation using EPTool, followed by on-line submission via EPSS

You must download and install the EPTool tool on your computer. There are two versions, one without Java (about 1.7 Mbytes) and one with Java (almost 7 Mbytes). If you are unsure if you have Java already installed, I suggest you first try the non-Java version and if it doesn't work, go with the full package.

Once you have successfully installed EPTool, you need to download the appropriate instrument package and unpack it. They appear to be around 150 Kbytes zipped. You should then print out the guide and follow the instructions that seem reasonably good. Note that package has a proposal template in rtf that you can use – but it is not compulsory.

You use EPTool to prepare the A forms and OpenOffice, Word, Acrobat (Writer) or similar package to prepare Part B. Try to ensure the following for Part B –

1. You are using A4 page layout and not US letter format
2. You save and submit in pdf format – note rtf submittal no longer allowed
3. You use a standard Western European Character set.

To use the EPSS online submission, coordinators have to register with the system to receive a login and password(s). At that time you have to decide if you are going to online creation or off-line creation of Part A. If you change your mind prior to submittal, you will have to reapply for a new password etc.

Chapter 10 of this book is a much more detailed section on how to prepare a proposal with an emphasis on a STREP.

3.5.5 On-line preparation and submission using EPSS

You prepare the A forms online and use OpenOffice, Word, Acrobat (Writer) or similar package to

prepare Part B. Try to ensure the following for Part B –
You are using A4 page layout and not US letter format

1. You save and submit in pdf format – note rtf no longer allowed
2. You use a standard Western European Character set if rtf or similar.

This system allows the consortium under the control of the coordinator to build up Part A of the proposal on the web. The coordinator has to separately create and upload Part B. The final submission step is merely releasing the proposal to the Commission.

To use the EPSS online submission, coordinators have to register with the system to receive a login and password(s). At that time you have to decide if you are going to online creation or off-line creation of Part A. If you change your mind prior to submittal, you will have to reapply for a new password etc.

There are two types of passwords controlled by the registered coordinator. The first is his own that allows him to control the entire process. The other is the individual passwords given to his partners that allows them to fill in their A2 form on-line.

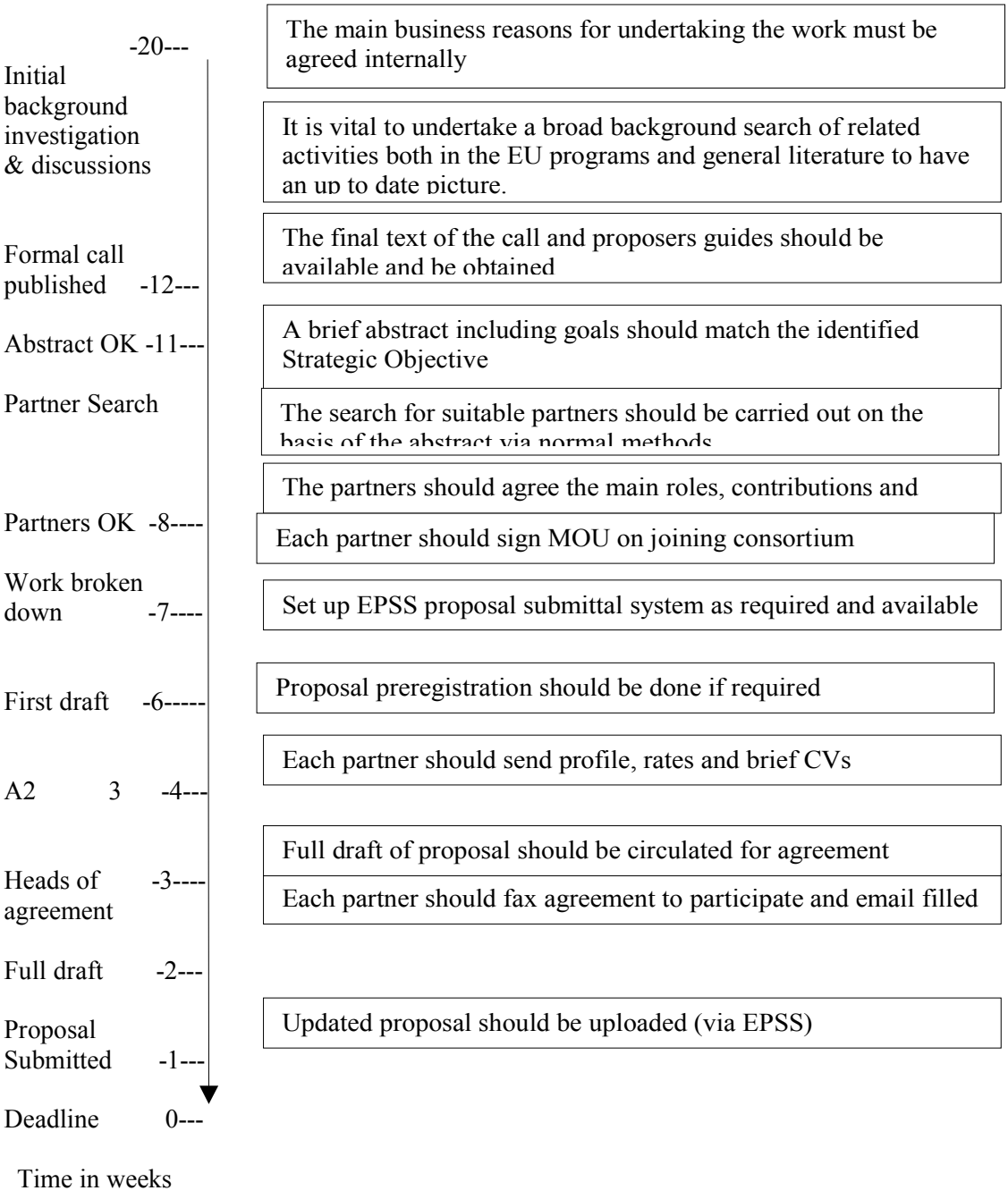
Chapter 10 of this book is a much more detailed section on how to prepare and submit a proposal with an emphasis on a STREP.

3.6 Proposal Timeline

In order to have some perspective on how to plan your proposal, the following may be useful. It is from the perspective of the Coordinator and is merely a guideline indication. The overall process time is dependent on size and complexity of the proposal. The time line below is an indication for a STREP; an IP or NoE should start much earlier.

The Idealist project study of submitted IPs[1] indicated that two thirds of the so called "core teams" of IPs were formed by the time the call was issued. IST calls are issued a minimum of three months and frequently four months prior to the closure date. Calls over the winter or summer holidays are generally four months and other times three months.

[1][Paul Drath Published in Proceedings of eChallenges-2003 conference 22-24 Oct. 2003, Bologna, Italy. "Building the Knowledge Economy. Issues, applications, case studies". Ed. by Paul Cunningham, Miriam Cunningham and Peter Fatelirig. IOS Press, Ohmsha, 2003] How research project co-ordinators choose partners for IST proposals

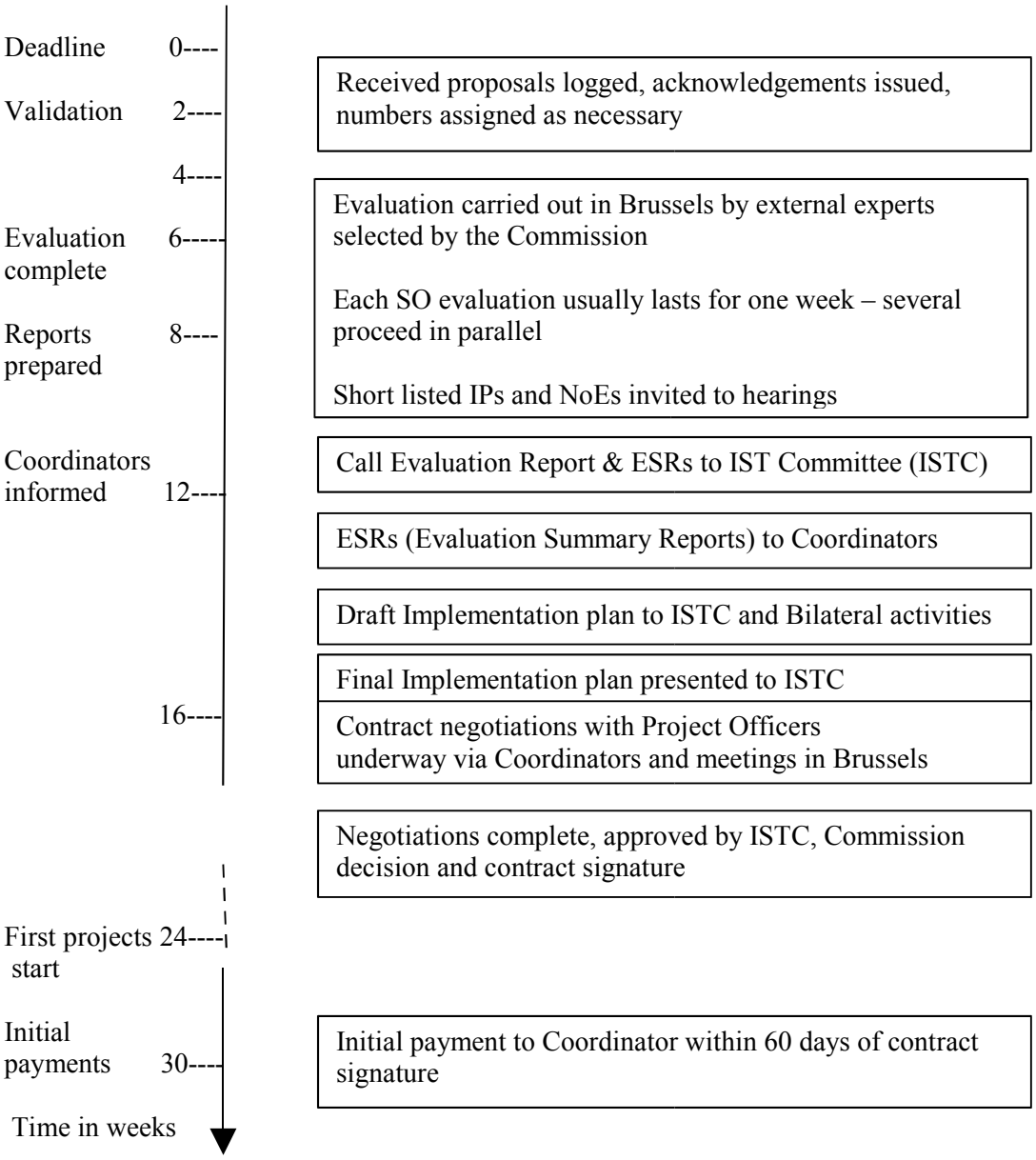


3.7 Proposal evaluation

The proposals go through an initial vetting by Commission staff to ensure that they comply with submission rules i.e. that they were received by the closing date and time; that it is complete and within the scope of the call. Otherwise, the proposal is rejected (or in formal terms "not retained") and does not proceed to the proper evaluation. In general a time line for the evaluation is included in the proposers guide for each call.

A goal is to give a quick "no" where possible in order to minimise the period of uncertainty. However, as we are dealing with large amounts of public money the process has to be fully transparent and fair. This results in it inevitably taking longer than one might expect. However it is fair and there is an independent monitoring panel for every evaluation that reports formally to the Director General in Brussels but also makes its report and recommendations available to the ISTC. The process is continually being refined in light of experience and recommendations.

The evaluation follows this process -



The process is as fair as it can be made. A clear audit trail is kept in case of disputes. Each technical area invites a panel of experts to carry out the evaluation. Each evaluator has to sign a confidentiality agreement as well as a non-conflict of interest undertaking.

The exact process followed by evaluators is detailed in the Evaluation Manual. Briefly, Part B is evaluated independently by evaluators three or five evaluators from the panel and scored. They have to assess it against a series of criteria. Each then assigns score of 0 to 5 with 5 being Excellent. These criteria have minimum thresh holds and those that pass continue in the process. The three or five evaluators then meet to discuss and reach a consensus on a specific proposal and to agree on a joint score for each criterion and this leads to an overall mark. This meeting is generally chaired by a Commission official who has to remain neutral. Some criteria may have higher weights than others. (In the initial calls all weights were set at one.) All of the criteria, thresh holds and weights are detailed in the Workprogram. STREP, SSA and CA proposals are in general evaluated by three evaluators as in FP5 but the new instruments (IPs and NoEs) are evaluated by five. An Evaluation Summary Report (ESR) is also prepared from the individual evaluator score sheets for each proposal evaluated and this is eventually returned to each Coordinator. This so called consensus meeting is really to agree on a joint position and scoring so

this ESR can be prepared and be agreed to by all of the involved evaluators. It occasionally happens that no unanimous consensus can be reached. In these cases either the proposal is evaluated by an additional evaluator or a majority view is taken.

Frequently, evaluators may make suggestions in the ESR that the requested funding should be reduced for specific reasons or other changes made if the project is to be funded. These are only recommendations but are generally accepted by the Commission and taken into account. It is specifically not allowed for the evaluators to query or dispute man rates etc. in the proposal as this is deemed to be out with their competence – they are technical experts. Such things are discussed at contract negotiation time with the Project Officer.

There is then a panel meeting where all of the evaluators covering a technical area meet together and review the relative rankings of the proposals and agree a priority list of those that did not fail on one of the criteria thresh holds. This is an effort to normalise scoring. They include comments and recommendations from the evaluators. For IPs and NoEs an additional step is to invite short-listed consortia to appear before the panel to answer questions regarding their proposal.

The panel then reconvenes and as a result of the hearings may modify some of the scoring and consequent ranking of individual proposals.

In practice, in the first IST call the above scenario of the evaluation was slightly more complex in that each Strategic Objective ran several parallel panels, one dealing with each instrument. These various individual instrument rankings were subsequently consolidated into a single ranking to give the program the necessary balance.

Generally within eight to ten weeks of the closing of the call for proposals, these ESRs are sent out to the Coordinators and each will indicate whether it has been ranked or not. However in the first call it usually always takes a little longer due to its size and the newness of the process. Unranked proposals are almost certainly not going to be funded. Depending on the amount of funding available per technical area some, most or all of the ranked proposals in each area will be contacted to initiate negotiations on a contract. Some proposals may be held in a reserve list for when and if funding becomes available as some proposals may fail if agreement on a contract cannot be reached or if additional funding can be found.

Each funding country is represented on the ISTC (IST Program Management Committee) and these delegates can clarify status and as necessary suggest changes to the resulting rankings. On completion of the contract negotiation activity, this committee gives an opinion on the negotiated contracts.

It is this phase from completion of the evaluation until contract issuance and signature the ISTC delegates can assist in resolving "problems" that may arise.

3.8 What to do if your Proposal Fails

You have been part of a consortium and received back the ESR (Evaluation Summary Report) and it shows that your proposal has not been retained. This could be because it did not reach the threshold score on one or more criteria or was not ranked high enough to get funded. In either case you should follow these steps in an orderly fashion – the lead being taken by the Coordinator.

3.8.1 Check the ESR carefully

Go over the ESR very carefully to ensure that it is factually correct. This does not include what you would consider invalid opinions. If the evaluators did not correctly understand the proposal, it is almost always because it was not written correctly. If there are factual errors, it is possible to clarify via the National Program Committee delegate, if this is really an error. The delegate will be aware to whom such representations should be made. In the past, this has very rarely led to a re-evaluation of the proposal.

There is no formal appeal process.

3.8.2 Get further information

Ask for clarification of the reasons for failing. The ESR is a sanitised consensus summary of the individual evaluation reports. The relevant Project Officer will have the originals and will usually be prepared to read most of the content to you over the phone and add his own thoughts. This information can be extremely helpful if you wish to resubmit. It is normal to make contact via the Coordinator's National Program Committee delegate.

3.8.3 Use of the Program Committee - "Appeals" and "lobbying"

Lobbying during the evaluation is not helpful and counter-productive. The best lobbying time is when the call is issued. But here we discuss post evaluation activities and "pseudo appeals" specifically. There is a great deal of misinformation about this process. Firstly the NCPs (National Contact Points) are not involved unless they also happen to be the National Delegate. Also, it is impossible to have a proposal's score changed in any way. At best if there has been an obvious clear mistake (not a matter of opinion) or if there has been a clear procedural error, then it has been known that a proposal has been re-evaluated. Although I am unaware of such a re-evaluation resulting in a proposal passing. It is so rare. The best that can be done is, if a proposal has passed the evaluation but is ranked too low to get funding, to encourage additional funding to cover it. But here again, it is unknown to skip intervening proposals. So this may only work if it is very close to the funding line.

There is no formal "appeals" process. People unhappy with how their proposal has been scored, can write to the Commission, to the President, to the Queen, to the Director General etc. but in the end 99.9% of the time nothing will happen because the evaluation is carried out by a panel of independent external experts with impeccable CVs. In all cases I have seen, the problem was the proposer not including in the proposal what to him is obvious, or writing it in an obtuse fashion. If it is down to subjective matter, the Commission wins. I am unaware of anything ever coming to court – at least in the IST field - but be assured, the Commission has its back well covered.

In practice, when someone makes a formal complaint by writing to someone "high up", the letter eventually finds its way to the responsible director, who, in my experience contacts the relevant National Delegate. So not discussing it with your delegate and listening to him, is not a good idea.

The best that come from lobbying in most cases is perhaps a better chance of getting funded next time. If your proposal has passed the evaluation but is either on the reserve list or not being considered for funding because of its relatively low score, the National Program Committee delegates of the principal consortium members led by the Coordinator's can make representations in Brussels to try to promote the proposal and get it funded. This can succeed, especially if the Commission staff think the proposal is better than the evaluators scored it. In the past, the staff generally has some funding in reserve for such representations or could borrow it from the following year's budget. However it has been noticeable that with the change of Director General in DG INFSO, such flexibility seems to have been extremely limited.

3.8.4 Resubmit where possible

Finally, it may be possible to improve the proposal and resubmit, assuming there is a suitable call coming up. In such cases you have to note on the Forms that it has been previously submitted and it is essential to have an in depth discussion with the Project Officer to ensure you address their concerns adequately. Of course there may not be any suitable call – in which circumstance the only option is to try to ensure a suitable Action Line is included for the following year and then go for it or, if all else fails, forget it.

4 Types of Project, Roles & Structure

There are many different ways to characterise projects and roles. I try here to mention the main categories. This should be useful for newcomers to become familiar with the possibilities as well as to be aware of the terminology if it arises in discussions. It is important to understand this when you are considering forming a consortium or joining one. After the mid term report on the implementation of the new instruments in FP6, some clarifications were issued in order to clarify the differences. However, this document is not IST specific and has averaged numbers across the Framework Program. I have estimated the IST specific characteristics and have summarised some of their different aspects as follows –

Instrument	Minimum participants*	Typical participants	Typical Duration	Typical Funding
STREP	3	4 – 8	2 – 3 years	1 – 3 M€
IP	3	8 – 15	3 - 4 years	6 – 25 M€
NoE	3	6 – 12	3 - 4 years	2 – 8 M€
CA	3	3 – 12**	1 – 3 years	0.5 – 2 M€
SSA	1	3 – 12**	1 – 3 years	0.5 – 2 M€

* Legal minimum, two of the three need to be from member or accession states and one associated or member accession state. For SSA legal minimum is one from Member/accession or associated state.
** Very dependent on the type of activity - many have considerably larger consortia such as Idealist which has 34 partners.

4.1 Refined Instrument Definitions

As a result of the FP6 mid-term review (the Marimon report) and other inputs it became clear to the Commission that there were differing interpretations of the meaning of the various instruments. Such inconsistencies existed not only between the Commission staff and Proposers but between different Units, Divisions and Directorate Generals of the Commission itself. In an effort to clarify the situation a consistent set of definitions is included in all the latest Guides for Proposers. This section has been revised to be consistent with this new view.

They have repartitioned the instruments (away from "new" and "old") as to be aimed at three types of action:

- Generating , demonstrating & validating new knowledge (STREPs and IPs)
- Durable integration of research activities/capacities (NoEs)
- Supporting collaboration, coordination & other activities (e.g. conferences & studies) (CAs and SSAs)

4.1.1 STREP versus IP

Instrument	Purpose	Target audience	Activities	Flexibility	Enlargement of partnership within the initial budget	Specific characteristics
IP	Ambitious objective-driven research dealing with different issues through a "programme approach"	Industry, including SMEs Research institutes Universities (Possibly) Potential end-users	One or more of: Research Demonstration Training Innovation linked activities Management of the consortium	Annual update of work plan	Possible through "competitive calls"	"Program approach", focussing on multiple issues As a rule several components Often multi-disciplinary
STREP	Objective-driven research more limited in scope than IPs and usually focussed on a single issue	Industry, including SMEs Research institutes Universities	One or more of: Research Demonstration Innovation linked activities Management of the consortium	Fixed overall work plan	Possible	"Project approach", focussing on a single issue As a rule one component Often mono-disciplinary

4.1.2 NoE

Instrument	Purpose	Target audience	Activities	Flexibility	Enlargement of partnership(within the initial budget)	Specific characteristics
NoE	Durable integration of the participants' research activities	Research institutes Universities Mainly indirectly: Industry (possibly through steering committees, governing boards, scientific committees) SMEs (possibly through take-up actions)	Joint Program of Activities (JPA): Integrating activities Joint research program Spreading of excellence And Management of the consortium	Yearly update of the work plan	Possible through "competitive calls"	Institutional commitment at strategic level from the very start and for the whole duration As a rule limited number of partners

4.1.3 CA versus SSA

Instrument	Purpose	Target audience	Flexibility	Enlargement of partnership (within the initial budget)	Specific characteristics
CA	Coordination, networking	Research institutes Universities Industry including SME	Fixed overall work plan	Possible	No funding of research activities Consistent set of activities focussing on coordination ("program" approach)
SSA	Preparation of future actions, support to policy, dissemination of results	Research institutes Universities Industry including SMEs	Fixed overall work plan	Possible	No funding of research activities Project approach Possibility of one single participant

4.2 Specific Targeted Research Project

This is similar to the RTD projects used under previous Framework Programs but modified by the new type of contract. Specific Targeted Research Projects will aim at improving European competitiveness and meeting the needs of society or Community policies. They should be sharply focused and can include

one or both of the following activities:

1. Research and technological development activities conducted within a specific targeted research project should present the following characteristics:
    - be **targeted** at well-defined and precisely focused research objectives;
    - have **measurable outcomes**, for example by aiming to achieve concrete results.

    The innovation related activities, should normally include activities relating to the protection and dissemination of knowledge, socio-economic studies, activities to promote the exploitation of the results, and, possibly, "take-up" actions. These activities are inter-related and should be conceived and implemented in a coherent way.
2. Specific Targeted Research Projects may consist exclusively of, or also contain a component of, demonstration 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).

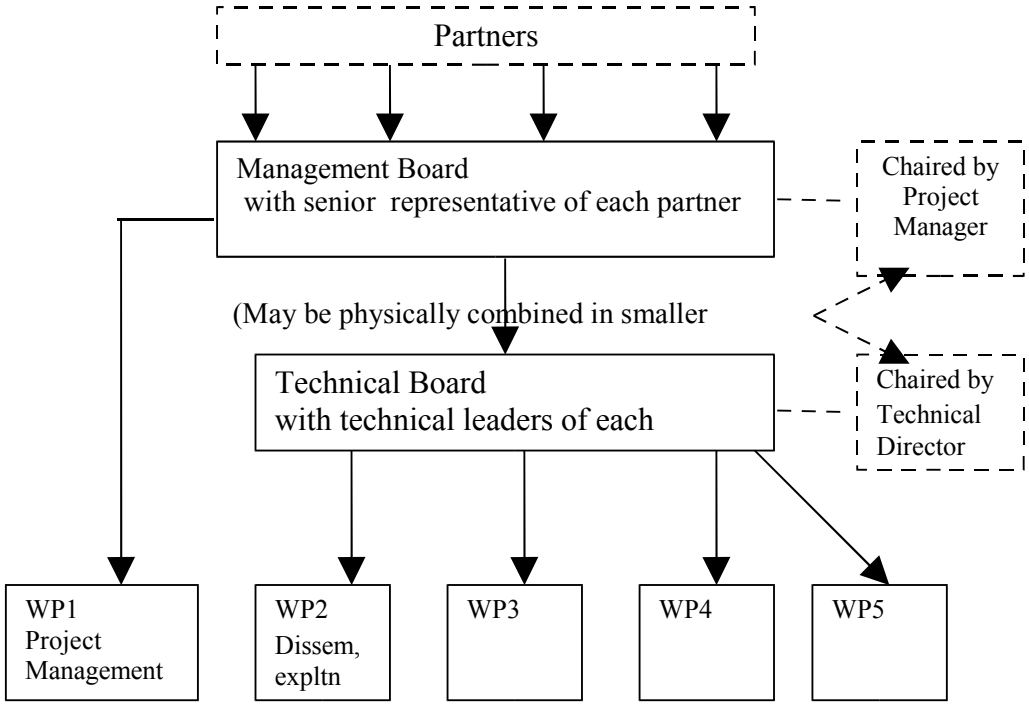
It is strongly suggested you should avoid the use of demonstration activities as the result would be lower funding. In most cases the same work could be carried out using different terminology under RTD instead of Demonstration.

Specific Targeted Research Projects will also include an overall management structure. Over and above the technical management of individual work packages, an appropriate management framework linking together all the project components and maintaining communications with the Commission will be needed.

Consortium management activities include:
1. coordination of the technical activities of the project;
2. the overall legal, contractual, ethical, financial and administrative management;
3. coordination of knowledge management and other innovation-related activities;
4. overseeing the promotion of gender equality in the project;
5. overseeing science and society issues related to the research activities conducted within the project;
6. obtaining audit certificates by each of the participants;
7. maintenance of any consortium agreement;
8. obtaining any financial security such as bank guarantees when requested by the Commission.

4.2.1 Structure of STREPs

As this type of project is essentially the same as the previous RTD project, I would maintain the traditional structure as follows -

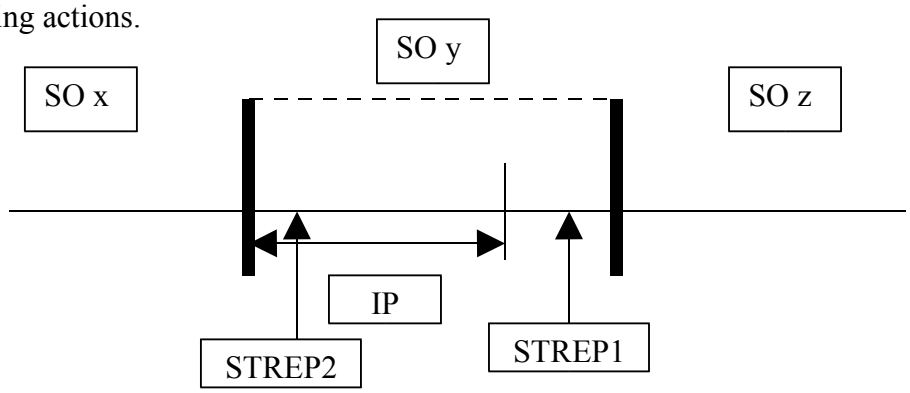


For smaller projects and depending on the technical abilities of the company representatives, it is sometimes possible and more effective to combine the Management and Technical Boards although they must continue to deal with both aspects.

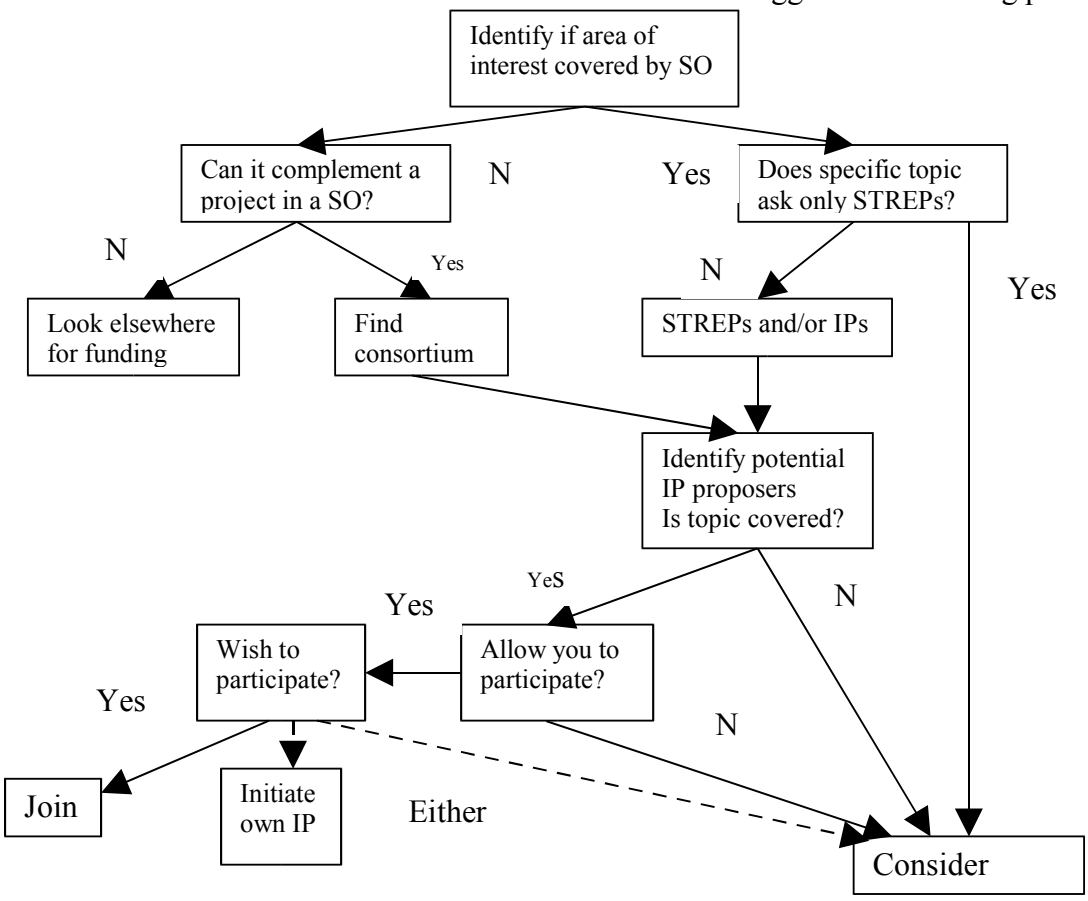
4.2.2 Checking Suitability of a STREP

First thing is to check in the Workprogram that the specific topic is suitable for STREPs. Some topics are identified as being unsuitable. If it is suitable then one would prepare a proposal as per the guidelines similar to previous RTD proposals. However, it is clearly inadvisable to submit a STREP that is very large. i.e. stick to 1 - 3 MEuro funding over 2 or 3 years maximum and say 4 to 8 participants.

It is vital from a size point of view not to stray into the IP domain. Of course the project itself would deal with R & D and potentially a small scale trial as well as dissemination as in the past and could not contain take up or training actions.



In above diagram, IP, STREP1 and STREP2 are all targeted at Strategic Objective y. STREP2 has strayed into the IP domain while STREP1 has not. How can this be avoided? I suggest the following process -



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Chapter 10 of this book deals in detail with how to construct a STREP proposal and Appendix 8 is an annotated template for a STREP.

4.3 Integrated Project

Integrated projects were intended to give increased impetus to the Community's competitiveness or to address major societal needs by mobilising a critical mass of research and technological development

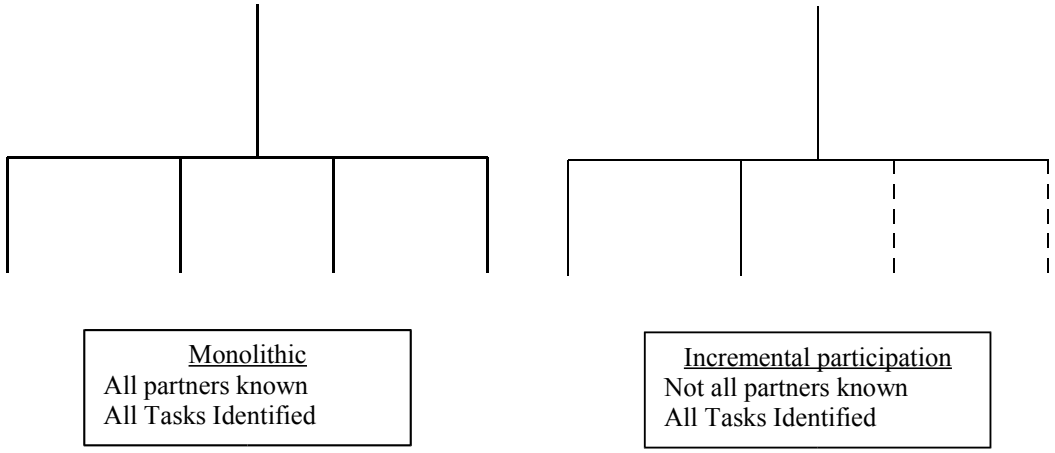
resources and competence. Each integrated project needs to have clearly defined scientific and technological objectives and should be directed at obtaining specific results applicable in terms of, for instance, products, processes or services.

Integrated projects comprise a coherent set of component actions which may vary in size and structure according to the tasks to be carried out, each dealing with different aspects of the research needed to achieve common overall objectives, and forming a coherent whole and implemented in close coordination.

They are carried out on the basis of overall financing plans preferably involving significant mobilisation of public and private sector funding, including funding from European Investment Bank and collaboration schemes such as EUREKA.

Two different potential configurations of IP are possible as per the following illustration. The Monolithic was the only form of project that was permitted in FP5 RTD and in FP6 STREPs. Incremental Participation is new and could have significant impacts. It is up to the proposers to decide the most appropriate one. However, given the drastically reduced funding being assigned to IPs in practice extremely few in calls one and two have chosen this option.

IP - two possible configurations



All the activities carried out in the context of an integrated project should be defined in the general framework of an " **implementation** plan" comprising activities relating to:

1. research, **and as appropriate** technological development and/or demonstration;
2. management, dissemination and transfer of knowledge with a view to promoting innovation;
3. analysis and assessment of the technologies concerned, as well as the factors relating to their exploitation.

In pursuit of its objectives, it may also comprise activities relating to:

1. training researchers, students, engineers and industrial executives, in particular for SMEs;
2. support for the take-up of new technologies, in particular by SMEs;
3. information, communication and dialogue with the public concerning the science/society aspects of the research carried out within the project.

The combined activities of an integrated project may represent a financial size ranging from several million Euros to several tens of millions of Euros.

Integrated project proposals should comprise the following elements:

1. the scientific and technological objectives of the project;
2. the main lines and timetable of the execution plan, highlighting the articulation of the various

components;
3. the stages of implementation and the results expected in each one of them;
4. the role of the participants within the consortium and the specific skills of each of them;
5. the organisation and management of the project;
6. the plan for the dissemination of knowledge and the exploitation of results;
7. the global budget estimate and the budget for the different activities, including a financial plan identifying the various contributions and their origin.

The partnership may evolve when necessary, within the limits of the initial Community contribution, by replacing participants or adding new ones. In most cases, this will be done through publication of a **competitive** call. The **implementation** plan will be updated yearly. This updating may entail the reorientation of certain activities and the launching of new ones. In the latter case, and where an additional Community contribution is needed, the Commission will identify these activities and the participants who will carry them out, by means of a call for proposals.

The Community contribution **shall take the form of a grant to the budget, calculated as a percentage of the budget allocated by the participants to carry out the project, adapted according to the various types of activity within the IP and the cost models used by the individual participants.**

4.3.1 Practical Points

Forget about Integrated Projects of 50 MEuro and forty plus participants over six years. It will only happen in specific areas such as Genomics and Aeronautics. Within IST, perhaps only in parts such as semiconductors or Geant/Grid (which is not formally IST but part of Research Infrastructures). In respect to IPs, in the initial calls we saw some degree of Financial Management. i.e. manipulating the funding period to maximise leverage. I have further discussion on financial management of contracts in Section 9.

The result was in practice that in several areas where very large funding was required for IPs they were only initially approved for two years and they would then have to resubmit a new proposal for the next period. Some IP proposals discussed a four year work plan but only requested two years funding. I believe the best strategy is to go for four year IPs with funding request for full time but including a natural breakpoint after two years with a breakdown of what could be achieved by way of deliverables and costs for the first two years. This would then allow a splitting at the discretion of the Commission. According to the Commission, evaluators would only evaluate the part of a proposal for which funding was requested. Thus only requesting two years funding could lead to problems.

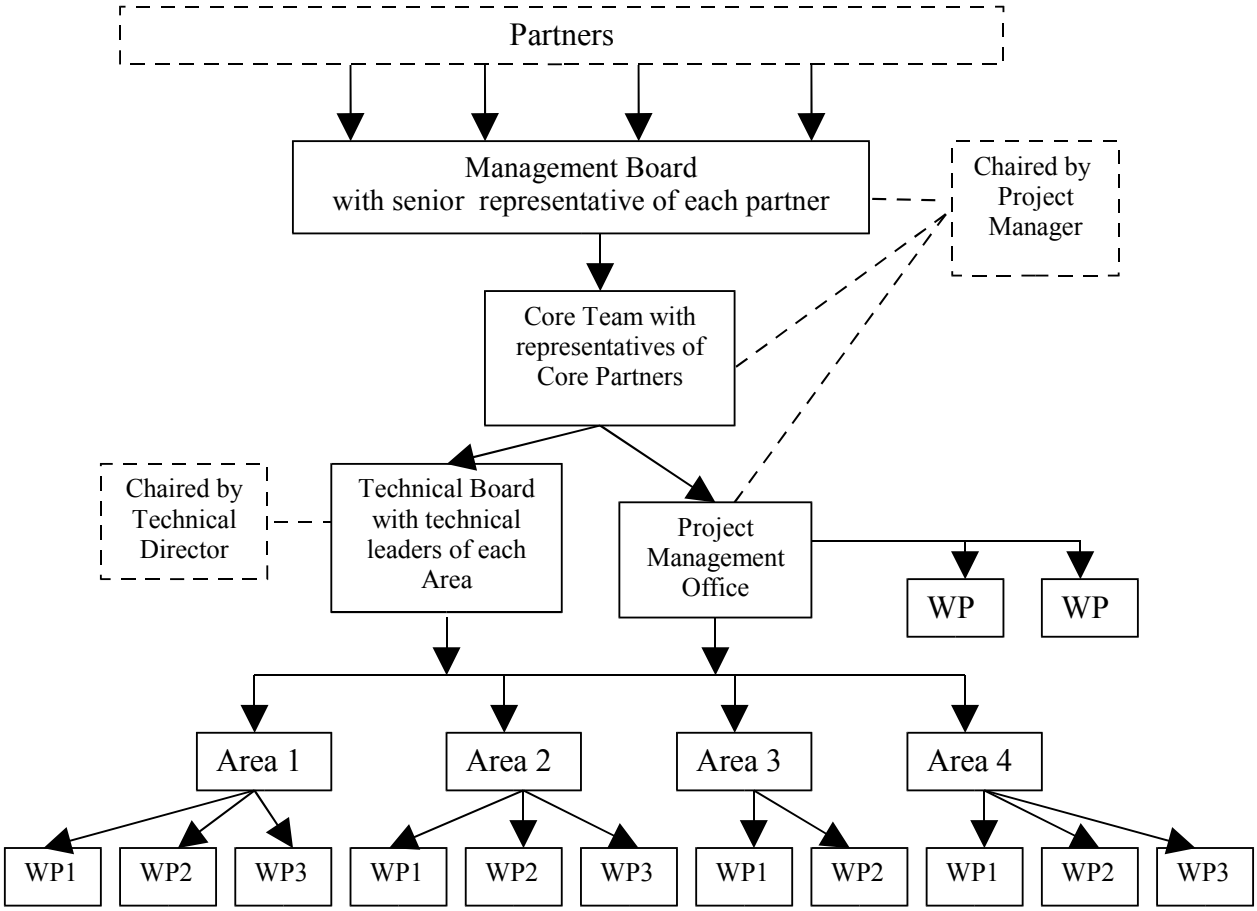
<u>So, what is the best strategy for IPs?</u>
I would suggest approaching an IP as follows -

- It appears attractive to use the "Incremental" model and put some money aside for future additional partners. However, given the extremely tight budgets, such a call for additional participation could use much valuable research money. It may be better to ensure all partners are on board from the start. i.e. use the "Monolithic" model.
- For a reasonably small IP i.e. say 8 - 12 participants over 4 years and requiring say 6 - 10 MEuro funding, ensure it is broken down into subprojects addressing individual aspects and types of work e.g. research, development, take-up and dissemination as appropriate.
- For something substantially larger, take into account that they may only wish to fund initially the first two years and structure the work accordingly with a check point mile-stone at that point. Map out the rest of the program with options based on results and environment after 18-24 months with intention to continue with a modified consortium. Of course it would also be especially necessary to breakdown the IP into subprojects to reinforce the management span of control.
- A final option is to propose say a four year IP but only request funding for first two years and state that you will reapply for the second half in a competitive call. This has the danger that there may not be a suitable follow on call and may run into evaluation problems.

I strongly recommend you discuss the best course to follow with the respective Head of Unit in Brussels/Luxembourg.

4.3.2 Structure of IPs

I suspect that some valid IPs could be structured as large STREPs (below) - in particular where there are not many partners i.e. say less than ten. But in most cases I would expect it to be structured into sub-projects – these could be called Activities or Areas or simply Sub-projects. I also believe it necessary to differentiate structurally between the partners as follows -



In the above IP structure, I have indicated a possible configuration. Here all partners are not equal as would be defined in the consortium agreement. There are "Core partners" and "others". Overall, each partner is represented on the Management Board but the ongoing detailed management authority is vested in the Core Team Board. Some decisions are delegated to the Core Team. This is to shorten the decision cycle and enable faster consensus. A separate Project Management Office is identified and it runs several budgeted, common activities, broken into work packages. In addition, the overall technical work is broken down into sub-projects, called "Areas". The overall technical work is coordinated and controlled by the Technical Board, but each "Area" would have its own internal technical coordination.

All of the above is to make the project more transparent and manageable. Thus it tries to break down the span of control to manageable parts. How the areas, work packages etc. are defined is entirely dependent on the style of management envisaged as well as the form of the project itself. For example the project could have two areas running in parallel exploring different approaches, followed by a validation, then a development/refinement phase and then a trial. i.e. the areas could be time related or they could be phased in different ways.

The roles of the project management office could, if appropriate, include an activity related to a planned

internal call for additional participants, including evaluation of proposals. It could also include activities common to Area projects such as say dissemination, aspects of innovation, training etc. For costing purposes it would be a good idea that activities being charged at different rates be grouped in separate Areas or Work packages.

The more detailed planning required for the first eighteen months would also need to be broken down a further level to the Task level.

4.3.3 Potential Scope of an IP

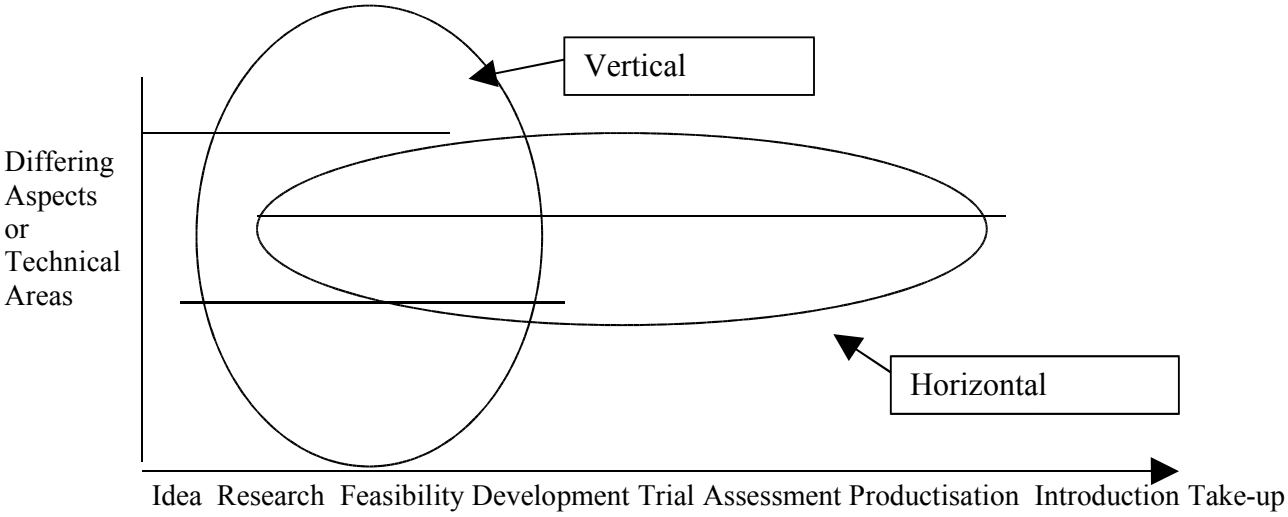
In the documentation you can detect multiple potential configurations for an IP. IPs are expected to identify one or more of these "integrations" as being present. Most Strategic Objectives would expect a variation in those accepted but the ideal configuration for each area must be clarified prior to preparation. The document "The 6th Framework Program in brief" identifies the following forms (slightly modified) -

1. Vertical integration of a range of multidisciplinary activities.
2. Horizontal integration: integrating various research activities from fundamental to applied research and with other types of activity, including take-up activities, protection and dissemination of knowledge, training, etc., as appropriate.
3. Integration of the full "value-chain" of stakeholders from those involved in knowledge production through to technology development and transfer.
4) Sectoral integration of actors from private and public sector research organisations, and in particular between academia and industry, including SMEs.
5. Financial integration of public and private funding, with overall financing plans that may involve the European Investment Bank and co-operation with EUREKA.

Virtually none of the IP proposals in the first calls incorporated the above aspects.

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

In order to illustrate a particular point related to IST, I offer the following -



Technology life cycle

Even within a single Focus of a specific Strategic Objective they may wish two separate IPs . One of each as illustrated above. It depends on the needs and goals of the SO.

4.3.4 IP Variants - Assessment, Stimulation, Use and Service actions

In IST Call 4 under Strategic Objectives Nano-electronics and Technologies and devices for micro/nano scale integration, four variants are introduced as follows:
Strategic objective 2.4.1 Nano-electronics **Assessment actions** only – additionally describe how the objectives represent innovation in manufacturing processes;
Strategic objective 2.4.1 Nano-electronics **Stimulation actions** only – additionally describe how the objectives represent increase of knowledge and skills;
Strategic objective 2.4.1 Nano-electronics **Use actions** only – additionally describe how the objectives represent product innovation by using the technology)
Strategic Objective 2.4.2 Technologies and devices for micro/nano scale integration **Service actions** only - sub-criterion of "clear progress beyond the current state-of-the-art" will not be evaluated for service actions. It is expected that a significant part of the costs are financed through receipts from third parties or through own resources.

See Section 9.1 for further information.

4.4 Network of Excellence

The stated purpose of Networks of Excellence was to strengthen and develop Community scientific and technological excellence by means of the integration, at European level, of research capacities currently existing or emerging at both national and regional level. Each network should also aim at advancing knowledge in a particular area by assembling a critical mass of expertise. They must foster co-operation between capacities of excellence in universities, research centres, enterprises, including SMEs (I have a problem with this one!!), and science and technology organisations. The activities concerned will be generally targeted towards long-term, multidisciplinary objectives, rather than predefined results in terms of products, processes or services.

Within IST, these would appear to be inappropriate for SMEs. They are aimed purely at Academic Institutions, Public or private Research Laboratories and, exceptionally, industrial research centres. Of course SMEs or industrial companies could have non-research roles in a NoE such as management, training, technology transfer as well as perhaps contributing to a technical steering committee. **There are also IPR issues related to industrial participation in NoEs that do not appear to have been resolved to everyone's satisfaction.**

Please note that the grant is determined by the "number of researchers to be integrated" and this is determined as of numbers on date call closes. **Addition of further partners during project will not increase the funding**.

A Network of Excellence is implemented by a Joint Program of Activities involving some or, where appropriate, all of the research capacities and activities of the participants in the relevant area to attain a critical mass of expertise and European added value. A Joint Program of Activities could aim at the creation of a self-standing virtual centre of excellence that may result in developing the necessary means for achieving a durable integration of the research capacities. A Joint Program of Activities will necessarily include those aimed at integration, as well as activities related to the spreading of excellence and dissemination of results outside the network. **It has emerged that legally a single research entity that by right can participate in two NoEs could have its researchers counted twice, once in each project.**

NoE – JPA for integrating/shaping research

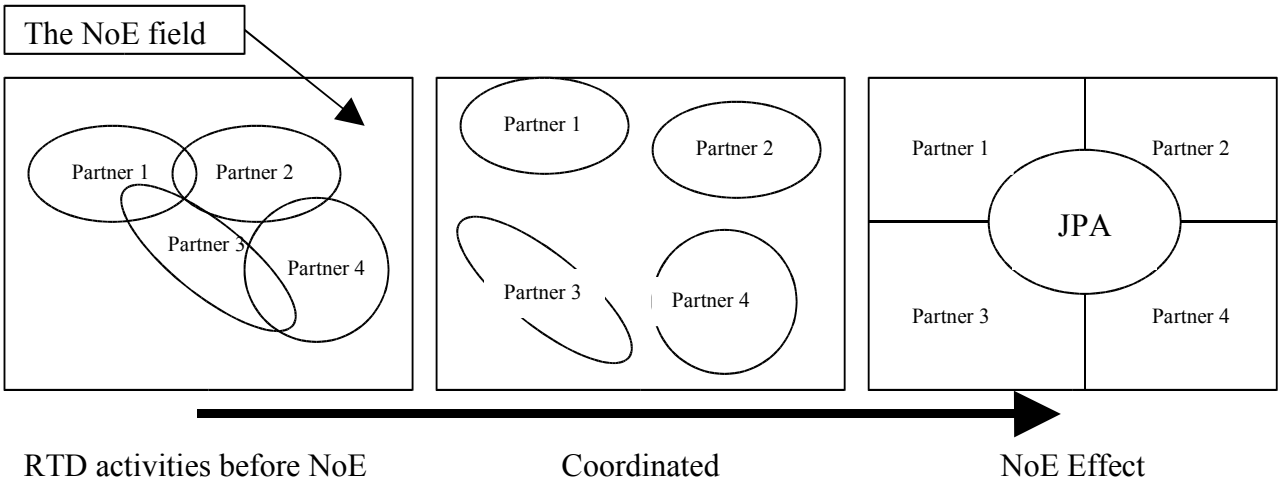


Diagram above represents the scope of the Joint Program of Activities for a Network of Excellence on the right. Note how it goes beyond coordination by ensuring better coverage of the technical area, not just avoiding duplication.

In pursuing its objectives, the network should therefore carry out:

1. Research activities integrated by its participants
2. Integration activities which will comprise in particular:
    - adaptation of the participants' research activities in order to strengthen their complementarity;
    - development and utilisation of electronic information and communication means, and development of virtual and interactive working methods;
    - short-, medium- and long-term exchanges of personnel, the opening of positions to researchers from other members of the network, or their training;
    - development and use of joint research infrastructures, and adaptation of the existing facilities with a view to a shared use;
    - joint management and exploitation of the knowledge generated, and actions to promote innovation.
3. Activities of spreading of excellence which will comprise, as appropriate:
    - training of researchers;
    - communication concerning the achievements of the network and the dissemination of knowledge;
    - services in support of technological innovation in SMEs, aimed in particular at the take-up of new technologies;
    - analyses of science/society issues related to the research carried out by the network.

In carrying out some of its activities (such as training of researchers), the network should endeavour to ensure publicity by publishing calls for applications.

The size of the network may vary according to the areas and subjects involved. As an indication, the number of participants should not be less than six or so. On average, in financial terms, the Community contribution to a network of excellence may represent several million Euros per year.

The network proposals should comprise the following elements:

1) a general outline of the Joint Program of Activities, and its content for the first **period**, broken down into research activities, integration activities, and activities for spreading excellence;

2) the role of the participants, identifying the activities and resources that they will integrate;
3) the operation of the network (coordination and management of activities);
4) the plan for the dissemination of knowledge and the perspectives as regards exploitation of the results.

The partnership may evolve when necessary, within the limit of the initial Community contribution, by replacing participants or adding new ones. In most cases, this will be done through publication of a **competitive** call.

The program of activities would be updated yearly and would entail a reorientation of certain activities or launching of new ones not initially foreseen, which could involve new participants. The Commission may launch calls for proposals with a view to the allocation of additional contribution in order to cover, for example, an extension of the integrated activities of the existing network or the integration of new participants.

The Community's financial contribution **shall take the form of a grant for integration, the amount of which is determined in relation to the value of the capacities and resources which all the participants propose to integrate. It shall** complement the resources **deployed by** the participants **in order to carry out the Joint Program of Activities.** It should be sufficient to act as an incentive for integration, but without creating a financial dependence that might jeopardise the lasting association of the network.

4.4.1 NoE Practical Points

As outlined already above, within IST, these would appear to be inappropriate for SME research. They are aimed at Academic Institutions, Public or private Research Laboratories and, exceptionally, industrial research centres. Of course SMEs or industrial companies could have non-research roles in a NoE such as management, training, technology transfer as well as perhaps contributing to a technical steering committee.

I would suggest that the quality of the participants is of paramount importance, not the quantity. Each laboratory must have executive commitment and be able to demonstrate it. For University departments for example the commitment of the Vice Chancellor or equivalent officer is vital. In most relevant research areas there are obvious centres of excellence in Europe and as many of them as possible should be involved. However an important commitment in the proposal is technology transfer and training of other "second tier" laboratories and NoEs should plan to broaden its membership on an incremental and manageable basis. There are major concerns about the ability of NoEs to manage a large number of participants and therefore a lot of attention must be paid to this aspect.

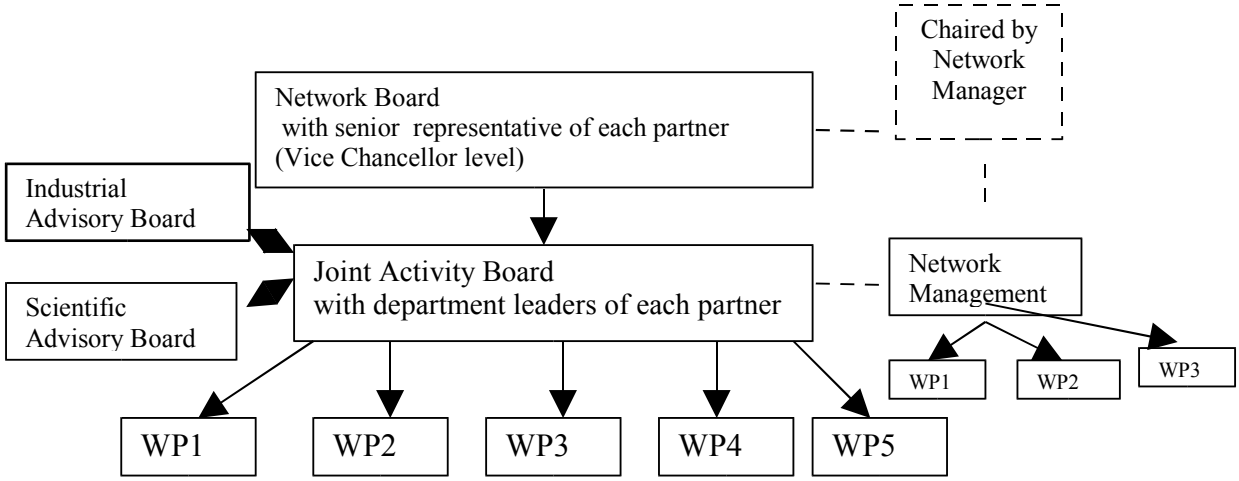
Technology transfer to industry and training is also extremely important and some resource and mechanism should be defined. Participation of key companies in the Network could emphasise this but generally they would not have a research role.

In the IST first two Calls for Proposal some SOs cut back all approved NoEs to twenty four months with the possibility to reapply for a continuation as a new proposal. All the rest of the approved NoEs were for a maximum of four years. Virtually every NoE requested the maximum grant possible based on the number of researchers but not one properly justified how the JPA could utilise all this money and consequently almost all were substantially cut back financially. Another technique applied in some SOs in first and second calls was to taper the funding so as to mitigate against long term reliance on the funding. Remember, NoEs are to stimulate long term integration i.e. beyond the duration of this project.

It is a peculiar fact that the proposals for NoEs don't need to supply a formal breakdown of the costs. However, I highly recommend coordinators asking partners for their man rates, cost models and other costs and then showing a small calculation against the JPA with man month estimate and costs per activity.

4.4.2 Structure of NoEs

As previously noted this is the most problematic of the types as it is completely new, but I can imagine something along the following lines -



It is necessary in an NoE to match the organisation to the instruments goals. Thus we talk about "Network Board" and the management of the "Joint Program of Activities". In addition a strong emphasis will be required on some management body; I have termed it Network Management. It would have a role related to information sharing, joint events, conferences, network expansion etc. as detailed in the JPA. A funded Scientific Advisory Board would seem to be a good idea. This would consist of invited world experts in this area. In addition I think it important for steering the relevance of the research and to aid in technology transfer that an Industrial Advisory Board also be constituted.

4.5 Coordination Action

This is a continuation of the Thematic Networks projects used under previous Framework Programs. They are aimed at bringing together e.g. manufacturers, users, universities, research centres around a given Science and Technology objective. These include co-ordination networks between Community funded projects. Support will cover a maximum 100% of the eligible costs necessary for setting up and maintaining such networks. The IST Program supports the following types of Projects: IST project clusters and Networks of Excellence.

Coordination Actions is an instrument to network or co-ordinate research organisations, initiatives or projects for a specific purpose where the research in itself is funded from other sources, for example the Framework Programme, national, regional or other research programmes.

Coordination Actions are different from Specific Targeted Research Projects in that they do not support research and development activities. They fund the additional activities that are needed to network organisations or co-ordinate their activities for a specific purpose. They differ from Networks of Excellence in that the objective of a co-ordination action is ad hoc co-operation for a specific purpose and not as for Networks of Excellence a lasting integration of the research capacities of the organisations involved. They differ from Specific Support Actions in that they always involve a set of organisations and that they have a program of work with a defined end result over a longer period of time.

Because they are expected to contribute to the ambitious objective of improving co-operation and potentially integration among the research operators concerned, Co-ordination Actions should be planned as **a coherent set of components**. Each CA shall therefore consist of a program of work, incorporating **all or some of the following types of mid/long term collaborative activities**:

- Organisation of conferences, of meetings;

- Performance of studies, analysis;
- Exchanges of personnel;
- Exchange and dissemination of good practice;
- Setting up of common information systems
- Setting up of expert groups;
- Definition, organisation and management of joint or common initiatives.

The Co-ordination Actions could take the form of for example establishing joint memoranda of understandings, pre-standardisation and standardisation activities in specific fields or to establish a roadmap for research in specific topics. The main part of the work is carried out in meetings, but also preparatory work like studies, analysis and report writing, establishment of specifications for common information systems and the development of such systems can be funded.

4.6 Specific Support Actions

These are actions that contribute to the implementation of the IST program or the preparation of future activities of the Program. They also prepare for or support other indirect RTD actions (financial participation: 100% of total eligible costs). The IST Program supports the following types: Studies, Dissemination and Awareness actions and Training actions, as well as support to conferences, seminars and workshops or exhibitions.

Specific Support Actions always aim to **contribute actively** to the implementation of the work program. Specific Support Actions are therefore intended to:

- promote and facilitate the dissemination, transfer, exploitation, assessment and/or broad take-up of past and present programme results (over and above the standard diffusion and exploitation activities of individual projects);
- contribute to strategic research objectives, notably regarding the European research area (e.g. studies or pilot initiatives on benchmarking, mapping, networking, etc.);
- prepare future community RTD activities with a view to enabling the Community to achieve or define its RTD strategic objectives, (e.g. via prospective studies, research roadmaps, etc.).

Specific Support Actions are different from Specific Targeted Research Projects in that they do not support research and development activities. They differ from Co-ordination Actions in that they tend to be stand alone activities and in that their objectives always are linked to support of the implementation of the program and its work program.

Each SSA shall have an action plan, which may consist of one or more (as appropriate on a case by case basis) of the **activities** listed below:

- Conferences, seminars;
- Studies, analysis;
- Fact findings and monitoring
- Trans-national technology transfer related services
- Development of research or innovation strategies
- High level scientific awards and competitions; working groups and expert groups;
- Operational support and dissemination, information and communication activities.

Specific Support Actions may also be established to stimulate, encourage and facilitate the participation of SMEs, small research teams, newly developed and remote research centres, as well as those organisations from the candidate countries in the activities of the priority thematic areas, in particular in the Networks of Excellence and the Integrated Projects.

In the context of research infrastructures the specific support actions may also include actions in support

of transnational access or preparatory technical work (including feasibility studies) and the development of new infrastructure.

A key aspect of SSAs often overlooked, is the need for an extremely good Dissemination and Exploitation plan

4.7 Article 169

Of the new instruments, Article 169 is the most problematic and will only be tried experimentally, at least at first, but not in IST.

4.8 SME specific measures

Special Measures are provided for Small and Medium sized Enterprises (SMEs). They are largely inappropriate for the IST program in general, but should not be dismissed out of hand. In FP6 there is a greater emphasis on enterprise groupings that represent larger communities of SMEs. See also 2.12. There are two types and they use modified instruments as outlined below.

4.8.1 Co-operative Research - (CRAFT)

This is a scheme for SMEs not having their own R&D capability. Several SMEs having the same research requirement get together and find some third party that has the capability to carry out the research on their behalf with funding from the program. The IST program implements this reluctantly and it usually involves a long delay.

Co-operative Research is a scheme whereby a number of SMEs from different countries having specific problems or needs assign a significant part of the required scientific and technological research activities to RTD performers. These activities may also be carried out by innovative and high-tech SMEs in co-operation with research centres and universities.

The Co-operative Research scheme is an evolution of the CRAFT scheme used in earlier Framework Programs. Projects are relatively short term; duration must be at least one year and with a maximum of two years and may address any research topic or field, being based on the specific needs and problems of the SMEs concerned.

There is a major change from FP5 in that the RTD performer was a sub-contractor and now in FP6 is a contractor. This has several resulting impacts, the major one being that the RTD performer has to use a normal cost model and cannot claim any profits as before. If they are not fully covered under the cost model, the balance is paid to them by the SMEs. Additionally there is a major change related to any consultancy that wishes to undertake project management.

Other enterprises and end-users will be able to participate in Co-operative Research Projects, under conditions ensuring they do not assume a dominant role. The Intellectual Property Rights of the results belong exclusively to the SME participants. The other enterprises and end-users will benefit from the use of the results.

It is important to note that the organisation that carries out the R&D has no right to the results as they are fully funded and the SMEs derive no direct financial benefit only the rights to use and own the results.

The aim of CRAFT projects – which can focus on any scientific or technological topic or field is:
- to support the R&D needs of SMEs,
- to facilitate trans-national R&D co-operation between SMEs,
- to encourage co-operation between SMEs and Europe's research community.

Two types of activities are eligible for funding under CRAFT:

- R&D and Innovation activities
- Consortium Management

CRAFT projects run for a minimum of one year and a maximum of two years. Each project should cost between €0.5 and €2 million.

They must include at least three SMEs, established in two different EU Member States or countries associated to FP6. At least one of these must be based in a Member State or Associated Candidate Country.

The consortium must also include at least two RTD performers, which are organisations with the facilities necessary to carry out research on behalf of the SMEs. These research centres or universities must be based in at least two different Member States or associated countries. At least one of these must be based in a Member State or an Associated Candidate Country.

Other enterprises or end users with an interest in solving the particular research needs of the SMEs may participate in the project, but they must contribute to the costs of the project without taking on a dominant role at any stage. These enterprises must also be independent from any of the other participants taking part.

The co-operative research instrument is in effect a variation of the STREP.

4.8.2 Collective Research

Collective Research Projects will be substantial projects of two to three years duration, conducted on a European basis. A project of longer duration could be accepted if it is necessary to deliver its objectives and when duly justified. The Intellectual Property Rights of the results belong exclusively to the Industrial Associations/Groupings.

Collective Research is a form of research undertaken by RTD performers on behalf of Industrial Associations/Groupings in order to expand the knowledge base of large communities of SMEs and to improve their general standard of competitiveness.

They will be substantial Europe-wide projects lasting between two to three years. An 'SME core group' should contribute to the project, from the definition phase to the dissemination of the final results.
The intellectual property rights belong exclusively to the Industrial Associations/Groupings, while the SME core group will benefit from the exploitation of the results.

Uses a two step procedure - in other words an initial short proposal is made and a subset of proposers are then invited to submit full proposals within a set timeframe. The Proposer Guide defines the content expected for both short and full proposals.

Collective Research projects are usually large-scale, Europe-wide initiatives set up to:
- Reinforce the technological basis of particular sector(s);
- Develop 'technological tools' (for example, diagnosis, safety equipment, etc.);
- Perform pre-normative research to provide a scientific base for setting European norms and standards;
- Address common problems and challenges (for example, to meet regulatory requirements, such as health and safety in the workplace, environmental performance, etc.)

Collective Research projects can include the following type of activities:
- Research and innovation-related activities: based on well-defined and sharply focused research objectives;
- Consortium management activities: includes the overall coordination of the project by one of the industrial partners, groupings or RTD performers;

- Training activities: particularly the training of SME managers and technical staff on the use of the knowledge produced by the project.

The average Collective Research project will run for two to three years and will cost between €2 and €5 million. Projects lasting longer and costing more could also be eligible for funding, but only in cases where the research partners can prove that this is necessary to reach the project's overall objectives.

They must contain at least two independent associations/groupings or one European industrial association/grouping. Consortia must also contain an 'SME core group' made up of at least two eligible SMEs from different EU or Associated States, at least one of which is based in a Member State or candidate country.

Finally, overall consortia must achieve a nationality balance in terms of the organisations involved. Project participants must be established in at least three different EU or associated states and two of these must be Member States or candidate countries.

The collective research instrument appears to be a blend of the STREP and IP instruments.

4.8.3 Comparison between Cooperative and Collective Research

On the surface I found it difficult to differentiate clearly between the two instruments and so provide the following tables to highlight the differences/similarities:

The Basics

Instrument	Duration	Funding	RTD Performers	SMEs	Groupings	Other
Cooperative	1-2 years	€0.5 – 2M	At least 2 From 2 states	At least 3 From 2 states	-	Possibly enterprises or end users if required
Collective	2-3 years	€2-5M	At least 2 From 2 states	At least 2 From 2 states	2 national or 1 European	-

The activities

Instrument	Overall participation	Objectives	Activities	Proposal
Cooperative	3 states as per rules	• SME innovation • SME cooperation • SME trans-national cooperation	• Management • Research & Innovation	Single step
Collective	3 states as per rules	• Sectoral research • Pre-normative • Tools • Common problems	• Management • Research & Innovation • Training	Two step

The legalities

Instrument	Consortium agreement	RTD Performers	Coordinator	IPR
Cooperative	Yes	• >40% costs • Fully funded	• SME • RTD performer	SMEs
Collective	Yes	• >40% costs • Fully funded	• Industrial Group • RTD Performer	Industrial groupings

4.9 FET Open Scheme

This is part of the Future and Emerging Technologies within the IST program. It is primarily aimed at Universities and Research Institutions but they do like to see at least one commercial partner with a minor role to ensure eventual exploitation. It has some distinguishing features -

1. It is a two step process.
2. It is aimed at long term research with exploitation not expected in less than ten years time.
3. The subject matter can be anything related to IST - there are no specific topics.

The success rate here is relatively high and therefore it should be considered for anything very speculative or very long term and high risk. Note it should not be used for resubmitting a proposal that failed on a regular call as the time horizons are significantly different.

4.9.1 One step and two step proposals

Most calls use the one step proposal. In this mode, a full proposal is submitted in response to a specific Call for proposals. In some specific areas the two step process is used. FET Open is one such area. Under FET Open the first step proposal should be anonymous. The identity of participants would only appear in the accompanying forms.

Two step proposals are aimed at reducing the cost of submitting a proposal and increasing the chances of success for a full proposal. Outline proposals are first evaluated, if successful, full proposals are requested. The idea is that there will be at least a 50% success rate on full proposals. The part of the program where this applies is under Future and Emerging Technologies.

4.10 Training fellowships

Marie Curie fellowships are either fellowships, where individual researchers apply directly to the Commission, or host fellowships, where institutions apply to host a number of researchers (financial participation: maximum of 100 % of the additional eligible costs necessary for the action).

4.11 Project Roles

Most official business in this program is conducted in English. It is "Euro-English" and it is sometimes difficult even for a native English speaker to comprehend - not all the words are in an English dictionary and even if they are, the meaning may be different. This is particularly true with project roles. Many of the previous roles have now been abolished - so things should be simpler in FP6. Most of the terms have synonyms - I will identify them.

4.11.1 Contractor

Every partner to a project, in effect, signs the contract with the Commission and is formally known as a contractor. However formally, only the Coordinator signs, the others accede to the contract.

4.11.2 Coordinator

Also known as Prime Contractor or Project Coordinator. Please note that this is a legal entity i.e. an

organisation not a person. This is the principal interface to the Commission - both during proposal and project stages and is responsible for submitting the proposal. The Coordinator also conducts the contract negotiation. It is normal practice for the Coordinator to supply the Project Manager. A distinction between Financial Coordinator and Scientific Coordinator is no longer recognised in the contract. The Coordinator is responsible for the financial control. Any distinctions of role between the partners must be embodied in the Consortium Agreement.

4.11.3 Sub-contractor

A Sub-contractor is responsible to a Contractor. In FP5 there were two types -

- A major sub-contractor where his cost exceeds 20% of a partners costs.
- A minor sub-contractor in other cases.

However, in FP6 this formal distinction has gone. Use of sub-contractors is permitted but frowned upon. In general, R&D work must not be sub-contracted. Same applies to key management activities.

The normal use for subcontracts is to outsource work of a low-tech nature required for a project. There are many types of example such as special enclosures for devices, veterinary services, event organisation etc. In the past the Commission was very vigilant to the attempted use of subcontracts to try and get round some of the program rules.

Sub-contractors will not sign any contract with the Commission. A new aspect is the need for some form of open tender before awarding sub-contracts. How this will be applied remains to be seen.

4.11.4 Project Manager

Every project must have a Project Manager. He could be called a Project Director. He will be responsible for the Management of the Project and execution of the contract and is the formal interface to the Commission. He is normally appointed by the Coordinator and chairs the Project Management Board. The Project Manager is in overall control of the project. He approves all outputs and reports, is the prime external interface and also may be the Technical Director (if one is deemed necessary). In a large IP, some of these technical roles may be delegated to technical leaders of various sub-projects.

4.12 Intellectual Property Aspects

This is an extremely important area and I will try to deal with some of the key regulation. Every participant should ensure that his own Background IPR that will be used in the project is identified and recognised by the other participants up front.

4.12.1 Specific IPR concepts and provisions in the FP6 model contract

Contractor Regulation

A contractor is an organisation which is actually participating in a FP6 project, i.e. which is bound by the contract. Once an organisation ceases to be bound by the contract, it is no longer a contractor, even if the project is still running (e.g. following the withdrawal of contractor during the project). One consequence is that inventions made by a former contractor after leaving a project cannot be considered as pre-existing know-how (acquired in parallel) by the other contractors, which can therefore require no access rights to it. Nevertheless, certain specific provisions of the model contract remain applicable for some time after a contractor ceases to be bound by the other provision of the contract, after the end of the project. It is important that the IPR issues are agreed by the consortium prior to signing the contract with the Commission as some licensing issues will default to the minimum level as stated in the model contract if not otherwise stated in the consortium agreement before signing the contract. This cannot then be addressed at a later stage – you will have missed the boat.

The IPR provisions apply to all contractors under FP6. Concepts such as principal contractors / assistant

contractors / members, with different requests and obligations no longer exist.

4.12.2 Knowledge / Pre-existing know-how Regulation

"Knowledge" relates specifically to results of a FP6 project (knowledge is sometimes informally referred to as "foreground"). The fact that the IPR provisions set forth in the model contract apply to all work carried out in the framework of the concerned project. For Networks of Excellence, the IPR provisions apply to any work carried out in the context of the "joint programme of activities". However "knowledge" does not extend to any information developed by the members of a Network of Excellence outside of the "joint programme of activities".

"Pre-existing know-how" relates to information developed before the starting of the project, whether it is patented or not, secret or not (pre-existing know-how is sometimes informally referred to as "background").
As mentioned in the definition, "pre-existing know-how" also extends to results obtained outside of the concerned FP6 project after it has started, i.e. in parallel to it (sometimes informally referred to as "sideground").

It can be noted that the same piece of pre-existing know-how may be considered by some contractors as "background" and by others as "sideground", depending on the dates on which they joined the project on the one hand, and on which that piece of pre-existing know-how was generated on the other hand. Ownership of pre-existing know-how is not affected by the participation in the project.

A specific piece of knowledge resulting from the project belongs to the contractor who generated it. If such piece of knowledge is jointly generated, it will be jointly owned, unless the concerned contractors agree on a different solution (see "co-ownership" below).

Since the contract is with legal entities and not their employees, some universities and other research organisations, have to ensure that they will own of the results generated by their staff (possibly including doctoral students and other "non-employees"). If this cannot be achieved, then steps have to be taken to ensure that the other obligations of the contract can be fulfilled, in particular regarding the granting of access rights.

As mentioned in the model contract, the rule extends to all personnel working for a contractor. This includes in particular subcontractors. In the specific case of Joint Research Units (JRUs, see below) and the costs incurred by other third parties, "all personnel" would also include staff working for this contractor but legally employed by the third party. In order to prove ownership (as well as the conception date of any invention), it is strongly recommended that all contractors maintain laboratory workbooks, in accordance with proper standards.

4.12.3 Joint ownership

Joint ownership arises in two very specific situations:
1. where several contractors have jointly carried out work generating the knowledge and where their respective share of the work cannot be ascertained, and
2. in cooperative or collective research projects.

Joint owners have to agree among themselves on the allocation and the terms of exercising the ownership of the knowledge. As far as allocation is concerned, the joint owners may decide, for instance, that a patent application will be filed by only one of them (subject to the licensing agreements with the others royalties agreements etc.).

This means that it is highly advisable that the concerned contractors enter into specific co-ownership agreements governing management issues, such as the sharing of the costs arising from legal protection

procedures (patent filing and examination fees, renewal fees, …). Should they fail to enter into a co-ownership agreement, they may suffer from the discrepancy of different national co-ownership regimes. Such provisions can be included in a consortium agreement between all contractors in an RTD project or can be the subject of specific bilateral, trilateral etc. agreements

4.12.4 Transfer of ownership

Transfers of ownership are allowed, but must be communicated to the other contractors and to the Commission, which may object. Such objections will usually take place in exceptional circumstances only. For instance in some abusive cases contractor when ownership is transferred, the obligations of the original owner with respect to protection use and access rights etc. must be passed on to the new owner.

It should be noted that a transfer can happen not only in an explicit and "isolated" way, but also in the context of the merger of two companies or in similar situations. Obligations also have to be transferred in that case.

4.12.5 Protection of knowledge

"*Where knowledge is capable of industrial or commercial application … and having due regard to the legitimate interests of the contractors concerned*" it must be protected. This means that protection is not mandatory in all cases. There are indeed situations where journal publication or other means of putting knowledge in the public domain may constitute appropriate alternatives, taking account of the specificity of the project, the nature of the concerned results (e.g. certain fundamental research) and the interests of the contractors.

Although a contractor does not have to formally consult the other members of the consortium before deciding to protect or not to protect a specific piece of knowledge he generated, the other contractor contractors should be informed where no protection is envisaged. Another contractor may consider it more advantageous that this piece of knowledge be protected, and possibly licensed to itself, rather than left unprotected and available for use by any competitor.

If valuable knowledge has not been protected by its owner, the Commission may protect it on its own behalf, with the agreement of the concerned contractor(s). This also applies when some knowledge was protected but the owner considers abandoning the protection (e.g. by not paying the official fees for a patent application) and when protection was applied for in a first country, but the owner doesn't intend to extend the protection to foreign countries before the end of the priority period. In such cases, the Commission must be informed well in advance, so as to be able to take appropriate measures if it considers it useful. Specific deadlines are mentioned in the model contract.

4.12.6 Publication and dissemination

Publications relating to a specific piece of knowledge should be avoided or delayed as long as no clear decision is made about its possible legal protection. However, it is a valid decision not to protect a specific piece of knowledge, if this is a conscious choice and the provisions of the contract are met (i.e. not capable of industrial or commercial application). The contract requires that the Commission and the other contractors are informed if a contractor intends to publish its results ; the latter may object if publication would be detrimental for the protection of the concerned knowledge.

As far as dissemination activities other than publication are concerned (e.g. conferences), the relevant provisions are less strict, in that no prior approval is required. However, it is still necessary to take account of the need to safeguard intellectual property rights and the legitimate interests of all contractors. Therefore, even if no approval is mandatory, it could be appropriate, in specific cases, to consult the other contractors.

It should be noted that any disclosure to a single person which is not bound by secrecy obligations

(typically someone from a different company or organisation) can be considered as constituting a disclosure detrimental to patentability, be it by written, oral or electronic means (including e-mail).

4.12.7 Access rights – General principles

The provisions relating to access rights in the rules and the contract constitute "minimal" provisions, that cannot be rejected but can be made more generous and detailed.

For instance, regarding access rights to pre-existing know-how (PEKH) for use purposes, the contractors could agree that such access rights would be granted on non-discriminatory conditions to be agreed as far as the PEKH generated after the starting date of the project is concerned ("sideground"), but on a royalty-free basis as far as the PEKH generated before the starting date is concerned ("background").

4.12.8 Exclusion of specific pre-existing know-how

One of the novelties in FP6 is the possibility for a contractor to exempt specific pieces of its pre-existing know-how from the obligation to grant other contractors access rights to it. This possibility should be used exceptionally . For example: Where a contractor feels that the standard requirement for access rights to pre-existing know-how necessary for the other contractors to carry out their own work under the project does not provide sufficient legal certainty. The provision is to be used, only for a very limited number of elements of pre-existing know-how. For know-how which is kept secret, it should be defined in a way which would both be sufficiently clear to avoid uncertainty and sufficiently general so as to avoid any detrimental disclosure (example : "proprietary know-how relating to the manufacture of Xxxx according to the process Zzzz").

For certainty reasons, such exclusion must be agreed upon by the contractors concerned before the EC contract is signed. Usually, this will take place before the start of the project; for instance, this exclusion may be mentioned in the consortium agreement, if it is prepared and entered into before the official contract is signed. It is also possible to resort to a separate agreement, which may be safer if it is not sure whether the consortium agreement will actually be finalised and signed before the official contract is signed.

If a contractor joins the project after it has started, it and the other contractors will have a new opportunity to exclude pre-existing know-how before the new contractor signs the contract. This possibility is especially important for the new instruments (Integrated Projects and Networks of Excellence), where it is likely that additional contractors, unknown at the time of the initial contract signature, may join the project at a later stage.

It is the responsibility of all contractors to make sure that such exclusions will not hamper the proper carrying out of the project. If a contractor requests the exclusion of a part of its pre-existing know-how to such an extent that it would significantly affect the carrying out of the project, contractor solutions have to be found amongst the partners or the other contractors can withhold their agreement to the exclusion either on the grounds that the project implementation will be hampered or that their legitimate interests will be significantly impaired.

"Legitimate interests" should not be invoked by a contractor X to prevent another contractor Y from excluding some specific pre-existing know-how for the mere reason that X needs access rights to that specific pre-existing know-how for using its own knowledge. This is the reason for which access rights are to be granted in the first place. "Legitimate interests" can vary from contractor to contractor and from project to project and need to be assessed on a case-by-case basis. They encompass notably commercial interests of a contractor. The main purpose of this provision is to put a burden of justification on the contractors who want to object to the request of another contractor to exclude certain pre-existing know-how.

As an example, a contractor A could possibly invoke legitimate interests for refusing to grant specific

access rights to another contractor Z which is a competitor of A, and which would have joined the project after A left it. However, both the interests of the project itself and of the contractor requested to grant access rights have to be taken into account, in a balanced way and on a case-by-case basis. It should be noted that access to another contractor's knowledge must now be requested. Unlike the 5FP projects, their is no right to use all the knowledge generated by the project.

4.12.9 Access rights across projects

In FP5, a specific provision made it possible (in specific circumstances) for a contractor to request access rights from a contractor in a different project of the same Specific Programme. In FP6, this provision has been suppressed and a slightly revised definition of "knowledge" has been established.

4.12.10 Access rights – Possible objection by the Commission

As is the case for transfers of ownership, the Commission has a right to object to the granting of access rights to third parties if this could be detrimental to European competitiveness. This clause provides an "emergency-break" possibility for the Commission in extreme cases to prevent detrimental consequences. The Commission might become aware of such cases via the regular reporting procedures or via information by other contractors.

4.12.11 Access rights for carrying out the project

Such access rights may be requested by a contractor only if it needs them for carrying out its own work under the project, as defined in the description of work Annex I (the "technical annex") of the contract For *Networks of Excellence*, the reference is the *Joint Program of Activities*. Such access rights do not extend to the whole pre-existing know-how of a contractor, but only to that part which is relevant to the project. They may be requested until the end of the project, even from a contractor leaving the project before its end.

Additional access rights (on more "generous" terms) may be agreed between the concerned contractors.

4.12.12 Access rights for use purposes

Use means both exploitation and further research purposes.

A significant change in comparison to FP5 is that access rights for use purposes may be requested by a contractor only if it needs them for using its own knowledge resulting from the project. In all other situations, appropriate access rights must be freely negotiated, but do not have to be granted. Additional access rights (on more "generous" grounds) may be agreed between the concerned contractors

Contractors can request such access rights, and be requested to grant such access rights, until 2 years after the end of the project, unless the contractors agree on a longer period. Any contractor leaving a project before its end can request or provide such access rights, until 2 years after they have left the project, unless the contractors agree on a longer period.

4.12.13 Exclusivity

Exclusivity provisions are not necessary in FP6 since the access rights for use purposes have been restricted compared to FP5. Under FP5, all contractors in a project called use all knowledge generated within the project, even if they didn't need access rights for using their own knowledge. Exclusive access rights could be granted, although, under very specific circumstances.

Under FP6, however , a contractor enjoys access rights for use purposes only if it needs such rights for using his own knowledge. Therefore, taking account of this exception, the owner of some piece of knowledge can be considered as enjoying quasi-exclusive rights relating to it.

Given this restriction, the IPR provisions for FP6 make it very easy for a contractor to grant a license to a

single third party, i.e. to grant a "quasi-exclusive" license. The only restriction is that said contractor must maintain the obligation to grant access rights to one or more other contractors if they fulfil the conditions for enjoying them and such rights are requested.

4.12.14 Sublicensing

Sublicensing is not included in access rights without consent of the primary owner of the concerned knowledge or pre-existing know-how. This is to reduce legal uncertainty as much as possible for the contractors. Indeed, if sublicensing was freely allowed, this would imply that access rights to the pre-existing know-how and knowledge of a contractor X could be extended, without its consent, to virtually any company in the world, including X's competitors.

This means that the access rights do not extend automatically to affiliates or mother companies of FP6 contractors. Such rights have to be explicitly granted by the concerned contractor (owner of the concerned knowledge and/or pre-existing know-how), if it agrees to do so.

Contractors are free to allow sublicensing, for instance by specifying this in a consortium agreement. This may be done under specific conditions, for instance only for knowledge and not for pre-existing know-how. In addition, a special clause allowing sublicensing for software-related inventions is available, for inclusion in the EC contract if this is requested by the contractors and agreed by the Commission

4.12.15 SME projects

In Collective and Cooperative Research Actions, knowledge is jointly owned by the SMEs or industrial groupings. Here also, co-owners should agree among themselves on the allocation and the terms of exercising the ownership of the knowledge, and may for instance decide that one single SME will own a certain piece of knowledge.

In addition, specific arrangements may be agreed upon before signature of the contract, e.g. with a view to provide the RTD performers with some rights, for instance access rights for conducting further research (since, as a basic rule, RTD performers do not enjoy automatically any access rights for use purposes ; this is a consequence of the fact that they do not own knowledge). Of course, such access rights may also be granted to RTD performers on a case-by-case basis during the project.

4.12.16 Joint Research Units (JRUs)

A JRU is a structure having no legal personality, set up by two or more distinct research organisations, e.g. in order to run a joint laboratory. (A typical example is the French "Unité mixte de recherche" (UMR) structure.) Since JRUs have no legal personality, they cannot participate as such in FP6 projects. Only one (or more) of their individual "members" can be considered as contractor(s).

In the event one such member participates in a FP6 project, it (alone) would be the owner of the results it would generate. This may lead to problems if the internal arrangements governing the JRU state that all results generated with the JRU will be co-owned by all "members" of the JRU. In that case, care must be taken to fulfil the contractual obligations, especially regarding the granting of access rights to other contractors.

In addition, the other contractors should be informed as soon as possible of the fact that one contractor is a member of a JRU. The same is true for any other contractor using the resources of third parties which must be identified in the EC contract and for which a pre-existing contract must exist between contractor and third party.

4.12.17 The common legal structure

Where the contract is signed by a legal entity ("common legal structure" – "CLS") set up by several contractors for the purpose of carrying out the project, the IPR provisions apply to this CLS as such, not to

the individual contractors which are its members. This means for instance that the CLS as such will be the owner of the results, and that the provisions relating to access rights do not apply to the contractors belonging to the CLS but to the CLS itself.

However, transfer of ownership from the CLS to one its "members" is not prohibited. As a consequence, it is strongly recommended that the contractors which are members of such a CLS agree on specific arrangements, relating in particular to ownership and access rights issues.

5 Financial Aspects

Please note that there has been a recent change in nomenclature. In the Guidance notes for Project Reporting in FP6 dated October 2004, they have renamed "Cost Statements" to be "Management Reports" and have renamed "Management Reports" as "Activity Reports". I think this is stupid to put it mildly and have chosen not to change this book but continue to use the familiar terminology.

5.1 Choice of Cost Model

The cost model is now based on type of legal entity and its accounting system.

1. All legal entities can use the full cost (FC) model with the exception of physical persons;
2. Physical persons use the additional cost (AC) model (that is individuals participating in the project as individuals – not SMEs that are not incorporated)
3. Non-commercial or non-profit organisations established either under public law or private law and international organisations may choose one of the additional cost (AC), full cost flat rate (FCF) or FC models. However, only those non-commercial or non-profit organisations established either under public law or private law and international organisations which do not have an accounting system that allows the share of their direct and indirect costs relating to the project to be distinguished may opt for the AC model.
4. Legal entities defined as SMEs have the choice between the FC and FCF model.

The same options are open for all instruments - specific organisations must stick to single model across entire FP6 and all instrument types. However a public organisation can move from AC to FC or FCF and a SME can move from FCF to FC.

1. The FC model allows all direct and indirect costs to be charged to the project. Costs are reimbursed at different rates according to the activity and instrument.
2. The FCF model allows all direct costs to be charged to the project with a flat rate to cover indirect costs. Direct costs are reimbursed at different rates according to the activity and instrument.
3. The AC model allows only eligible additional direct costs to be charged to the project with a flat rate to cover indirect costs. These costs are reimbursed at 100% in all instruments. (The exception is for Networks of Excellence where costs must exceed the grant for integration and may result in costs being reimbursed at less than 100% depending on the composition of the consortium, the costs incurred, and the amount of the grant for integration.)

This choice is critical from a financial point of view. **I strongly recommend every commercial organisation to use an accountant experienced with the rules to determine the best model and assess the overhead rate as applicable.** Virtually no new participants do this and most end up receiving substantially less funding than they could have received.

Cost Model	Name	Type of Organisation
AC	Additional cost flat rate overhead	Physical person must use this, non commercial or international non profit organisations with accounting system incompatible with FC
FC	Full cost	Any organisation except physical person
FCF	Full cost flat rate overhead	SME, non commercial and non profit organisations

5.1.1 Cost Model Definitions

As mentioned in the previous paragraph, a contractor may choose a cost model according to the table shown above to identify its eligible cost following the description given in Annex II of the model contract. The contractor should use the same cost model already used in other contracts with the Commission or if

it is a new comer as contractor, it should **select a cost model and maintain it for all its participation in the contracts of the FP6. Where organisations submit proposals from various departments, it is essential that the first approved proposal basis is used by all departments in future proposals.**

Certain exceptions are possible for SMEs entering the FP6 on the FCF cost model and non commercial and non profit organisations entering on AC cost model and subsequently wish to move to FC (or FCF) model **or** when a legal entity changes its legal status, for example:

1. SME becoming a large enterprise or the reverse (following a re-organisation of a large enterprise);
2. Public body (or part of it) through a privatisation process becoming a private enterprise.
3. Private enterprise becomes a public body.

5.1.2 Cost Model Notes

The EC funding limits for each activity, together with the limits established by the Community framework for State aid and the principle of the co-financing, define the financial "regime" applicable to the contractors. In FP6 only two cost models are permitted (with one variant): The Additional Cost model (**AC**) and the Full Cost model (**FC/FCF**).

5.1.3 Full-Cost Model Explanation

The Community financial contribution is calculated as a maximum percentage (%) of the total eligible costs for a specific action, within the limits permitted by the intensity of the public support, regulated by the Community framework for the state aid to the research and technological development.

In this model the Community financial contribution covers (fully or partly) the total costs. The financial contribution is calculated as a maximum percentage **of the total eligible costs** of the action (always within the limits of Community State aid framework). This model can be used both by beneficiaries subject to or not subject to the Community State aid framework, however the Community financial contribution would be less than (in general) or equal to (in some cases) 100% of the total eligible costs.

For the beneficiaries using the full cost model and its simplified variant (FCF- see 5.1.4 below). The Commission financial contribution is limited to a value equivalent to **35% (demonstration), 50% (research) or 100% (training, management up to 7%)** of the recipient's total costs, subject to the respect (or not) of the threshold established by the Community State aid framework (and of the principle of co-financing of the action when the rate and of 100%).

5.1.4 Simplified Full-Cost Model variant Explanation

The FCF is a simplified variant of the full-cost model where, within the clear concept of **FC** cost model explained above, a flat-rate rate of a maximum of 20% calculated on the eligible costs of the action, excluding those related to subcontractors (in its widest definition), is allowed to cover all related indirect costs.

5.1.5 Additional Cost Model Explanation

The Community contribution is calculated as a maximum percentage (%) of the eligible cost in addition to those already covered by other public funds than the financial contribution from the Community, always within the limits permitted by the intensity of the public support, regulated by the Community framework for the state aid to the research and technological development.

When this cost model is used by non profit higher education institutes or similar beneficiaries (not subject to the Community State aid framework) the Community financial contribution could cover the 100% of the additional costs, providing that the co-financing principle is respected and therefore conditioned to the demonstration that other costs exist (actually incurred). **This is the case for example** of an organisation working on additional cost model entitled to be funded at 100% rate of its additional costs. This organisation is not limited to charge to the project only the cost of **personnel recruited** on purpose for the

action. It may charge also the cost of permanent staff or personnel dependent on external funding, as an additional cost, at the condition that they may demonstrate that those costs exists.

A physical person participating as a legal entity in a project must use the AC model. A non commercial and non profit organisation may also opt for the AC model, provided that it can demonstrated that they do not have an accounting system that allows the share of their direct and indirect costs relating to the project to be identified. Note that physical persons cannot charge own salary costs – they would be better forming a company.

5.1.6 Rates of Support per activity type

The types of activities per instrument are as follows:

Types of instrument or actions / Types of activities		**Research & technological development or innovation activities**	**Demonstration activities**	**Training activities**	**Management of the consortium activities**	**Other specific activities***
Network of Excellence					●	●
Integrated project		●	●	●	●	
Specific Targeted Research or Innovation Project*		●	●		●	
	Cooperative research	●			●	
	Collective research	●		●	●	
Integrated Infrastructures Initiative*		●	●		●	●
	Classical			●	●	●
	For Infrastructures				●	●
Specific support action					●	●

***** Specific Targeted Innovation projects & Integrated Infrastructure Initiatives are unused within IST program

The percentage of funding to be expected will not exceed the following rates per activity.

Maximum reimbursement rates of eligible costs	**Research & technological development or innovation activities**	**Demonstration activities**	**Training activities**	**Management of the consortium activities**	**Other specific activities***
Network of Excellence				100% (up to 7% of the contribution) (AC: eligible direct costs)	100%
Integrated Project	FC/FCF: 50% AC: 100%	FC/FCF: 35% AC: 100%	100%	100% (up to 7% of the contribution) (AC: eligible direct costs)	
Specific Targeted Research or Innovation Project ***	FC/FCF: 50% AC: 100%	FC/FCF: 35% AC: 100%		100% (up to 7% of the contribution) (AC: eligible direct costs)	
Specific research project for SMEs	FC/FCF: 50% AC: 100%		100% (for collective research only)	100% (up to 7% of the contribution) (AC: eligible direct costs)	
Integrated Infrastructures Initiative ***	FC/FCF: 50% AC: 100%	FC/FCF: 35% AC: 100%		100% (up to 7% of the contribution) (AC: eligible direct costs)	100%

Coordination Action			100% (FC indirect costs: flat rate **)	100% (up to 7% of the contribution) (AC: eligible direct costs) (FC indirect costs: flat rate **)	100% (FC indirect costs: flat rate **)
Specific Support Action				100% (up to 7% of the contribution) (AC: eligible direct costs) (FC indirect costs: flat rate **)	100% (FC indirect costs: flat rate **)

* Other specific activities means: - for NoE: Joint Program activities, except consortium management
- for III: any Specific activity covered by Annex 1 including transnational access to infrastructures
- for CA: activities except consortium management
- for SSA: any specific activity covered by Annex 1, including transnational access to infrastructures

** Flat rate for FC indirect costs: 20% of all eligible direct costs minus sub-contracts

*** Specific Targeted Innovation projects & Integrated Infrastructure Initiatives unused in the IST program

The members of the consortium can decide how to distribute the financial contribution received from the Commission. This may be in strict accordance with the reimbursement rates made by the Commission or may be in accordance with the consortium's preferences. Whatever the choice, it is important that it is clearly indicated in the consortium agreement in order to avoid problems.

5.1.7 Mixed systems

Where a legal entity has a MIXED accounting system (composed of one which allows to distinguish indirect costs and another which doesn't allow it), so long as the direct costs of the project can be identified, the FCF model can be used. Where it is not possible to distinguish the share of the direct and indirect costs to this project it is possible to use the AC model, so long as the legal entity meets the criteria for its use.

5.2 Allowable Management Costs at 100%

Costs for management of the consortium shall be reimbursed up to 100% of the incurred costs. A share of no more than 7% of the EU contribution shall be reserved for management costs by the consortium reimbursable at 100%. But what constitutes management costs? There are two categories:

1.The following costs must be included here.

- Audit certificate costs (but without overhead as it is technically viewed as a subcontract)
- For IPs and NoEs, the costs of implementing competitive calls by the consortium (Publication and Evaluation) to find new members (if required)

2.The following may be included in the management cost activity up to the ceilings.

- Updating and managing the consortium agreement (incurred after project start only)
- Managing at a consortium and participant level of the technical activities of the project
- Overall legal, contractual, ethical, financial and administrative management of the consortium including any financial security necessary to cover the financial collective responsibility of the participants (e.g. cost of insurance or bank guarantee if deemed necessary for some of the participants)
- Co-ordination at consortium level of knowledge management and other innovation related activities
- Overseeing promotion of gender equality in the project
- Overseeing science and society issues related to the research activities

The first category above takes precedence over the second within the permitted funding levels. Overheads can be added to management costs except for subcontracts and audit certificates (regarded as

subcontracts) and other direct costs, where the overheads, on the FC basis, have been calculated as a percentage of salaries. Generally consultants should be partners, not subcontractors.

AC contractors can charge to the management of the consortium activity costs of permanent personnel to the extent that they can identify their actual costs. However, the flat rate for indirect costs does not apply to these costs as they are not additional.

5.3 Explanation of activity costs

5.3.1 Research Costs

Research cost would normally cover all the material/immaterial resources deployed by the participant to carry out the research activities as indicated in the Annex I and in Annex II to the contract for the action. Those activities are strictly attached to generation, expansion and deepening the scientific and technological knowledge and to the achievement of identified scientific/technological objectives and relevant deliverables according to the time schedule of the project.

5.3.2 Demonstration Costs

Demonstration costs cover those activities of the project which can be seen as demonstrating in a real live use environment a product to prove their viability for future applications and commercialisation. I strongly suggest that in IST projects this is avoided and in place of it either "Trials" or "result validation" are carried out on prototypes or pre-production systems and as appropriate classified under the Innovation or Research activity types respectively. See 9.7 for further discussion of "Demonstration".

5.3.3 Innovation Costs

Consortia are encouraged to include **innovation-related activities** in their project, and such activities will be supported by EC funding under the same conditions as R&D activities. **Note that in FP6 the word "innovation" is used in a different sense from that in FP5.**

Typical examples of innovation-related costs include:

1. **intellectual property protection**: protection of the knowledge resulting from the project (including patent searches, filing of patent (or other IPR) applications, etc.);
2. **dissemination activities** beyond the consortium: publications, conferences, workshops and Web-based activities aiming at disseminating the knowledge and technology produced;
3. **studies on socio-economic aspects**: assessment of the expected socio-economic impact of the knowledge and technology generated, as well as analysis of the factors that would influence their exploitation (e.g. standardisation, ethical and regulatory aspects, etc.);
4. **activities promoting the exploitation of the results**: development of the plan for the use and dissemination of the knowledge produced, feasibility studies for the creation of spin-offs, etc, "take-up" activities to promote the early or broad application of state-of-the-art technologies. Take-up activities include the assessment, trial and validation of promising, but not fully established, technologies and solutions, and easier access to and the transfer of best practices for the early use and exploitation of technologies. In particular, they will be expected to target SMEs.

In addition, innovation costs cover also those activities carried-out by "*organisations that possess specific competence in management, dissemination and transfer of knowledge*" which are allowed to participate in FP6 projects, even if they don't carry out any R&D activity.

5.4 Personnel costs

Under FP5 contractors were permitted to use average employment costs. These are no longer permitted – only actual costs can be used. Averages can be used to estimate the project budget over its duration but must report only actual costs for each reporting period.

All eligible costs must be determined in accordance with the contractor's usual accounting principles. As far as productive hours are concerned, contracting parties must calculate their specific productive hours according to their normal procedures (taking into account national holidays, illness, training, etc.).

Contractors using direct staff hours would normally apply a utilisation rate (i.e. hours actually used after holidays, sickness, etc). This utilisation rate must be calculated for the life of the project and must reflect the real productive hours.

If a legal entity established in a third country participates without receiving any EC funding, it has to calculate the person months and costs according to its usual accounting and management principles. This input should be identified in the technical annex to the contract (Annex I) and the budget estimated for that contractor's costs be included as part of the total costs of the project (but not part of the estimated maximum EC contribution). If a legal entity established in a third country receives EC funding, it is treated like any other contractor: it must meet all the provisions of the contract including those concerning the eligible costs (Articles II.19, II.20, II.21, II.22 and II.25 of the FP6 model contract).

Working time to be charged must be recorded throughout the duration of the project through any effective tool (including time sheets), in accordance with the contractor's normal accounting rules. The person in charge of the work designated by the contractor should certify the records. An estimation is insufficient. Employees normally record time sheets on a daily basis while the certification of the person in charge could be done monthly. Certified time sheets must include the person's identity and her/his time spent on the project. If the person is working in different "activities" under the contract it is necessary to be able to distinguish among the tasks as they relate to each activity. ("activity" here means at a specific rate.) In addition, a full overview of the working time should be possible in the event of an audit (i.e. for persons working part-time on the project it should be possible to determine where their time was spent when not on the project). Costs claimed for personnel time must be actual, not averages, and recorded on the contractor's account (income statement, balance sheet) not just on internal (management) accounts.

5.4.1 Personnel Definitions

The definition of personnel necessary to carry out the activity (RTD, Demonstration, etc) should conform with the following cumulative criteria:

1. Directly employed by the contractor in accordance with national law
2. Under the contractor's sole technical supervision (in essence the technical output must belong to the contractor)
3. Remunerated in accordance with the normal practices of the contractor provided these are acceptable to the Commission.

5.4.2 Personnel Status

On the other hand different categories of the "status" of personnel can be possible:

- "Permanent employee", who has a permanent working contract with the legal entity.
- "Temporary employee", who has a temporary working contract with the legal entity.
- "In-house consultant" or "intra-muros consultants" is a worker that, in addition to the two conditions mentioned above, fulfils simultaneously the following conditions:

  Works in the offices of the concerned participant;
  Works only or mainly for this participant;
  Has a "work contract" with this participant;
  The "work contract" mentions explicitly the tasks he has to perform in the indirect action supported by the Commission in which this participant is involved;
  The participant may effectively control and assess the performance of the work assigned to this intra-muros consultant;
  By way of explanation, it is implied that the consultant makes use of the employer's

administrative services, and therefore has no "overheads" of his own. By way of explanation, it is implied that the consultant makes use of the employer's administrative services, and therefore has no "overheads" of his own.

For the justification of the costs incurred, in the case of "work contracts", the costs excluding VAT, should be taken from the invoice received for the work performed. Invoices should indicate the project on which the persons have worked, the tasks carried out and the hours spent.

5.4.3 Additional Costs

For contractors using the additional cost model, costs shall be limited to the actual costs of the personnel employed on the project (gross remuneration and related charges) where the latter has concluded:

- a temporary contract for Community RTD project Permanent personnel paid for working full-time for the contractor is excluded from this cost-charging system, except where "professor" or staff are used for management;
- a temporary contract for completing a doctorate;
  a contract which depends upon external funding additional to the normal recurring funding of the contractor; in this case, the costs charged to this contract must exclude any costs borne using such recurring funding".
- Or where cost of research by existing staff when paid separately for this element

For example, a researcher may have a permanent-working contract, which depends partially by external funding. The working contract of this researcher mentions explicitly that a part of the salary of the researcher is subject to its involvement in specific activities financially supported by external funding (like the financial contribution of the Community to an indirect action of the FP6). This part of the salary of the researcher, and only this part, is considered to be additional personnel costs that could be reimbursed at 100% (for participants using the AC cost model).

5.4.4 Overtime

The Commission will not normally approve payment of personnel costs in respect of overtime payments. If overtime is actually paid and if it is the policy of the organisation to pay overtime then it is possible if the overtime is necessary to the project. Generally speaking though, except for certain technical staff, overtime is not paid and is not usually necessary to carry out the project.

5.5 Overhead Costs

In previous Frameworks overhead costs were applied generally to personnel costs, however in FP6 they can be applied more broadly.

5.5.1 Calculated Overheads (FC)

Direct costs are those costs directly related to the project, which can be clearly identified and justified by the accounting rules and principles of the contractor. Overhead costs (also referred to as Indirect costs) are those costs which are not directly related to the project, not identified as direct costs and which do not include any costs already directly charged to the project. They are determined in accordance with the accounting principles of the contractor but must be related to the project, subject to audit trail and be real.

The calculated overheads could include the following types of costs:

- in house technical service departments utilised by project such as QA, design services
- allocations for internally funded R&D if it is normal practice
- costs related to general administration and management;
- costs related to ongoing professional training of staff
- costs of office or laboratory space, including rent or depreciation of buildings and equipment, and all related expenditure such as water, heating, electricity, maintenance, insurance and safety costs;
- communication expenses, network connection charges, postal charges and office supplies;

- depreciation on common office equipment such as PC's, laptops, office software;
- miscellaneous recurring consumables.

See 5.7 below regarding non-eligible costs.

In the FC cost model the contractor uses his own "normal" accounting basis for calculating overheads, whether it is based on salaries only or on all direct costs. The reporting rate is based on historic accounting information per published accounts of the organisation.

The indirect costs used for FC must be based upon the actual costs for the life of the project not on the last set of financial accounts. Only indirect costs relevant to the project are eligible and they have to be actual costs for each period concerned. While an estimate can be used to identify the expected costs over the life of the project, only actual costs may be claimed at each reporting period. Any necessary adjustments to reflect corrections to amounts claimed in a previous period must be identified in the subsequent period.

The basis for allocating the indirect costs (e.g. project direct staff hours / total direct staff hours) must be calculated for the life of the project. It is not possible to use the figure (e.g. total direct staff hours) for the period of the last financial accounts. Only indirect costs relevant to the project are eligible and they have to be actual and adjusted where they deviate from the estimates.

5.5.2 Flat rates for indirect costs where applicable (FCF and AC)

In some models a flat rate for overheads can be charged (generally 20% of direct costs minus any subcontracting costs). In these cases, either the contractor has opted for the flat rate or is not capable of identifying its real costs.

Indirect costs covered by a flat rate should normally include all costs related to general administration and management. Subject to the accounting principles of the *contractor* the following items:

- costs related to general administration and management;
- costs of office or laboratory space, including rent or depreciation of buildings and equipment, and all related expenditure such as water, heating, electricity, maintenance, insurance and safety costs;
- communication expenses, network connection charges, postal charges and office supplies;
- common office equipment such as PC's, laptops, office software;
- miscellaneous recurring consumables.

5.5.3 Example of third party's costs eligible for project and conditions for acceptability

The Article 8 of the Rules for Participation in combination with Article 14.2, third indent of the same rules, indicates that the resources placed at the disposal of a participant by third parties could be eligible and therefore be refunded.
This provision (Article 5.5, 13.5 and 14.2 third indent of Rules for Participation) has been specifically conceived with a view of encouraging the participation of common legal entities (e.g. EEIG and similar entities without legal personality) instead of its members, as an element of simplification in line with the spirit of FP6.

This provision is practically implemented as follows:

- In accordance with Article 8 of the Rules for Participation, this provision requires that a prior
- agreement between the third party and the contractor exists prior to the signature of the EC contract. The contractor has to submit the aforementioned **agreement to the Commission during the negotiation phase.** In the event of agreement of the Commission (Ref. to the Guidelines on Negotiation and Selection) the third party and its tasks, will be mentioned in Annex I of the contract. Any other provision that could emerge during the implementation of the action cannot be considered as potential eligible cost from a third party.
- These costs, even if incurred by a third party, will have to be certified by an external auditor, and they

are under the contractor's responsibility, which will declare them for its account.

5.5.4 Overheads on "Management Costs"

Contractors may charge overheads on management costs using the same basis as for all other costs i.e. AC and FCF, 20% of all direct costs except subcontracts and audit certificates and FC the percentage as defined by the organisations normal accounting principles, either on all direct costs or salaries only, depending on standard basis within the organisation.

5.6 Equipment costs

Costs relating to the purchase or leasing with option to buy, of durable equipment shall be charged to the contract pursuant to the contractors' own accounting practices.

However complying with the principle of sound financial management, the cost claimed for durable equipment leased with option to buy cannot exceed the costs that would have been incurred if the equipment had been purchased and depreciated under normal practices. (i.e. interest element must be excluded).

The following formula gives an indication on how to calculate depreciation that could be charged to the project, for contractors **using accrual based accounting system**:

Depreciation = A/B x C x D

Where:

A = the period in months during which the durable equipment is used for the project after invoicing,

B = the depreciation period for the durable equipment: as per regular accounting practice for the organisation within its published accounts

C = the actual cost of the durable equipment,

D = the percentage of usage of the durable equipment for the project.

The durable equipment may be purchased or leased with option to buy.

The depreciation should be a linear and contractors cannot charge the total depreciation cost of the durable equipment in their first financial statement.

On the other hand, those contractors **using cash based accounting system,** they may charge the total depreciation cost of the durable equipment in the first financial statement, providing that they buy and use it for the project this durable equipment during this first financial/scientific period.

Many Universities and Public Research Institutes operate cash based accounting system. In this system, there is no accrued accounting for depreciation. Consequently an appropriate charge (the proportion of the cost of equipment used on the project) for depreciation is normally made on a one-off basis in the same year of the purchase of the equipment.

As a consequence, contractors using a cash based accounting system may have their depreciation costs of durable equipment reimbursed in a single amount in line with their normal accounting system. In other words, they may charge the total depreciation cost of durable equipment in the financial statement covering the period of purchase of this durable equipment.

To avoid misunderstandings, such contractors must declare in their financial statement that they use cash based accounting system.

5.7 Non-eligible costs

Costs calculated in accordance with other conventions e.g. "current costs", "notional rents", "opportunity

costs", etc. are not eligible. Therefore, no notional costs should be charged, e.g. in respect of revaluation of buildings or capital equipment, estimated or imputed interest, estimated rentals, etc.

Costs, which are not eligible, include in particular:

- "return on capital employed", including dividends and other distributions of profits
- provisions for possible future losses or charges
- costs related to any interest
- provisions for doubtful debts
- unnecessary or ill-considered expenses
- marketing, sales and distribution costs for products and services, unless they are directly related to and necessary for the action
- indirect taxes and duties, including VAT
- any cost incurred or reimbursed from other sources such as in respect of another Community project
- leasing costs (or part thereof) where the leasing arrangement has the effect of unnecessarily increasing the charge made to the project (e.g. where the cost without interest of the leased equipment is higher than if purchased).

5.8 Costing of Network of Excellence

In a Network the funding determination is entirely different. The maximum annual payment to the Network is determined by the number of researchers. Please note that the grant is determined by the "number of researchers to be integrated" and this is determined as of numbers on date call closes. **Addition of further partners during project will not increase the funding**.

The financial regime for Networks of Excellence is based on the concept of an incentive for integration; i.e. a fixed amount to support the Joint Program of Activities. The estimation of the financial amount of the grant takes into account the degree of integration (by defining a minimum threshold to be reached in the evaluation), the number of researchers to be integrated, the characteristics of the research field and the joint programme of activities. Model contracts for Networks of Excellence will contain a table such as the following to determine the average annual amount of the grant:

50 researchers	€ 1 million/year
100 researchers	€ 2 million/year
150 researchers	€ 3 million/year
250 researchers	€ 4 million/year
500 researchers	€ 5 million/year
1000 researchers and above	€ 6 million/year

The grant for an intermediate number N of researchers would be calculated by linear interpolation:
A - nearest lower given number, B – nearest upper given number, G_A – given grant for A researchers, G_B – given grant for B researchers:
Grant for N researchers: $G_N = G_A+(G_B-G_A)/(B-A)*(N-A)$

In addition to the amount calculated on the base of the above table, an additional amount of 4000 Euros per year (up to a maximum of 10 % of the grant for the researchers) will be granted for each registered doctoral student in the network. Note – above figures are "maximum grant" - in many cases it will be only a proportion of it.

For the disbursement of the grant it must be demonstrated that costs of at least the value of the grant are used for the implementation of the Joint Program of Activities and that the cost of integration does not

exceed 25% of the costs of the RTD activities integrated.

An important point is that in order to claim their costs in a cost statement, participants must account for their claimed costs in an identical way as for IPs or STREPs. i.e. they will calculate it based on their chosen cost model and man rates for expenses incurred in the JPA. It will normally be the case that there may be no relationship between the proportional calculation of the budget, based on researchers to be integrated and the costs claimed. i.e. the number of researchers contributes money to the central budget but it can only be withdrawn as expenses are incurred as per the JPA.

5.9 Creating a Participant's Budget

There are differences between the type of Instrument and the Cost Model. This section is purely an overview of the things to be taken into account. Please note that there are no predefined rates or costs. Budgeting should be done on expected actual costs to be incurred.

5.9.1 Items common to all cost models

It is vitally important for each participant to involve an accountant experienced in FP6 rules to determine the best Cost Model for the organisation. If the organisation has existing FP6 contracts, it should continue to use the chosen model. However it is possible, within certain constraints, to use a different model. (See 5.1.1).

The accountant should also calculate, for budgetary purposes, the man rate or rates to be used for this participant for this proposal. This rate is made up of two distinct parts: the salary and the other costs of employment. The gross salary should be a future estimate with allowance for inflation built in. Added to that should be non-salary costs of employment such as employers social security, any payroll tax, retirement plan, insurance, provision for severance pay, car or other benefit. Each of those is of course highly dependent on the norm for the individual country. These two parts together make up the base cost of employment.

I assume in this section that the number of man months or man days that the participant is entitled to for each activity that he will contribute has been agreed within the consortium.

The calculation of labour cost should be straight forward, if the number of man months and their costs are already known.

Other costs should now be addressed. The principal of those will be international travel, equipment and sub-contracts. The travel to be expected should be calculated by number of expected trips per activity and the normal cost of a trip which comprises travel, accommodation and living expenses. The acceptable levels for those would be those recognised within each country by the tax authorities. Equipment should be handled as per 5.6 above.

Sub-contracts are somewhat different in that they include projected audit costs (see 5.11, below) as well as other sub-contracts as justified in the proposal and not related to core activities of the project. Such work should be minimised (see also 5.16, below).

In addition to the above other costs such as material should be identified and taken into account. It is also important from an administrative point of view to have a split of all costs by activity type.

Finally AC and FCF participants should add 20% for unspecified overheads to everything except sub-contracts. FC participants – see below 5.9.4.

5.9.2 The AC Model participant

Main point to remember for AC is that labour cost of permanent members of staff generally cannot be funded unless it is part of the 7% management cost. AC participants should add 20% for unspecified

overheads to everything except sub-contracts.

Don't forget that AC participants should claim 100% of above costs. This leads to an interesting ploy as companies can only claim say 50% of their costs for RTD. It has been known for necessary sub-contracts to be issued via an AC participant as otherwise only 50% of it would be reimbursable. This is acceptable if it is justifiably related to that participants activity. Same goes for large capital expenditure and say large material costs.

5.9.3 The FCF Model participant

Main point here is first to have a check undertaken to ensure you are not better off using the FC model. As the FCF overhead is only 20%, if you can justify say 30% on FC, you would be better off. In case of doubt, you may wish to postpone the use of an external expert to determine your potential FC overheads until your proposal is accepted. In those cases, I would advise to claim FC and put down some rate such as 50%, as thought appropriate. During contract negotiations, when you more or less know you will get funded you can always request less and even revert to FCF. The point being, when you establish in a proposal a budget, it is very difficult to get it increased. It is relatively easy to give some back! However, in the latter case, try increasing your budgeted manpower to use up available budget! Most people underestimate to keep proposal costs low.

5.9.4 The FC Model participant

See 5.5.1 above for details of what can be included in your calculated overheads. The Commission says it will accept the current practice in a company for computing of R&D overheads. Most companies do not have such a system set up, so this is an opportunity to establish one of maximum benefit to you with respect to what you can claim via FC. A danger is that a company may be participating in other external funded R&D programs with their own more restrictive rules. There is no compulsion to use this in calculating your overheads.

5.9.5 Note on NoE budgeting

Although the overall grant requested will be calculated by the number of researchers integrated – see 5.8, above, the Joint Program of Activities in my opinion should be costed as per other types of projects. If for no other reason than to justify the requested funding.

5.9.6 Note on SSA budgeting

The A3 form is unclear for FC participants. They should fill in the cost using their full calculated overheads but when calculating the EC contribution only use 20% rate. Even though this appears as they are not then getting 100% funding, they are in fact claiming 100% with the 20% overhead.

5.10 Receipts of the Project

Under FP6, projects can be partially funded from other sources. In these circumstances, the income should normally be deducted from the relevant costs before calculating the costs for purposes of the EU contribution (whether it be 50% or 100%). In addition, contributions in kind (staff or technical assistance from a third party, equipment, materials etc.) should be reported but should have a neutral effect on the EU contribution since the income and expense are identical. In a similar fashion, where an organisation using AC cost basis, have staff working on the project who are excluded from being charged to the project, the hours should still be reported in the period and final statements. While the basis of reporting is still unclear, it will probably be best to include these personnel costs at value and exclude them on the same basis as other "contributions in kind".

5.11 Claiming costs in a running project

In an R&D project, claims are normally made at the end of each year or occasionally at the end of six months from formal start date of the project via a Cost Statement. The actual period is determined during contract negotiation. It is foreseen in FP6 that for example STREPs may be able to negotiate substantially

different periods with valid reasons. The cost claim is submitted to the Coordinator by each partner within thirty days, normally with an Audit Certificate. It is usually accompanied with a progress report. These are then consolidated and checked by the Coordinator who passes them onto the Project Officer for checking and payment less any advance. The Commission normally has sixty days to pay with interest due if they are late. Time spent while waiting for any supplementary information or justifications is not included in the sixty days. The key source of information with respect to this aspect is the contract and in particular Annex 2.

5.11.1 Dealing with Exchange Rates in Cost Statements

Contracts, funding, payments and cost statements in FP contracts are all in Euros. Several EU Member States and all Associated States use currencies other than the Euro. Thus there is some risk in taking what is effectively a fixed price contract in a foreign currency.

It has been normal practice and usually mandated by FP5 contracts, when submitting periodic cost statements to use the official Euro exchange rate of the first of the month following the period. The official monthly exchange rates are made available on the web under the Europa server. Currently at http://europa.eu.int/comm/budget/inforeuro/ In the past when there has been wide fluctuations of the Euro against other currencies this has caused some problems and a great deal of concern in some organisations. Although there was always means to minimise or offset at an organisational level, the problem has been addressed in FP6 directly. In FP6 they have introduced a different in the exchange rate policy. It is now possible in the cost statement to choose to convert the previous period on a monthly basis as costs are incurred at the then current rate. However you have to stick with one method for the whole cost period. This hopefully will give some relieve from currency fluctuations.

5.11.2 Audit Certificates

Having contractors provide audit certificates with cost statements was trialled by the IST program in FP5. It allows payments to be made more quickly and enables each payment period be considered as final. This is all for the clear benefit of all participants and should remove a serious previous obstacle to smooth running of projects.

1. For each period for which an audit certificate is required, each contractor shall provide an audit certificate prepared and certified by an external auditor, certifying that the costs incurred during that period meet the conditions required by the contract. The certificate should expressly state the amounts that were subject to verification. Where third parties' costs are claimed under the contract, such costs shall be audited in accordance with the provisions of the contract.

> The cost of this certification is an eligible cost under the activity relating to Management of the consortium.

2. Each contractor is free to choose any qualified external auditor, including its usual external auditor, provided that it meets the cumulative following professional requirements:

> a)the external auditor must be independent from the contractor;
> b)the external auditor must be qualified to carry out statutory audits of accounting documents in accordance with the 8th Council directive 84/253/EEC of 10 April 1984 or similar national regulations.

3. A contractor that is a public body may opt for a competent public officer to provide an audit certificate, provided that the relevant national authorities have established the legal capacity of that competent public officer to audit that public body.

Certification by external auditors according to the contract does not diminish the liability of contractors according to the contract nor the rights of the Community with respect to carrying out its own controls and audits.

The reasonable cost of audit certificates should be included in the management costs of a project (see 5.2 above) and are then 100% refundable (except for VAT) by the Commission within its contribution. As previously mentioned, overheads can not be put on this cost as it is regarded as a sub-contract.

5.12 Accounting Principles

First of all it is vital that you read the Commission documents "Financial Guidelines", "Audit Certificates" and "Cost Models" which at time of writing have not been formally released. However the model contract has – and it is the base guidance document. Note that in FP5, the Financial Guidelines were only a draft for the duration of the program and we expect the same for FP6.

All organisations, including universities and other public institutions must keep proper books of account and supporting documentation to justify their eligible costs claimed that they charge and relevant documentation must be kept for a period up to five years after the end of the action.

Explanations and justifications, especially concerning the allocation and apportionment of overheads, must be readily available for inspection by the Commission and its authorised representatives and by the European Court of Auditors.

Each potential contractor must satisfy the condition that it will have all the necessary resources as and when needed for carrying out the action. In preparing Financial Statements the following principles must be applied:

1. The participant must be presumed to be carrying on its business as a going concern
2. The methods of valuation must be applied consistently from one financial year to another

The Financial Statement should possess the following qualities that render the information they present useful to the readers; they must be:

1. Understandable. Excessive detail and overly complex reporting formats should be avoided. Information should be presented clearly and simply.
2. Relevant. Relevant information is timely and covers full nature and extent of the financial activities presented. Information is relevant if it helps those who use it to carry out their activities.
3. Reliable. Reliable information represents what it purports to represent. It is accurate within acceptable tolerances, free from bias, complete and verifiable.
4. Timely. Information cannot be out of date and must reflect the most recent information available.
5. Consistent. To be understandable, financial reporting should be presented on the same accounting basis to the extent possible. If the basis of accounting and presentation has changed from one *accounting period* to the next because, for example, a more appropriate accounting policy or standard has been adopted, this fact and the effects on the financial report resulting there from should be highlighted and explained clearly.
6. Comparable. As with consistency, the basis of accounting and presentation, and the effects of any changes from one period to the next, should be highlighted and clearly explained.
7. Materiality. Insignificant events may be disregarded, but there must be full disclosure of all important information. Therefore, an item is material if its disclosure is likely to lead to the user of accounting information to act differently.

The external independent auditor in performing its duty has to confirm that above-mentioned principles and factors concerning the quality of information are fulfilled and financial statement gives a true and fair view of the financial position corresponding with the underlying economic reality. Financial statements must be derived from the generally used accounting system of the contractor. The contractor must be able to verify the audit trail between the financial statement and its bookkeeping (general ledger) regarding all

transactions recorded in the financial statement.

5.13 Example of different bases of cost calculation

This example is the potential effect on a University (all 3 possibilities) or on an SME (only first two possibilities) depending on its choice of cost model for the identical work.

	FC	FCF	AC
Project labour costs	100	100	100
Less: permanent staff excluded			50
Net	100	100	50
Other direct costs, excluding subcontracts	25	25	25
Subtotal	125	125	75
Overheads: 20% of direct costs		25	15
100% of labour costs or 80% of direct costs[1]	100		
Subtotal	225	150	90
EU contribution: (say)			
RTD 50% of cost	98	65	full
Training 10% of cost	22	15	full
Management 7% of contribution	8	6	full
Funding	128	86	90

5.14 Participation without funding

In FP6 it is possible for legal entities from EU countries to participate without receiving funding. Their costs will be taken into account for calculating the total cost of the project but not the Community financial contribution. For these cases, the contract can include the special clause for such contractors, indicating that they are not subject to financial audits and audits on accounting and management principles referred to in Article II.29.1. As a consequence, Section 1 of Part B of Annex II (eligible costs of the project, direct costs, indirect costs, cost reporting models, receipts of the project Community financial contribution, reimbursement rates, audit certificates, interest yielded by pre-financing provided by the Commission, payment modalities) do not apply to those contractor(s). Also, such contractors would not be subject to any financial collective responsibility provisions applicable to the project.

5.15 Prefinancing

Interest on pre-financing - the guidelines are clear that bank interest earned by the coordinator on pre-financing monies is a receipt of the project. The Financial Regulation requires that interest earned from the pre-financing by the coordinator is a receipt. The FP6 contract (Annex II, Article II.27) says that "the coordinator shall inform the Commission of the amount of any interest or equivalent benefits yielded by the pre-financing **it** has received from the Commission." The Community financial contribution shall be offset by any interest or equivalent benefits yielded by the pre-financing of the project, as referred to in Article II.27 (see also Article II. 24.5). However, interest earned by contractors once the pre-financing has been transferred to them is not declared as a receipt.

The pre-financing provided to the contractors remains the property of the Commission until reimbursed to the contractors. The pre-financing will be spent continuously from the moment it is transferred until the financial statement is accepted. On the other hand, the principle of co-financing also means that the contractors should draw equally from the pre-financing and from their own resources during each period.

[1] The actual rate needs to be determined by the company/organisation, in accordance with its "normal accounting procedures" and books of account (see 5.5 above) and may be higher or lower than this example

5.16 Sub-contractors

As a general rule contractors must have the capacity to carry out the work themselves (Article II.6 of the FP6 model contract). Subcontracting is a derogation to this general rule and is limited to specific cases.

5.16.1 Conditions related to activities subcontracted:

1. Subcontracts may relate only to a limited part of the project (Article II.6, 2, a of the FP6 model contract): "They may only cover the execution of a limited part of the project. Therefore, generally core elements of the project can not be subcontracted".
2. Article II.6, 2, b of Annex II of the FP6 model contract states that: "recourse to the award of subcontracts must be justified having regard to the nature of the action and what is necessary for its implementation".
3. Even though certain services may be performed by a subcontractor, the contractor maintains fully responsibility for carrying out the project, retains the intellectual property generated, if any, and must ensure that certain of provisions of the model contract are reflected in the agreement with the subcontractor. (Article II.6, 2, a of Annex II (General conditions) to the FP6 model contract).
4. The subcontractor must be a legal entity.
5. Subcontracts are carried out only by third parties (Article II.1, 27 of Annex II of the FP6 model contract). Subcontracting between contractors is not possible, except in very particular cases (It might be the case where a different independent department of one contractor, not involved in the project, has provided a service to another contractor. However, this should be avoided to the extent possible.)
6. Any subcontractor, whose costs will be claimed under the project, must be made to the best bid based on price/quality and in compliance with the national legislation of the contractor concerned (see: Article II.6.2 of Annex II of the FP6 model contract).
7. A subcontractor is not considered as a participant. A subcontractor is a third party carrying out tasks identified in Annex I or other minor tasks not relating to the core work of the project, by means of a subcontract with one or more of the contractors. (Article II.1.27 of Annex II of the FP6 model contract).
8. As a third party, the subcontractor is not reimbursed by the Commission directly but by the contractor on the basis of the agreement concluded between the contractor and the subcontractor. Once the subcontractor is paid by the contractor, this contractor will be able to claim the reimbursement of that subcontracting expense to the Commission as a form of direct eligible cost.
9. As direct eligible costs, the reimbursement rate of subcontracting cost will depend on the type of activities under which the cost of the subcontract has been incurred and the instrument in which the contractor is participating. (See the table in part 4 of the Executive Summary and part 3.1.3.2 of the Guide to Financial issues relating to instruments of FP6)
10. VAT is a non-eligible cost. Therefore eligible costs of subcontracting exclude VAT. For example, where the total price paid for a subcontract is €1,200 (the cost of the services were €1,000 and the VAT €200), the direct eligible cost is € 1,000.
11. Subcontractors do not submit Financial Statements. However, the costs incurred by the contractor for subcontracting must be identified in the contractor's Financial Statement. The contractor must ensure that its audit certificate also covers the eligible costs of the amount paid to the subcontractor.

5.17 Internal or intra participant cross purchasing

In many projects the situation often arises where a participant wishes to make use of a product, equipment, service or material that it itself supplies as part of its normal business. It has traditionally been possible to put such a charge against the project for this when required if it has been foreseen in the Technical Annex and the amount can be shown not to contain any profit. This can be demonstrated if the price can be build up from its manufacturing or supply cost and not as a discount on its normal selling price. In the past I have used the "internal transfer price" that the company normally used for in house purchase of its own products.

A similar situation often arises if a partner requires to buy a product from a different partner for use in the

project. The same answer applies i.e. if a non-profit cost is used and it has been foreseen in the Technical Annex to the contract.

In all such cases, it is advisable to discuss this specifically with the Project Officer ahead of time with agreement in writing in case of any future questions on the subject. This is particularly important as it is obviously an area if not strictly supervised could lead to significant abuse.

6 Use of External Consultants

Most companies and organisations, especially those new to the program, tend to use external consultants to assist them in becoming involved and frequently also during the project itself. Given that the rules, language and customs of the Program are substantially different from other Programs, such use of consultants could be extremely helpful and assist new organisations to have a successful experience.

This section tries to provide some background on the use of consultants to ensure successful projects and value for money on all sides. Most of what I write here is common sense but must only be taken as opinion, hopefully informed, of what you should expect and what the options are. **As with most other activities, it is important that someone in your organisation be the champion and either himself or someone else in the organisation is appointed who has the day to day responsibility for the activity and works closely with the consultant and to learn the process.**

In previous Framework Programs some consultancies concentrated on accessing the "Exploratory Award" funding. As this does not appear in FP6, it should no longer be an issue.

Another impact of the FP6 changes is that the formal split of funding between participants in an approved contract is not in the contract, only an "indicative" split. This raises the problem for some consultant contracts which are whole or partially based on a success fee. See discussion below under 6.3.5.

6.1 How to select a consultant

As with use of any subcontractor there are a few basic guidelines. I of course am completely unbiased. However, the following would be a sensible way to proceed –

- Discuss with organisations who already have projects which consultants they would recommend
- Access any lists of available Framework Program consultancies
- Invite several to come and present what they would offer to you
- Ensure they discuss their modes of payment and operation (see below)
- Ask each consultancy for reference customers and previous successes
- Check if each has served as an evaluator in a related EU program (this is not mandatory, but is an added endorsement) - even having access to an experienced evaluator is very useful
- Take up references
- Have your lawyer check the contract and ensure you understand its implications
- Choose a suitable one after considering the rest of this chapter

6.2 What their role should be

Do not expect the consultant to do all the work for you – this is undesirable even if they wish to. A consultant should be used to assist you in participating in a winning proposal. The emphasis should be on assist. In addition to the actual work related to the proposal, you should avail yourself of the opportunity to learn and understand the process. Consultants are best used for any combination of the following tasks -

- Informing your organisation of the options
- Assisting you to identify business reason to participate and goals
- Assistance in identifying appropriate technical topic
- Checking the validity of the selected technical topic i.e. its appropriateness vis a vis what you wish to achieve
- Assisting you in finding partners or proposal to join
- Assisting in preparation of heads of agreements within the consortium
- Assisting you on appropriate cost model to use and, as necessary, estimating your overhead rate
- If you are coordinator, assisting you in writing the proposal
- Project Managing the proposal process

- Assuming the evaluation is positive, assistance in contract negotiation
- Finally, assistance in setting up the new project, including your in-house systems

However you should first understand which of the above you can carry out yourself (if any). You can then utilise consultants to carry out or assist in the remaining tasks. Please note that it may be best depending on specific circumstances to split the tasks between different consultants. Finally, the last two tasks will only be required when the proposal passes the evaluation – you shouldn't contract for this unless there is a dependency on the success of the application.

6.3 Payment methods

Consultants undertake work for a fee. It is important that the method of reward does not unduly cause a conflict of interest. Such conflicts can never be completely avoided but they should be appreciated. They are mainly related to the method of payment. The various options are as follows -

6.3.1 Up front agreed sum for specific work

It is normal to agree a lump sum cost to carry out the preparation and submission of a proposal or partnership in one. It is also possible to agree a phased work plan with staged payments for each activity. Each phase is dependent on successful completion of the previous one.

6.3.2 Agreed sum plus success fee incentive

This is a variation of the one above with some success fee on acceptance of the proposal. Such a success fee is either pre-fixed or more usually related to the amount of funding assigned for the partner employing the consultant. A pre-fixed fee will cause less potential conflict of interest. A suitable criterion for success is receipt of invitation to enter into discussions on a contract. Of course account must be taken of funding changes during negotiation or failure to conclude a contract.

6.3.3 Pure success fee incentive

It is absolutely vital not to have an arrangement that puts your interest in conflict with that of the consultants or at least to minimise the conflict. Thus I strongly advise against retaining consultants purely on a contingency basis. With such an arrangement you may end up with a project that you would be better not being in. However, it may be unavoidable and such contingency fees would quite correctly be higher. As above the success fee could be pre-fixed or a percentage; the former is better.

6.3.4 Project participation

This is almost always proposed in combination with one of the above. It is especially open to misuse and should not be undertaken lightly. Consultants may wish to participate in the project in their own right. In targeted research projects, this should be avoided unless they have something technical to contribute. In IPs and/or NoEs, such a participation is specifically allowed for at 100% funding. It should only be used to cover the administrative and financial part of the coordination, not the technical direction or strategic project management. In particular they should not be permitted to chair the management board.

6.3.5 Problems with Success Fees in FP6

As mentioned in the introduction to this chapter, when a contractor signs a contract with the Commission, only the overall project budget is defined, not the split between participants. There may be some consideration of this in the collaboration agreement but only details for the first eighteen months would be known for IPs for example. Thus a success fee based on a percentage of funding contracted is actually impossible to assess. Percentage success fees as outlined under 6.3.2 or 6.3.3 above must be defined differently. Some options are –

1. Move to a fixed success fee
2. Have a percentage based on total project funding (lower of course)
3. Have it based on the indicated funding breakdown as per the contract with the Commission
4. Have it paid as advance payments are transferred on an annual basis.

6.4 Points to watch

Be aware of the effect of the various practices of consultants can have on your proposal and the benefits accruing to you as a result. I outline below some points to look out for and only to agree to them if you understand the implications.

6.4.1 FCF instead of FC

In FP6 SMEs have a choice of using FC or FCF cost model. It appears that for all SMEs, regardless of size, it may be more advantageous to use the FC (Full Cost) basis for calculating costs. However this implies a check on the level of overheads that would be allowable and this requires expertise on the Framework rules as well as a knowledge of accounting practice. However some consultancies do not have the expertise to correctly assess these aspects. They also may not wish to subcontract a knowledgeable accountant to check it – even though it would normally be an activity that could take only a half-day. Thus they may suggest that an SME use the FCF (Full Cost with Flat rate Overhead) basis, as this allows 20% overhead without any justification. I believe that all SMEs can justify more than this. It is prudent and worthwhile to employ a financial consultant with knowledge of the Framework Program financial rules.

6.4.2 Rights to the Output

Please ensure that the work done by the consultant on your behalf and paid for by you belongs to you and he has no rights in it. i.e. If a proposal is produced by the consultant, it belongs to you. That you receive the source without any copyright or restrictions. For example you can reuse it for some other purpose or even give it to another consultant or subsequently resubmit it to a different call without him.

6.4.3 Last minute pressure

This is where someone undertakes all the work in preparation of a proposal but at the last minute refuse to submit it unless you pay more than previously agreed. The best way to minimise this is to have a written contract with the consultants and at a minimum a signed agreement with partners well before the cut-off date.

Such problems can also occur with partners. Again, it happened to me on my first proposal in the early eighties. At that time one of our key partners refused to sign the proposal the day before the deadline, unless we gave them a much larger portion of the work. They of course said it was their MD who was insisting. Without them, we could not have submitted and there was insufficient time to get someone else involved. A "heads of agreement" up front could have avoided much conflict.

6.4.4 Consultants signing up your partners

Consultants may undertake work on your behalf and as part of their contract explicit or implicit, insist that any potential partners also sign consultancy contracts with them. Under some circumstances this may be acceptable but at a minimum you should be made aware of this and agree to this in advance because it can result in some of the best prospective partners for you in a business sense being lost. Experienced or large organisations may not agree to such an arrangement and you most likely will end up with a consortium made up of only other inexperienced, small organisations and this will have a much lower chance of success as well as perhaps not meeting your business goals.

6.4.5 Consultants adding you into a consortium where they are already being paid by coordinator

This is the corollary to 6.4.4 when a coordinator is paying a consultant to help them build a consortium and submit a proposal and he then asks you for additional funding with or without the knowledge of the coordinator. This puts him in a major conflict of interest. You should insist in your contract with you of any other financial interests he may have in this same proposal.

6.4.6 Ensuring you agree with proposal

I am aware of cases where consultants have prepared a proposal and submitted it without it really being understood by the main organisation involved. I have done this myself in the past as a consultant. This

may be because no one in the organisation has had the time or the personal commitment to work on it or even to read it closely. It also may be because the consultant did not give you a reasonable opportunity to react or sufficient explanation of the options or consequences of the proposal. In any case, it is vital that you do take the time and understand and agree with what is being proposed in your name.

6.4.7 Use of CRAFT

As previously explained, CRAFT is a type of project where multiple SMEs that don't have an R&D capability require a third party to develop some new technology on their behalf. However the SMEs involved need to fund the other 50% of the R&D and the Research Organisation will not have IPR rights for the work undertaken, even though they will get 100% funding. Most R&D organisations are Universities or research institutes and would in any case under an RTD project get 120% funding and they will own the IPR at the end. Again CRAFT is not really welcomed in the IST program. Research organisations should usually consider an RTD project instead.

6.4.8 Ensure access to all information

I have seen consultants receive important feed back from external sources such as the NCP or the appropriate Project Officer in Brussels and it not being passed on in full to the customer. Especially when you are dealing with technical subjects, I believe it important for the customer to automatically be copied on all correspondence. Examples of this include clear statements that the subject of the proposal is unsuitable. Some consultants may be understandably reluctant to pass this on and subsequently lose the business. I myself have had on several occasions to deal with upset proposers whose proposal failed for a fundamental reason that myself or the project officer had foreseen and told the consultant but this had not been passed on.

6.4.9 Pressuring you to be Coordinator

As the Coordinator of a proposal normally has to commit more resource to its preparation as well as in the subsequent project, consultants see more lucrative work opportunities open to them when they work with Coordinators. There is therefore a natural tendency to encourage customers to be the Coordinator. As projects on average usually have four or five partners, the majority of participants are not Coordinators. In section 3.4.1 above, I outlined the benefits and drawbacks of being the Coordinator. These should be the guiding principals and not the consultant's interests.

In a country relatively new to the Framework Program, there is much less experience with the internal working of projects and therefore it would be normal for the percentage of Coordinators to be proportionally less. A 10% Coordinator rate in approved projects would even be on the high side for newer countries. Thus there should be considerable opportunities for consultants to assist people to be normal partners. This would have less of an emphasis on proposal writing and more on identifying suitable opportunities and consortia and assisting with the planning and negotiation and budgeting. In total effort, it could well be equivalent to the work for a Coordinator. My plea is for consultants to also suggest this more frequently than they currently appear to do.

Of course the other end of the scale is where the client pays for the consultant to build the consortium and prepare the proposal, but for some reason that client is not put forward as the coordinator. Some times this is correct, but it should be ensured that his up front commitment is somehow reflected in his official role in the project.

As you have a much better chance of success being a partner in a consortium that is lead by one of the key industrial players, consultants can really assist their clients by getting them involved in such suitable consortia. This can take just as much effort as writing a proposal and not only would you have a better chance of success, but also the resulting business relationships could be much more beneficial.

6.5 Summary

Using consultants correctly can enhance your likelihood of success, but they don't come cheap. A consultant who is willing to work 100% on success fee, is likely to be underemployed with other customers and you must draw your own conclusions on the reason why.

Most consultants would normally be open to negotiation on their fees, so explore their flexibility.

When you take up their references with previous satisfied customers, ask them what they paid.

Ask the consultant who would actually be doing the work - many times consultants may off load onto third parties and free lance consultants. Insist on meeting and checking out the persons who will be working on your behalf.

7 What to do when your proposal is to be funded

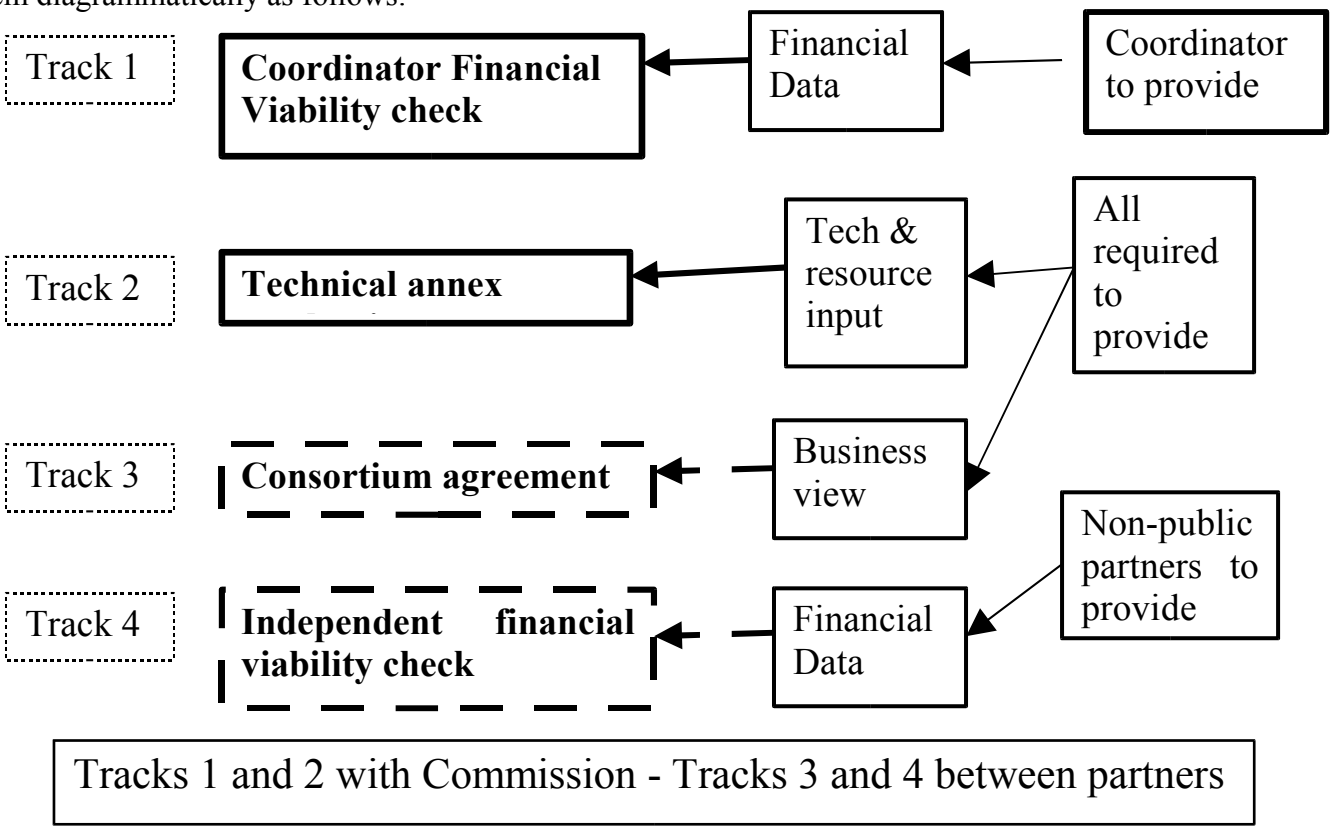
If you are the Coordinator, you will initially hear informally (but in writing) from the Commission about the disposition of your proposal and you should forward this immediately to your partners in the consortium. If you are not the Coordinator, ensure he passes on the feed-back immediately to you. In the past, preliminary results frequently leaked. Leaks originate from evaluators, project officers and even more senior Commission staff. In some countries the Program Committee delegate may also notify the result informally.

However, as noted elsewhere, the process in FP6 is slightly different for the new instruments because for IPs and NoEs proposals passing the initial evaluation are then invited to appear before the evaluation panel to answer questions. Final decisions on pass, fail and relative rankings will only be made for those after the hearing.

The process in FP6 is different from FP5 and based on experience of the first three call negotiations, it is along the following lines. Mistakes were done in the first call negotiation and some were corrected in the second call negotiation and further refined in Call 3. Remember, it is also possible at this stage to slightly modify the consortium and/or to change co-ordination to a different partner.

7.1 Contract Negotiation

I have outlined this previously – but in essence via the coordinator, the consortium is invited to contract negotiations with the Commission. In parallel, several activities need to happen. I have tried to illustrate them diagrammatically as follows:



7.1.1 Collective responsibility

The detailed financial checks carried out by the Commission were supposed to be only on the coordinator unless there is no collective responsibility. In 99% of consortia, there is – but how do you check? The easiest way is as follows –

Look at the organisations in the consortium and their respective funding, ignoring Universities,

government companies and institutes etc. which are taken to be guaranteed by a government. If the grant for any single remaining organisation is less than the sum of all the other grants of remaining organisations, then there is collective responsibility and only the coordinator should be required to submit an A6.

Note – that in cases where there is not collective responsibility in a consortium, then the process is modified and could well include the Commission doing financial viability checks on selected other participants.

However, as alluded to above, the practice is slightly different. Within DG INFSO they have left it up to individual Directors how to interpret the Financial Regulation within their directorates. There is some personal responsibility implied on a Director about the financial fitness of each partner. Some Directors as a result feel they have to do a more detailed financial check on each industrial partner, especially those new to the program. This gets confused with checks that the partners may wish to do on each other. Other Directors may feel that if they do a check and then accept a participant, if that participant eventually defaults, the other partners may have some legal claim on the Director for approving them!

7.1.2 General - Handling of CPFs

There is a lot of mystique surrounding this aspect of the process, however the rules and procedures are clearly laid out and documented. It is a key activity as it allows you to modify your proposal and even change the consortium and funding under certain circumstances.

The process is initiated by a letter from the designated Project Officer to the Coordinator inviting him on behalf of the consortium to enter into negotiations on a contract. In parallel he will receive a package of material and a timetable for the negotiations. Several dates will be suggested for meetings in Brussels or Luxembourg to initiate the negotiations. By that initial meeting the Coordinator will generally have to -

- Prepare first draft of the Technical Annex
- Have to have the Contract Preparation Forms (CPF) ready from each partner
- And, in parallel should deal with the Consortium Agreement
- Legal incorporation papers for any partners who are new to FP6

During the negotiation under some circumstances, there is some opportunity to change partnership/Coordinator.

The tool to be used by the coordinator to prepare the Contract Preparation Forms (CPFs) is the CPF Editor. This editor, like most software that the CEC has outsourced, is rather sad. It appears to have more than its rightful share of usability problems. Persevere with it and you will succeed. We note the following problems with it -

- The partner order is not maintained automatically, it changes according to the order that the partner information is imported. Imported information is automatically placed at the end.
- If you are looking at a partners A2a form and wish to see their A2b form you have to find it by going through all the partners in their new, disorganised, order to see it. The same applies if you then wish to see the same partners A2c form.
- If you, as the coordinator, have changed the A3 forms and then import a participant, you are not able to import only the administrative information. The partners section within the A3 form will be overwritten, back to the original information.
- There is no export facility. Participants receive all the forms.
- How can participants review their filled-in forms? The coordinator's financial information is in the cpfs – so he does not want to send them everything. In addition, there is no 'print to file' option at all, let alone only for individual participants. The only way would be to take another copy of the 'cpf master

file' and delete information until only an individual partners information is left.
- The print facility is very bad. It does not let you have your normal print options e.g. Print two to a page.
- You cannot choose which specific pages you wish to print, without a whole lot being printed.
- Worst of all, when you print, it prints them in the order that appears online – it does NOT collate them at all. It takes a long time to get all the forms in the correct order.

The process in FP6 is different from that in FP5, certainly with respect to IST. At the start of contract negotiations the project officer will send the coordinator a set of electronic CPFs, that already contains some of the known information. They consist of A1, A2, A3, A4, A5 and A6 forms – with A2 having multiple sheets.

1. A1 General Information and Abstract
2. A2 a, b and c Information on partners (one set per partner)
3. A3 Financial information on the project (multiple sheets)
4. A4 Coordinators bank information
5. A5 Confirmation of additional financial information (coordinator)
6. A6 Simplified balance sheet and P&L account (coordinator)

Note that all partners fill in A2 sheets but only the coordinator fills in the rest – subject to some rules regarding collective responsibility (see above under 7.1.1 and the coordinator being a commercial organisation). Also you must ensure that each partner organisation's legal name is in the local language as it is used to check its legal existence .

It is almost mandatory for the coordinator to supply the forms via the CPF Editor, as in Brussels it is then a simple process to plug it into their in house systems. It is probably easiest for the coordinator to send each partner his A2 forms and he can then fill them in by hand and fax then back for the coordinator to enter into the Editor. Of course the correct way is for each partner to do it electronically himself using the editor and emailing it back to the coordinator. In practice it may end up as a combination depending on abilities of the partners. However you should down load the paper CPF forms as they have useful explanatory notes on the different fields.

Please note that eventually the project officer will require signed CPFs. But initially they should be submitted electronically unsigned until they are all accepted as correct then signed versions need to be collected and forwarded via the coordinator. It is always good practice for each partner to fax a signed version to the coordinator in parallel to mailing it to him and for the coordinator to fax on a full signed set to the project officer - this allows him to initiate the approval process a little faster.

7.1.3 Financial Viability of Coordinator

It is advertised that one of the benefits of FP6 over FP5 is that they have eliminated the Financial Viability checks. This is not exactly correct. They have moved the responsibility to the consortium itself. There are two aspects, the Coordinator and the other contractors. I deal with the latter under 7.1.3 below. However the Commission will transfer funding to the consortium via the Coordinator and public money must be handled in a "safe" fashion. Thus the Commission will have to look at the Financial Viability of the Coordinator. This is represented above by Track 1. Due to the more prominent position of the coordinator in FP6, the financial viability controls will be significantly stricter.

7.1.4 Financial Guarantees/Assurances

Because of the new collective responsibility aspects of the contract, commercial (i.e. non-public) organisations will share financial liability for the others. Thus it is advisable for the industrial partners to undertake some check of their own on the potentially financially weaker partners and perhaps request some guarantees.

Under previous Framework Programs, during contract negotiations, most companies were requested to

supply internal financial data to the Commission, so their financial viability could be determined prior to the Commission authorising them to receive prepayment of part of their research grant. It has been accepted practice that companies who were reluctant to supply this sensitive information via their coordinator, did so directly to the project officer.

In FP6 the situation is different in that under the new Model Contract, the coordinator appears to have much more autonomy and unilateral power. However the Contract Preparation Forms required by the Commission contain the A5 and A6 parts under which industrial coordinators have to supply - audited financial accounts for last three full financial years. Financial information for last full financial year as per the A6 form, is basically a simplified balance sheet and P&L account The rules and tool for use of CPF Editor and the Coordinators Guide to Contract Negotiation is rather complicated with respect to forms A5 and A6. It is easily interpreted by coordinators as requiring all industrial partners to fill in A6 and give their financial information to them. After the initial calls (and not just in IST program) this is a broad occurrence. We have seen cases of companies not wishing to give this information to a coordinator who happens to be a major competitor. Because of the new felt power of coordinators the response is usually "give us the information or you are out... "

Particularly IPs are meant to mobilise sectors and this means generally competitors working together. However, there are many other reasons why a company, quite correctly, would not wish to provide this information to other organisations. It is not just potential conflict of interest with competitors, there is the whole issue of large companies perhaps wishing to buy out SMEs for their technology where internal financial knowledge could be beneficial or could be used as a lever in Consortium Agreement negotiations etc.

How companies can determine the financial viability of their partners because of the collective responsibility is a separate but related issue that be solved by use of a trusted third. I suggest that coordinators – in fact the project core team as a whole, if one exists, defines the financial criteria each non-public body partner needs to fulfil. They then supply it to some third party and each effected partner provides the third party the information. This third party would then attest to them meeting or not meeting the criteria. The third party could most easily be each organisations external auditor who would in any case have to check future cost statements. This would reduce or eliminate the costs of this exercise.

In cases where partners do not meet the criteria, financial guarantees could be requested, advances could be limited or not given or funding could be given as work is completed.

7.1.5 Negotiation on Annex 1

The principal activity during contract negotiations is to agree the exact content of the work to be carried out. An outline and roadmap is usually required for the entire project but more detail for the fist period. In IPs and NoEs a detailed plan is required for first eighteen months.

This is an opportunity for some modifications, either initiated by the consortium in the light of events since submittal of the proposal or more likely as a result of suggestions by the evaluators and/or requests from the Commission. Any such changes are only allowed with the agreement of the Project Officer and his major concern is that the essence of the proposal evaluated has not changed.

7.1.6 Funding Distribution between partners

The indicated breakdown is included in the contract but is not as binding as it was in the past and can be reallocated within the consortium. Thus understandings on this between the partners should be included in my suggested Memorandum of Understanding and the Consortium Agreement.

7.2 Consortium Agreement

This is between the partners and the Commission will not wish to see it. However this is a mandatory

document within IST program for all projects (potentially some exception within FET Open) that must be prepared and signed by the partners prior to official start of the project and by each additional partner prior to him joining the project. I suggest that it should be based on a Memorandum of Understanding signed by each partner as they join the consortium prior to proposal submittal.

In view of the larger flexibility which is offered to FP6 contractors, and in order to make the most efficient use of it, they are obliged to enter into a specific consortium agreement, unless this has been exempted by the call for proposals. The Consortium Agreement sets out the internal management guidelines for the consortium and can provide for arrangements relating, for instance, to the granting of specific access rights in addition to those provided for in the standard IPR provisions. This is likely to be helpful in many projects, although the new IPR provisions were developed in such a way as to be self-sufficient, i.e. to make it possible to execute a project without defining additional IPR provisions.

Consortium Agreements may not conflict with the provisions of the contract or the Regulation.
Although, the participation rules state that Consortium Agreements are mandatory, except where otherwise provided in the call for proposals, they do not specify what they must contain. Accordingly, this requirement does not conflict with any flexibility objective and should not be seen as an administrative burden, but as a signal drawing the attention of the contractors to the importance of Consortium Agreements.

Nothing prevents the contractors to prepare several consortium agreements governing different aspects of their project (some before the signature of the contract and some possibly after), or to amend their initial consortium agreement or to make bilateral or other arrangements involving smaller groups of contractors.

A check-list for consortium agreements is available in the Commission rules site FP6. Additional information relating to consortium agreements, are available, notably from the IPR-Helpdesk. Since the Consortium Agreement is a "private" agreement involving only the contractors, the Commission does not sign it and will not even check its contents. Nevertheless, the contract with the Commission will always prevail in case of conflicts with the consortium agreement, even in those cases where a Commission staff would have received the text of the Consortium Agreement and would not have raised any objections.

Technical co-operation contracts could include any or all of the following clauses:

7.2.1 Consortium Check-list - Outline of Contents

1. General Information (Identify each party to the agreement – Contractor(s) to the EC contract).
2. Preamble (Subject of the Consortium Agreement) including definitions based on the contract, Rules and any additional definitions as needed by the consortium).
3. Subject of the contract (Title of project).
4. Technical provisions
    - Technical contribution of each party (as set out in Annex I to the EC contract);
    - Technical resources made available;
    - Production schedule for inter-related tasks and for planning purposes
    - Expected contribution, maximum effort expected
    - Modification procedure;
    - Provisions for dealing with non-performing contractor(s).

5 Commercial provisions
    - Confidentiality;
    - Ownership of results / joint ownership of results / difficult cases (i.e. pre-existing know-how that is very closely linked to the result, making it difficult to distinguish the pre-existing know-how from the result);
    - Legal protection of results (patent rights);
    - Commercial exploitation of results and any necessary access rights; Commercial obligations;

- Relevant patents, know-how, and information;
- Sub-licensing;
- Pre-existing know-how excluded from use in the project.

6 Organisational provisions
- Committees – establishment, composition, procedures, role and nature:
- Steering, management, technical, IPR, financial etc;
- Co-ordination of committees;
- Amendment / revision of the agreement.

7 Financial provisions
- Financing plan;
- Modification procedure; Mutual payments, common costs;
- Distribution of management costs;
- Auditing of costs:
- Audit certificates;
- How to deal with financial collective responsibility;
- Provisions for dealing with non-performing contractor(s);
- Third party resources - identifying parties and resources.

8 Legal provisions
- Legal form of the co-operation;
- Duration of the agreement versus duration of the EC contract (i.e. 6 months one year longer, etc.)
- Penalties for non-compliance with obligations under the agreement;
- Applicable law and the settlement of disputes;
- Secondment of personnel;
- What to do if all the contractors do not sign the EC contract.

In addition I suggest that the following also be considered -
1. Distribution of the 100% management provision between partners
2. Distribution of the effort and funding between the partners
3. Process and rights of new participants added into the running project
4. Participation in competitive projects
5. Possible identification of a core project team, its membership and authority

7.3 Project Initiation

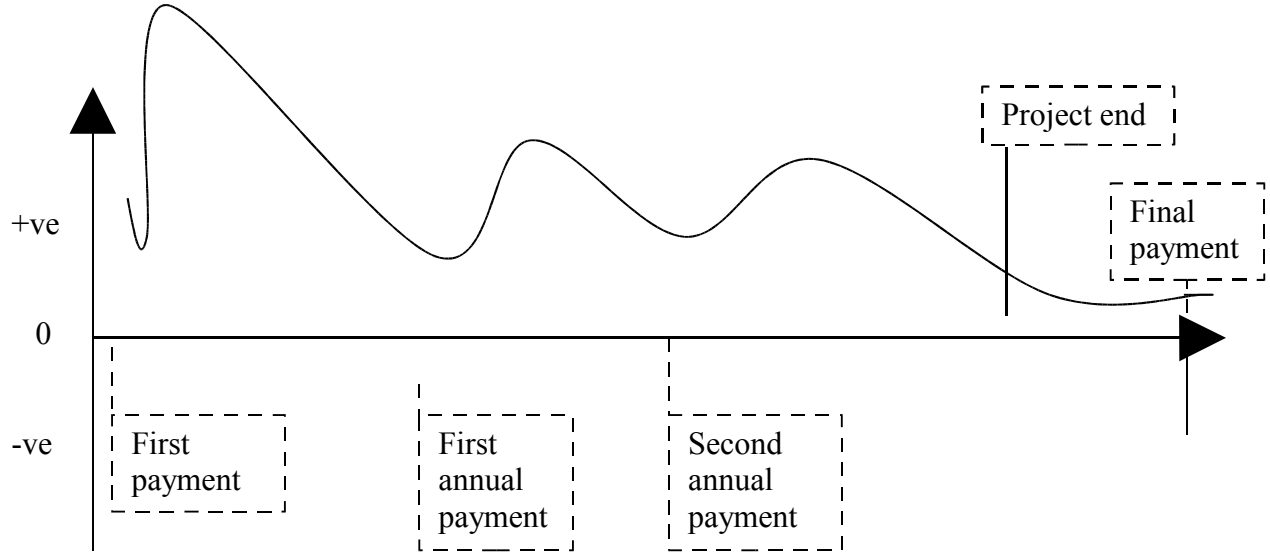
When the negotiations complete successfully the Project Officer will seek the approval of program committee and in parallel prepare the contract for signature. There also has to be a formal Commission decision to award the contract. Eventually the partners or their representatives will sign the contract. When the coordinator and the Commission sign the contract, unless otherwise stipulated, the project will officially start on the date as indicated in the contract. This can be backdated to the date at which the project officer has a complete set of signed CPFs and an agreed Technical Annex or more normally, the first of the month following this. Additional contractors can join as they sign. Only costs incurred from that date will be recognised provided that they fall within those allowable by the contract. The initial payment to Coordinator will be made within 45 days of contract signature. It is normally fixed at 85% percent of the first period's budget (normally eighteen months for an IP or NoE) and should be divided by the Coordinator between the partners as per their proportion of the initial budget as specified in the Consortium Agreement. The Coordinator should forward the advance to each partner as soon as possible in Euros without any charges.

Most important advice for the Project Manager is **"READ AND BE FAMILIAR WITH THE CONTRACT AND ITS ANNEXES. (DON'T FORGET ANNEX 2!)"**

It is normal within a couple of weeks of project start to have a kick-off meeting - usually hosted by the

Coordinator. It is also normal good practice to invite your Project Officer to attend part of the kick-off meeting. At that meeting the Project Manager should get agreement on his proposal of how the project will be managed and controlled - the so called "project handbook". Any outstanding issues related to the Consortium Agreement should be resolved and the detailed project plan and future meeting schedule agreed.

7.4 Cash flow during a typical project



A frequent misconception is how long payments take after submitting cost statements. In Annex 2 to your contract it will probably say that deliverables are deemed approved if the Commission don't make observations within 45 days of receipt. They usually have 45 days to pay after they are approved or deemed to have been approved. Of course frequently they ask for clarification after 40 days and that effectively stops the clock. It is not unusual for payments to take 6 months. It is hoped that with the audit certificates such long waits will be a thing of the past. Note that if the Commission are late in payment (as defined in the contract) you are entitled to claim interest.

A normal event for payment delays is that one or more partners don't supply their cost statements to the coordinator in time. The consortium agreement should stipulate that any partner more than x days late than requested date will have his cost statement delayed until the next period as only a single combined cost statement can be submitted by the coordinator. It is unfair for all partners having their payments delayed because of the incompetence of one. If the late one is your coordinator – tough luck – you have a major problem!

7.5 Problems during the project

It is vital to establish a good working relationship with the Project Officer. If you are not the Coordinator, then do it on your own. When you happen to be in Brussels set up an informal meeting to get to know each other and perhaps invite him to lunch. This meeting should not be portrayed as being directly related to the project but rather more related to helping you understand the area under his control to potentially identify other things of interest and of course to get to know each other and the ways of working.

Projects themselves should treat the Project Officer as a member of the team and he should be invited to project meetings and events. This is a team game – and both the partners and the Project Officer have a stake in its successful outcome.

It is important to understand the ethos behind the contract. It is not the intention of the Commission to hold companies to ransom for two or three years and force them to undertake work that perhaps, because of external or internal events, is not in their commercial interest to do. There should be a critical review

every year or when there is a significant related event. In this review it may become obvious that the original intentions of the project are no longer valid and some hard decisions must be made. In my own experience I can identify the following – I shall discuss them individually and then look at the options and their potential impact.

1. Partner problems
2. Technical problems
3. Market problems
4. Problems with the Commission
5. Contract changes

7.5.1 Partner problems

A partner organisation may die on you during the project i.e. they stop working or notify you they are leaving the project. In either case it is up to the Coordinator as soon as possible to contact the partner in question to confirm the situation. It is important for any such communication to be written. If it is not, then confirm the conversation in writing. As there may well be legal implications having a written log is vital. The next step is to escalate it to the partner's senior manager – the person who signed the contract on their behalf. It is important to remind them of the terms of the contract and that if they are in breach, they will have to repay any monies received such as the advance payment. In parallel it is important to keep the Project Officer in the picture and listen to his advice. If the partner in question is the Coordinator – and this has happened to me – then contact the Project Officer as soon as possible to decide on the best course. It may also help to involve the delegate to the ISTC Committee of the partner in question.

In most such cases, the remaining partners generally succeed in completing the project, either by splitting the work between them or via a contract amendment inviting a substitute organisation to join the consortium. It is also useful to discuss the emerging situation with your own IST Committee representative for help and advice.

7.5.2 Technical problems

Sometimes, as a result of work undertaken in the project, it becomes obvious that for technical reasons the original goal is unachievable to the point it is a waste of effort to continue. Here it is important to recall that RTD projects are intended to push forward the state of the art. The Commission sees their funding as compensation for the implied technical risk. It is therefore normal that in a fair percentage of projects, it becomes apparent that the technical goals are unachievable – to the point of the results being unexploitable commercially. If this is not a result of consortium negligence and they have used their best efforts, it should be possible to close the project down with everyone being paid to date for the work undertaken. There is a result from the Commission's point of view and that could be seen as a particular line of research not being fruitful. This should be documented in the final report and the project wound up amicably.

On the other hand, it may be possible to modify the project within its overall objectives and achieve meaningful results. It is basically up to the discretion of the Project Officer as to whether the change would be within the overall framework of the current contract or not. He would generally seek the support of the external technical reviewers. Thus it may be possible to modify the project significantly and continue. This of course would require the agreement of not just the Project Officer, but also all the consortium.

Given the likelihood of this occurring in higher risk projects, it is prudent to have written into the project plan technical checkpoints at strategic times. This would allow for assessment and potential replanning. Such foresight makes it much easier to change direction or wrap up the work, if it should prove necessary.

7.5.3 Market problems

As the IT industry is extremely dynamic, external events may occur that results in it no longer making commercial sense to continue agreed work as it stands. Such events could include any of the following –

1. A market player coming out with something your project will not have for say two years.
2. A market discontinuity that you believe will result in technology moving in a different direction such that there will probably not be a market for your results.
3. Some other external event such as legislative that will drastically reduce the market viability of your results.

As for the scenario outlined above, assuming you are not in contract default, there are two basic choices if you have the agreement of both your partners and the Project Officer. These are to wind up the project amicably with everyone being paid for work to date or to seek to modify the project to take account of market changes where there is a sensible path forwards. This second option happens to some degree in most projects, even if it is to take account of accommodating or interfacing to new artefacts that appear on the market. Ideally again, such a likelihood should be foreseen in the project plan.

7.5.4 Problems with the Commission

From your point of view and that of the consortium, everything is going well but there is some problem as seen by the Project Officer or the external reviewers. This is not the best time to introduce as a reason one of the previous three situations. It is essential you involve the Project Officer immediately, even if only off the record, if you suspect one of the previous problems occurring. Some research areas have a formal procedure to highlight problems as seen by the Commission generally after an annual review. They are flag raising – An orange flag is a major warning that in the Commission's view the project is in default of contract and a get well plan needs to be agreed and implemented. A red flag means that the Commission does not believe that the project can be saved and steps are to be taken to close the project down. In that case it is sometimes possible to negotiate that not all money needs to be repaid, depending on circumstances. However, there is a real danger that this may not be possible.

If the situation arises in which such steps are initiated "out of the blue" then there has been a major disconnect between the Project Manager and the Project Officer. The problem may be entirely on one side, but generally there is blame on both sides. Such surprises would not occur if there is good, open communication between them. It generally will result in some additional work having to be undertaken, frequently unfunded, or some work or deliverables being redone. With good will it is frequently possible to prevent getting to an orange flag, red flag situation.

A common reason for this type of problem is when Project Officers are changed and understandings reached with the original one are undocumented and/or the new has a completely different view or approach to the project. As part of resolving all disputes of the above nature, it is a good idea to discuss it with your country IST committee representative, as frequently he can interface with the Project Officer in question and his management to get the other side of the story. The potential solutions for each type of problem are tabulated below -

Type	Options	Notes
Partner problems	• Force them to continue • Force them to complete current responsibilities • Sue them and divide the work • Bring in a replacement	• Involve PO ASAP • Involve senior management • Involve ISTC representatives
Technical problems	• Conclude the project • Modify the project significantly	Assumes work was undertaken properly
Market problems	• Conclude the project • Modify the project significantly	Assumes work was undertaken properly

Problems with the Commission	• Convince Project Officer it is OK • Undertake some additional work • Redo some work	It may be necessary to escalate within the Commission i.e. to Head of Unit level but I suggest you involve ISTC representatives

It should be also noted that as part of resolving any of the above problems it is usually necessary to replan the work. Such replanning could involve extending the project timeframe, but generally there is little chance of additional funding. With such replanning it is possible to drop some partners and/or bring some new partners in but only with the agreement of the Project Officer and the consortium.

7.5.5 Contract changes

Any project replanning that would result in extending the contract or making a major change in the content of the work requires a contract amendment that has to go through a laborious process in Brussels and can take several months. With respect to increasing the contract timeframe – this frequently occurs and is fairly normal, however if you need to do this be extremely sure you can hold to the new timeframe. It is much more difficult to get a second extension. If you are unable to spend all your allocated funding within the contract period including any extensions, any work done subsequently in order to complete the contract will be at your own expense and the balance of the funding will be lost.

7.6 Project end

The project formally finishes on the date as defined in the contract unless some extension has been agreed. Expenses incurred after this date are not chargeable unless specifically allowed in the contract. For example it is normal to allow up to sixty days for charges related to preparation of the Final Report and for Dissemination activities. But only incurred by the coordinator. Check the contract.

7.7 Potential audits

The Commission reserves the right to request a financial audit up to five years after the end of a project. It is an individual contractor that is audited and not a project. An audit could impact any and all projects the contractor has carried out under a framework contract. Audits are carried out on site usually by a local accounting company contracted by the Commission for this purpose and having no conflict of interest. I believe about 10% of participants are audited. Some of those are random and some are when there is suspicion of some irregularity. Contractors who have undertaken many/large projects are more likely to be audited.

The draft audit report is first given to the contractor for comments as is the final audit report. Any such contractor comments if provided, will be given to the Commission with the final report if the contractor does not agree with its contents. It is then up to the Commission to decide what action to take if any. Action can include claims for repayment of funds or for payment of funds if errors are found in the contractor's favour.

8 Project Management

In my experience, the first critical item in the execution of a successful project is good project management. Poor project management can destroy even the best technical project.

There is some confusion as to the role of the Project Manager. This is not an administrative chore. A Project Manager will require some administrative support, but that is far from the essence of the job. The administrative functions such as status tracking, financial reporting, change control and project library maintenance are really a minor part of the overall job. See also section 7.3, 7.4 and 7.5 for related issues. However I will repeat here **"READ AND BE FAMILIAR WITH THE CONTRACT AND ITS ANNEXES. (DON'T FORGET ANNEX 2!)"**

There is a new document that has recently been published entitled "Project Reporting in FP6" dated October 2004 which has a set of Annexes covering each type of instrument. There are substantial changes here from previous practice that you should be familiar with. The Cost Statement forms are substantially different and are now called Financial Statements.

8.1 Introduction to project management

Successful Project Management of a Framework Program Project requires various skills and knowledge. In my view it requires a person with the following attributes –

1. Good appreciation of the relevant business area
2. Participation in a previous Framework project
3. Knowledge of Framework procedures
4. Good interpersonal and communication skills
5. Well organised and systematic in own work
6. Good knowledge of ISO 9001
7. Good knowledge of English
8. Some knowledge of project technical area
9. Some knowledge of financial management

Project Management is a combination of all of the above skills. Extra strength in some areas could compensate for weakness in others. Remember this function includes legal responsibility aspects and thus keeping of good records is essential. Any telephone calls and agreements, especially with the Project Officer should be minuted and/or confirmed in writing, at least by email.

8.2 Kick off Meeting

It is normal to organise a kick-off meeting shortly after the contract has been signed and the project formally starts. It is wise to wait for this so costs associated with the meeting are allowable. Again it is accepted practice that the kick-off meeting be held at the premises of the Coordinator. This is of course open to discussion if there is some good reason to hold it elsewhere. It is also good practice to invite the Project Officer to the meeting - at least to the last part of it.

It is an ideal opportunity to agree and approve a Press Release on the project. This could be your initial dissemination action and would be appreciated by the Commission. Of course it could be released in modified form by each partner in his own local area. Don't forget to mention that the project is partially supported by the European Commission IST program.

Kick off meetings are usually spread over two days with an opportunity for an informal evening get-together in between. The meeting should include the following topics, under two headings -

Administrative Session

1. Introductions
2. Presentation of host organisation
3. Brief presentation by each partner on its organisation
4. Review of management structure and decision making mechanism
5. Review of project administrative and financial procedures
6. Discussion on advance payment amounts and procedure
7. Agreement on Project Handbook
8. Further discussions on Consortium Agreement and potential amendment
9. Formal procedure review with Project Officer if present
10. Dates for subsequent Project Meetings - at least a year forward

It is important to ensure that each partner has a full copy of the contract and all annexes as well as the Consortium Agreement.

Technical Session

- Review of overall project and technical objectives
- Review of work plan, assignments and activities for first year
- Detailed discussion on Task and Work package tasks and timetable by WP leaders

8.3 Essential Documents

There are various documents that need to be prepared. They include the following -

8.3.1 Project contract with annexes

It is vital to read and be familiar with the provisions of the contract. Note that there are instrument specific conditions. Annex I of the contract is the Technical Annex i.e. Workprogram and is the basis of the project. Any projected deviation from it must be treated seriously and discussed within the consortium and with the Project Officer.

8.3.2 Project Handbook

The contents of a project handbook should be oriented to each specific project and its needs but should contain the following type of sections. Note this is not exhaustive but is an example of the type of information that could be included. The Project Manager should ideally distribute a draft prior to the kick off meeting for discussion at it. Changes should be discussed at the meeting and then be formally adopted at the meeting with a final version to be distributed shortly thereafter.

1. Change Control
2. Contents
3. Background and Rational
4. Cross-references
5. Document Numbering Scheme
6. Document standard format
7. Project Structure
8. Reporting procedures, frequency and format
9. Roles
10. Specific responsibilities within the project
11. Management Board Draft Meeting Agenda and Minutes
12. Technical Committee Draft Meeting Agenda and Minutes
13. Where applicable how to handle consortium calls for additional participants
14. Handling of the new requirements such as sexual equality etc.
15. Communication procedures
16. Conflict resolution
17. Tracking system for actions

18. Corrective actions

8.3.3 Project reporting guidelines

The formal reporting requirements are included in the project contract and its appendices. There are usually program specific appendices. Formal reporting is basically financial and progress reports.

Formal Progress Reports are usually required every six months but within the programs there may be requirements for interim reports on a more frequent basis. The content and frequency of progress reports will be stated in the contract. If it is unclear, check with the Project Officer. It is also important to verify at the start of the project the form of the reports and existence of any template.

8.3.4 Progress tracking

I find that the minimum I need to manage a project is a continually updated chart that has a row for each planned event and deliverable (formal and informal). Each entry must have a unique number tied into the document change control system. Against each you also need the planned completion date and any subsequent revisions. It should also show completed activities and the date and cross reference the deliverable document. For more complex projects this can be part of a project management software suite. I would however ensure though that any automated tool I used would be able to produce project status charts as required.

8.4 Dealing with Crises

In section 7.5 I dealt with the type of crises that can occur and how to deal with them. The main point is that the Project Manager should not avoid addressing these problems until it is too late. It is vital that potential problems are identified early and dealt with. Informally keeping the Project Officer informed is also a good idea. How close you confide in the Project Officer depends largely on your working relationship and their basic attitude. The majority of the Project Officers appreciate being involved and don't jump the gun on problems, however there are some in whom it would not be a good idea to confide. I am afraid I cannot name names, but it should quickly become apparent in your initial dealings with them.

8.5 Completing the Project

The project is not formally complete until the final report has been submitted and accepted by the Commission. Assuming the final cost statement has also been submitted correctly, final payment can be expected in at least sixty days but may be much longer. Some projects have been known to have to wait for two years for their final payment through no real fault on their part. A combination of internal Commission reorganisations and project officer changes is often to blame. Parallel consortium changes and consequential changes to the contract also tends to freeze payment processes.

Of course there may be some ongoing dissemination that was committed to and there may be some activities related to exploitation that may also have to be completed. Such things are subjects of discussions and agreements with the Project Officer.

However, if you wish to change the use and/or application of funds, you must apply for and receive authorisation at least sixty days prior to the formal end of the project.

9 General Guidance

This section contains ad hoc dynamic information and opinions. I must emphasise especially here that the situation is extremely dynamic. Please double check the situation as relevant to your interests. This information is extremely "caveat emptor". So be careful.

It has become clear that the IST program implementation of FP6 which had been diverging from the line supported by DG Research is coming back more into line. I believe this to be unfortunate, as by nature the IT industry is different from the rest. However we have noted during the past year a contra push from within the political level of DG INFSO to fall more in line with the DG Research point of view. This is of extreme concern to most of the experienced players. The IST community is characterised by:

1. very short time to market
2. multiple technological areas
3. major discontinuities in a short time
4. range of industries involved from very large (e.g. microelectronics) to relatively small (e.g. Knowledge Management)
5. inability to financially commit to a specific project for a long time
6. current financial state of the ICT industry
7. etc.

In parallel, with the preparation and launch of FP6, there have been major organisational and staff changes in DG INFSO. Not only was there a new Director General and Deputy Director General, neither with an ICT background, but a rotation of Directors and senior managers within the IST program has been forced. The individual directorates have also had their responsibilities shuffled so there does not appear to be any technical synergy within them. I am not commenting on the appropriateness of any of this, only on some of the effect. This rotation is now applying to all Project Officers as part of the so called "sensitive positions" initiative within the Commission. The IST program is in danger of losing one of its most valuable assets, the experienced staff. The added value of having domain experts managing projects has been extremely valuable and has differentiated the IST and predecessor programs from the traditional way governments manage R&D.

It appears from a combination of all of the above that the management of each individual unit, who in the final analysis have to deliver the goods, are forced to make operational decisions in their own area as to how to implement their calls. The overall uncertainty is heightened by the many detailed questions related to the new contractual and operational regime as should be obvious from the FAQ Appendix to this book. Even though we are well into the second year of FP6, many questions have no definitive answer and the Financial Guidelines are still "draft".

I studied how each Strategic Objective in the first and second call was being viewed within the individual units and found a broad range of operational interpretation. These interpretations varied from broadly following the line of DG Research with respect to the new instruments, to interpreting IPs as larger STREPs. These divergent views were also partially due to the range of technologies involved and the size and maturity of their constituencies.

In the contract discussions after the first and second call, these divergent interpretations were not fundamentally changed and appear to be being reflected in the resulting contracts. With respect to IPs, several Units were cutting them all back to an initial two years whereas others were funding the full durations requested. It was decided by DG INFSO that NoEs would only be funded for a maximum of four years with some being cut back to two years. However, this is not being uniformly applied.

I have tried to indicate the best approach for future calls in the "practical points" sections 4.1.1 and 4.2.1 for NoEs and IPs respectively.

9.1 Points for Calls 4 and 5

As a result of experience of first two calls some practical points have changed –

9.1.1 What is an IP?

There has been a review of the definitions of the new instruments including clarifying their differences. See Section 4.1 for the refined definitions. However despite this, the IP concept has evolved to be seen as closer to the market than STREPs. There are probably two main reasons for this.

First, in practice IPs are much smaller than originally envisaged. This has resulted that their are insufficient resources for advanced research, applied research, trials, training, technology transfer etc. Thus the advanced research, which of necessity would have had to be composed of multiple parallel activities, has tended to drop out. And this is the official story.

However the second, and I believe the real reason, is the dominance of the major players in IPs. They want funding much closer to the market (a la Eureka) and I think that is what has actually driven the change in perception and expectation in most Strategic Objectives.

9.1.2 What is a STREP?

One of the results of the change in perception of IPs is a knock on effect on STREPs. They more and more have come to be seen as filling in the advanced research gap caused by IPs scaling back.

In most Strategic Objectives, STREPs are now seen as addressing highly innovative, more speculative research. In the NMP program they see them as "breakthrough" projects. In IST we don't quite believe in scheduling technological breakthroughs but we do see them as being highly innovative.

9.1.3 Project Duration

In Calls 1 and 2 several Strategic Objectives negotiated IP contracts for only two years instead of the four or so generally requested. This was particularly done in "Mobile". They told them there would be an opportunity for them to rebid for the balance. This is unlikely to happen in Calls 4 and 5 as there would be no opportunity in FP6 to rebid.

9.1.4 IP Project Management in Practice

Many IPs from the first call have now been running for nearly a year. One of the main feed backs coming from coordinators seems to be that the management is taking much more resource than budgeted for. This shouldn't come as a big surprise. It seemed pretty obvious to the more experienced among us that project management of a large two tier project with 20 – 30 participants was going to take substantial management. I always thought that 15% of the resource would be about the norm. However, the confusion caused by the famous 7% management at 100% often was interpreted by proposers, evaluators and commission staff as being the limit on management. Hence the squeeze on research resource and funding. Be aware and plan explicitly or implicitly for double the 7% (the balance being at the R&D contribution rate.)

9.1.5 IP Variants - Assessment, Stimulation, Use and Service actions

In IST Call 4 under Strategic Objectives Nano-electronics and Technologies and devices for micro/nano scale integration, four variants are introduced and have some changes to the way they are to be evaluated. I briefly highlight the goals of each and the change in evaluation:

Assessment actions only – additionally describe how the objectives represent innovation in manufacturing processes. This variant aims at assessment of prototype equipment and materials in state-of-the-art manufacturing. It is basically what was previously known as SEA, Semiconductor Equipment Assessment action.

Stimulation actions only – additionally describe how the objectives represent increase of knowledge and skills. This variant aims at broadening the knowledge on a topic of a specific target audience. Similar in some ways to FP5 Take-up action.

Use actions only – additionally describe how the objectives represent product innovation by using the technology). This variant aims to promote the integration and use of a specific technology. Again partially covers what was previously in FP5 Take up actions.

Service actions only - sub-criterion of "clear progress beyond the current state-of-the-art" will not be evaluated for service actions. It is expected that a significant part of the costs are financed through receipts from third parties or through own resources. This variant aims to support academic research, feasibility design, prototyping, training and education and through access to advanced tools.

I strongly recommend anyone planning to utilise above variants of the IP to discuss it in detail with the appropriate SO point of contact.

9.1.6 *IPs from Calls 1 and 2 rebidding*

As mentioned above under 9.1.3, in several SOs, especially Mobile, but also elsewhere, there are running IPs that were only funded for two years. It is expected they will all rebid for additional funding and duration. It should be relatively easy to identify them from CORDIS. They can have the following impacts:

- On the positive side, it should make it easy to identify at least some of the major proposers and they may be in a position to take in additional or new participants
- On the negative side, they could be seen as having an unfair advantage if one assumes the project has not run into major problems and that may leave very little budget for entirely new projects in some area

I have examined the running two year IPs and note that in Mobile if they all rebid at their current funding rates it could use up all IP budget in some areas. So be careful.

9.2 Project Structure

One would expect the structures of Integrated Projects to be more complex than STREPs. In section 4 I tried to demonstrate what is envisaged for each. For NoEs I tried to imagine how they may be, but we have little history with type of instrument and I would expect some standard structures to evolve based on experience of the initial calls.

9.2.1 General Comments on Project Example Structures

The Project Management Plan in the proposal will identify the Management Structure of the project. It should include two aspects -

1. Administrative/Strategic Management to ensure contractual compliance and exploitation of the results.
2. Technical Management - To ensure technical quality and value of results

However in addition several other important activities need to be identified and responsibilities assigned –

1. IPR and knowledge management
2. Gender equality and compliance with regulation especially data protection

The various key roles and functions need to be assigned and described in the proposal. They are described in Chapter 4 and some of them appear in the organisation charts below. It is very important that these roles are identified early on in the formation of the Consortium. However it is possible to alter them at Contract time. The roles can have key commercial significance for STREPs and IPs.

See Section 4 for further details.

9.3 Financial Management

By this I mean; will the Commission concludes contracts for the full indicated amount up front or will they manipulate the commitment in order to kick off more projects, with some of them being terminated after the first period? This is extremely similar to what was done in the RACE and ACTS programs in the past.

In other words, during contract negotiations several Strategic Objectives will insist on IPs being treated as incrementally funded. Until the First Call was formally launched all the initial information indicated that an IP consortium could request incremental funding. However in the end this option has been removed. However, the Commission can decide to incrementally fund an IP on its own initiative. In those cases an IP requesting say 15 MEuro over say 5 years would be contracted to say two years work for say 5 MEuro with an Open call proposal required to continue. Such an operation would require coordination at the IST level as it would impact content of future calls to accommodate. The actual wording is -

"The funding decision (and consequently the contract) might be for the whole duration of the project, or only for the first part of the work. In the later case, the final part of the project may funded following a new call for proposals."

The rationale for Financial Management is based on several points -

- No serious ICT company would commit to a 4 or 5 year contract.
- No serious Project Officer would want to commit his funding up front for such a long time
- It will defuse political problems, at least initially, with major players if most could be accommodated.
- It allows covering of bets as to what will be most important in say two years time.
- It obviates the need to force rivals to work together in a single IP, at least initially.

Another issue arising from the new finance regulation, is that in future when a contract has been signed with a consortium, any cancellation of the contract prior to its completion will result in all the outstanding balance of the funding will be lost to the program. So if say an IP is initiated for say 20 MEuro and after two years with 15 MEuro left because of problems either the Commission or the partners wish to terminate the work, then all of this money cannot be transferred to a different project and is lost.

This is indeed what occurred in the first two calls with things being interpreted and applied differently by different units. However, please see 9.1.3 above for an update on this.

9.4 Concentration of Resource

The main reasons for some units being concerned about the number of partners is the potential dilution of effort as well as the ability to manage effectively, a large IP.

If we imagine a man year costs 100,000 Euro and we look at a five year IP with say 20 partners and a 15 MEuro contribution, then this implies less than one person full time per partner allowing for other costs, management and overheads. To achieve any real research, the core partners should have two or three people full time at a minimum. Less than that is below critical mass. It is this reasoning why some think that more than around eight partners will lead to ineffectual team resource distribution.

A second major concern is the ability to effectively manage a multinational R&D effort with more than eight partners. Even eight is pushing it. Perhaps the best answer is to phase the participation, if this is possible. With an early emphasis on research and a later emphasis on end users. One thing is clear, a single project with forty participants will be impossible to manage,.

The management concern should perhaps be addressed by the IP being broken down into several semi independent projects, each addressing a separate issue. For example it may be possible to have subproject a concentrating on the more theoretical academic research issues; subproject b and subproject c dealing

with different industrial research aspects and subproject d handling dissemination, training and trials. If each of those had say six partners with some overlap and strong central management, it could be possible to manage an IP of 20-30 partners, assuming sufficient funding was available. In the consortium agreement participants in individual subprojects would only be entitled to IPR arising from their subproject thus perhaps enabling industrial competitors to work together to a certain extent.

Of course the potential for an IP to have a major strategic impact is also dependent on how practical it is to break down the work into complementary discreet packages. An alternate potential strategy is to use the ISA project model from ESPRIT 2 in which the partners each split there committed resource in two, with half being assigned to a central common lab working on the core technology. The rest of the resource worked in house on the specific application of the technology for the organisation. This model may not be suitable for all projects but it is possible to be creative.

9.5 Impact on SMEs

It would appear to me, given the above, that there is little reason why a reasonably large SME i.e. 100 plus staff and with a secure financial base should not co-ordinate an IP. In some areas such as microelectronics I would expect one of the major players is more likely. Of course the Collective Responsibility issues would have to be addressed for any SME coordinator.

9.6 Centre of Gravity

The concept of Centre of Gravity is an absolutely critical aspect of formulating a proposal idea is to identify where the idea best fits. That is for which Strategic Objective will the proposal be written. Remember proposals have to be submitted to a single Strategic Objective. Obviously, it should be submitted where it has the best chance of being approved for funding. However, most proposal ideas relate to several Strategic Objectives. For example a Mobile phone Location Based Service related to payment of parking fees. Should it be submitted to -

- Micro and Nano systems? May require integration in the handset.
- Mobile and Wireless? It may require some enhancement to handset.
- Global dependability and security? Requirement for transaction security and perhaps smart card impact.
- Networked businesses? It can be seen as related to mobile commerce.
- eSafety? Relationship to drivers, road efficiency and safety.
- Mobile applications and services? A clear mobile application.

I spend a great deal of time answering such questions. The question generally would not arise if proposers would read the Workprogram before they map out their project idea. However in the real world, especially with new comers to IST they know what they want to do before they even look at the IST documentation as they are looking for a funding source. The off the cuff official answer to where something best fits is "where its centre of gravity lies". In every day terms it should be written for the Strategic Objective that deals with the type of technology where the majority of the needed work and innovation is to be done. Thus do not submit a software proposal to a hardware SO; nor a hardware proposal to a soft SO. For example the call 1 SO "Multi-modal interfaces" deals with soft aspects. If the proposal innovation relates to chip development, it will have low chances.

Put yourselves in the shoes of the Commission official responsible for a specific technological area and corresponding Strategic Objective. They see their role as advancing the European capability in this technological area with respect to US and Japan. They have a defined budget. They will want to see as much as possible of that budget directly related to work in their technology, not in someone else's. It is inevitable that their is some overlap, life is like that. But it is human nature to try to maximise your own impact. Although formally important topics which cross organisational boundaries can be funded, in practice, unless there is some specific mechanism set up like the Cross Program Activities (CPA) of IST

in FP5, it doesn't happen to a great extent.

In practice, most ideas have to be reformulated and retargeted to fit a specific SO. Sometimes an important aspect is the call. If an idea could be aimed at either a SO in call 1 or an SO in call 2, a good idea is to submit to call 1 and then try again in call 2. But do not stretch this too much. Also from an organisational perspective, if a particular IST Unit is responsible for say two SOs, one in each call and they are related, submit to first then resubmit. Do not forget in all cases to run the idea past the Project Officer in IST responsible for each potential SO. It is vital to push at open doors, not locked ones.

9.7 Relationship with EUREKA

Unlike previous Framework programs there is a real intention in FP6 to connect and coordinate efforts from different European R&D funding bodies. Within IST this is clearly shown in the Workprogram. In the preamble to the specific research topics it states -

"Experience has shown that the development of common visions and consensus building is a key element of European successes in IST. This will require different types of sustained efforts and timescales according to the field. Links and articulation of Community contribution with member and associated states activities and EUREKA, including in particular the funding of complementary research, will therefore be sought in all activities."

Within Strategic Objectives where there are parallel efforts under Eureka they are specifically mentioned. For example under "Pushing the limits of CMOS and preparing for post-CMOS" it states -

"Work should, where appropriate, precede and complement work implemented under EUREKA/MEDEA and in initiatives at member and associated state level."

Similar wording is present under -

1. Pushing the limits of CMOS and preparing for post-CMOS
2. Micro and Nano systems
3. eSafety for Road and Air Transport
4. eHealth
5. Open development Platforms for software and services
6. Embedded systems
7. Products and Services engineering 2010

The relatively new Eureka activity CELTIC has kicked off and so now the Communication SOs will also be covered. Entry into IP proposals in IST is therefore possible via appropriate Eureka consortia and activities. The difference between the projects is that in general Eureka deals with current generation technology plus one and IST plus two.

9.8 Demonstration

This is a defined activity type in FP6 projects, which is funded at 35% for FC and FCF organisations. Let me first give a little history of how it came about before I explain the current problems.

Many frameworks ago there was a R&D program named Joule which was related to clean energy production. One of the problems to power plants was their scalability from the laboratory to full commercial installations. It was found necessary to have to build pilot plants prior to committing hundreds of millions to build a full scale plant commercially. A working pilot plant is often the stimulus needed to encourage the industrialisation of new generation technologies. Because of the costs involved and the eventual commercial value of a pilot plant in its own right, it was decided to give grants of 35% for "pilot plants".

If we quick forward to FP5, we find that the new Commission had a mission to unify all the different R&D programs and reduce overheads. This resulted in several things among them:

1. The approximately sixteen separate R&D programs were harmonised down to about six. Of course in normal civil service terms this did not reduce administration, it increased it as the way the reduction was achieved was to add a layer on top of several related programs.
2. They also decided to have a more common contract and type of project. This is where the problem under discussion started.

Because the new Energy program needed to continue with its pilot plant activity, a new type of project was created to enable this called "demonstration". Of course for the sake of uniformity It had also to be open to all programs. They thus artificially defined "demonstration" to be broader than pilot plant and be some thing closer to market. this resulted in an overlap with a type of project that had been previously peculiar to the ESPRIT program (now absorbed into IST) called Take-up. Take-up activities were seen as being very important in the IT field both in hardware design technology and software engineering technology. Industry was reluctant to try out new tools and thus were in a danger of falling behind their overseas competitors. Take-up remained in FP5 but its definition was similar to that of "demonstration". In IST, the smart people defined close to market stimulation or trial as "Take-up" and got 100% additional cost funding, whereas some (a very few) defined it as "demonstration" and got 35% funding.

Now we come to FP6 where the full force of the Commissions plans to integrate all the research programs under a single legal umbrella fell on "demonstration" and Take-up". There always had been resentment in DG Research about some previous practice in the IT part of the program and as a result I think they saw an opportunity to try to get rid of Take-up and replace it by "demonstration".

First of all they eliminated "Take-up" as a stand alone type of activity and combined it into the definition of R&D. In the document "Background Document Provisions for Implementing IPs" dated 12 May 2003, it defines things this way on page 3:

> **Research and technology development activities**
> The research and technological development activities conducted within an integrated project should present the following characteristics:
> • be **objective-driven**: integrated projects must have clearly defined scientific and technological objectives, aiming at a significant advance in the established state-of-the-art;
> • have a **multidisciplinary** character: the activities being integrated into the project will tend to draw on a range of different disciplines.
>
> **Innovation-related activities**
> Many integrated projects will have an exploitation potential. In that case, they should include activities relating to the protection and dissemination of knowledge, socio-economic studies of the impact of that knowledge, activities to promote the exploitation of the results, and, when relevant, "take-up" actions. These activities are inter-related and should be conceived and implemented in a coherent way:
> • **intellectual property protection**: protection of the knowledge resulting from the project (including patent searches, filing of patent (or other IPR) applications, etc.);
> • **dissemination activities** beyond the consortium: publications, conferences, workshops and Web based activities aiming at disseminating the knowledge and technology produced;
> • **studies on socio-economic aspects**: assessment of the expected socio-economic impact of the knowledge and technology generated, as well as analysis of the factors that would influence their exploitation (e.g. standardisation, ethical and regulatory aspects, etc.);
> • **activities promoting the exploitation of the results**: development of the plan for the use and dissemination of the knowledge produced, feasibility studies for the creation of

spin-off companies, etc., "take-up" activities to promote the early or broad application of state-of-the-art technologies. Take-up activities include the assessment, trial and validation of promising, but not fully established, technologies and solutions, easier access to and the transfer of best practices for the early use and exploitation of technologies. In particular, they will be expected to target SMEs.

Demonstration activities

- **related activities** in their project, and such activities will be supported by EC funding under the same conditions as Typical examples of innovation-related costs include:
- **intellectual property protection**: protection of the knowledge resulting from the project (including patent searches, filing of patent (or other IPR) applications, Integrated projects may also contain a demonstration component designed to prove the viability of new technologies that offer a potential economic advantage, but which cannot be commercialised directly (e.g. testing of product-like prototypes).

Note that that Take-up is included under the new so called "innovation-related activities" which his funded as for RTD i.e. 50% under FC and FCF. Also that the definition of "demonstration" is relatively benign (but still redundant under IST).

However, problems appear in the "Financial Guidelines for FP6" – the draft published on 20 June and stamped "Draft – not legally binding". However it is this document draft that is being used as the basis for contract negotiations. It defines the above activities differently as follows on page 37:

Research and technological development activities
Research and technological development activities may include:
• research designed to broaden scientific and technical knowledge not linked to industrial or commercial objectives
• research of critical investigation aimed at the acquisition of new knowledge, the objective being that such knowledge may be useful in developing new products, processes or services or in bringing about a significant improvement in existing products, processes or services

Innovation activities
Consortia are encouraged to include **innovation• dissemination activities** beyond the consortium: publications, conferences, workshops and Web-based activities aiming at disseminating the knowledge and
• **studies on socio-economic aspects**: assessment of the expected wider societal impact of the knowledge and technology generated, as well as analysis of the factors that would influence their exploitation (e.g. standardisation, ethical and regulatory aspects etc.)
• **activities promoting the exploitation of the results**: development of the plan for the use and dissemination of the knowledge produced, feasibility studies for the creation of spin-off companies, etc., "take-up" activities to promote the early or broad application of state-of-the-art technologies. Take-up activities include the assessment, trial and validation of promising, but not fully established, technologies and solutions, and easier access to and the transfer of best practices for the early use and exploitation of technologies. In particular, they will be expected to target SMEs. In addition, innovation activities cover also those activities carried-out by "*organisations that possess specific competence in management, dissemination and transfer of knowledge*" which are allowed to participate in FP6 projects, even if they don't carry out any R&D activity

Demonstration activities
"Demonstration" meaning shaping the results of industrial research into a plan,

arrangement of design for new, altered or improved products, processes or services, whether they are intended to be sold or used, including the creation of an initial prototype which could not be used commercially. This may also include the conceptual formulation and design of other products, processes or services and initial demonstration projects or pilot projects, provided that such projects cannot be converted or used for industrial applications or commercial exploitation. It does not include the routine or periodic changes made to products, production lines, manufacturing processes, existing services and other operations in progress, even if such changes may represent improvements. Demonstration activities cover those activities of the project, finalised at validating at laboratory or pre-industrial scale single or set of technologies in order to prove their viability for future applications and commercialisation. They may include (but are not limited to) :

1. Prototype design and assembly
2. Test bench validation
3. Large infrastructure use for testing prototypes
4. Pre-certification for testing purposes
5. etc.

The problem is this largely expanded definition of "demonstration" that appears to cover a lot of what we would consider to be part of R&D in IST terms. At the time of writing we have been assured that this will not be used by the IST program to reduce funding during negotiations. However I am unsure how successful the IST program will be in obviating this continual deterioration in our funding instruments.

9.9 Contributed resource

It is more important in FP6 proposals to identify which resources or facilities are being made available by any of the participants without cost. This is particularly true of organisations using the AC model. Most research departments will have access to and use on the project major facilities that are not being charged to the project. They should identified and given an estimated value.

9.10 Marimon Report[1]

This dealt with the entire Framework Program not just the IST Priority, although some comments pertaining to IST was made. I will only highlight here conclusions specific to participation of SMEs in IPs. I include for each quote the report page number for ease of reference. Note, I have edited the text slightly, mainly to remove references to NoEs, which are not the subject of this paper.

1. Page 9 - Industrial participation has reduced significantly: e.g. in IST (priority 2) from 55 % to 29 %, in energy from 49 to 31%. The low number of industrial participants in NoEs is one of the factors explaining this change but many other factors are playing a role, including the formulation of the Work Program topics.
2. Page 9 - Participation of SMEs follows the downward trend of industrial participation. The overall average of 13 % seems promising but there are some difficulties in interpreting the figures (e.g. small public sector organisations are also categorised as SMEs).
3. Page 12 - It appears that there are barriers to participation for industry in general, for SMEs, for all types of participants from accession (and third) countries, and for smaller and emerging groups of scientists. These barriers seem specific to the New Instruments with the exception of the accession countries, where the problem is more generic (even if exacerbated in case of the New Instruments). The main barriers identified are:
    a) the high cost of making a proposal;
    b) the complexity and investment involved in managing large consortia and projects;
    c) the high responsibility of the co-ordinator;
    d) the long duration: risks associated with it and the long-term commitments.

[1] http://www.cordis.lu/fp6/instruments_review/

4. Page 15 - The participation of SMEs is problematic
   There is clear evidence that SMEs are having some difficulties with the New Instruments, especially NoEs.
   a) One positive aspect of SME participation in the New Instruments is the appearance of research-intensive SMEs as well as industrial SMEs to carry out specific tasks in IPs. SMEs can play a critical, specialised role in many areas such as research, demonstration, training, technology transfer and dissemination. These critical roles can be played by various types of SMEs (from start-up to mature companies, from providers of specialised services to traditional industrial companies, from management-owned to off-shoots of large companies).
   b) The Panel has observed that the information available on SME participation does not allow differentiation between types and roles.
   c) Problems encountered by SMEs in the New Instruments relate especially to the processes of consortium building, evaluation and contract negotiation. Guidance is missing at the level of SMEs themselves, but is also missing for scientific officers and contract negotiators in order to ensure that SMEs, like other weaker players, are protected from exploitation by stronger consortium partners.
   d) In general, SMEs require lower levels of bureaucracy, short-term projects, short time-to-market topics and flexibility to join and to leave long-term projects. It is also very difficult for SMEs to be involved in the co-ordination of very large IPs.
5. Page 24 - The position and participation of SMEs in the New Instruments has not been satisfactory.
   a) SMEs have tended to be dominated by larger organisations and disadvantaged in Integrated Projects. The emergence of more research-intensive SMEs as participants in the New Instruments is commendable but in general SMEs prefer the Traditional Instruments of STREPS, Cooperative (CRAFT) and Collective Research.
   b) In general, the relatively long-term horizon of consortia within the New Instruments tends to discourage SME. In IPs, SMEs tend to be dominated by larger organisations and put at a disadvantage.
   c) SMEs should be strongly encouraged to participate in IPs and STREPs. This is much more easily achieved if the projects are not too large and of shorter duration, as well as if there is appropriate assistance and guidance on consortia building and contractual arrangements. An effective way to promote SME participation that should be considered is the promotion of SME-led IPs and SME-led STREPs.
   d) The realisation of the FP6 15% target for SME participation in Thematic Priority areas should concentrate on IPs and STREPs. Nevertheless, more information needs to be collected on the quality and quantity of SME participation in FP6.
6. Page 29 - The existing Financial Regulation should be applied correctly. Too often, the interpretation is stricter than what is mentioned in the Regulation, leading to delays and a bureaucratic image. The application procedures must be revised to guarantee that the appropriate service is provided
7. Page 29 - Adequate training of all EC staff involved is a necessity to avoid inconsistency in communication and interpretation. Staff rotation should not disrupt the efficient handling of the funding process.
8. Page 29 - Assistance for elaborating consortium agreements and handling Intellectual Property issues is a necessity, particularly for the smaller and weaker players. The existing IPR help desk is a necessary tool to ensure all types of players have access to expertise and advice and deserves more promotion efforts from the Commission.

9.11 IST Five Year Assessment (Gago) Report

This refers to the final report of the Five Year Assessment of the Information Society Technologies (IST) research and technological development published on 17 Jan 2005[1]. It was carried out by an

[1] http://europa.eu.int/comm/dgs/information_society/evaluation/pdf/5_y_a/ist_5ya_final_140105.pdf

independent Panel, set up by the Director General for DG Information Society of the European Commission, chaired by J.M. Gago, Professor at the Instituto Superior Técnico (Lisbon), President of the Laboratório de Instrumentação e Física Experimental de Partículas and Portuguese Minister of Science and Technology from 1995 to 2002.

As it was tasked with looking at the years 1999 - 2003, it covers mainly FP5 but does include a section on the first year of IST in FP6. It is interesting to note that sections 2.10.8 on impact of the new financial regulation and 3.1.5 on SME participation quote heavily from both this book and and a paper I authored on the participation of SMEs in Integrated Projects in FP6 IST Calls 1 & 2, Feed-back and Recommendations, 24 July 2004[1]. I reproduce parts of the sections below (Note also the Gago reference to Technology Platforms I have included below in 9.12).

2.10.8 The FP6 legal framework and the new financial regulation

There are different views as to the impact of the FP6 legal framework and the financial regulation on the functioning of the consortia and, especially, on SME participation.

The new legal framework of FP6 provides for new instruments with a larger scope and the involvement of an increased number of participants. Setting up such projects needs more time, both in terms of proposal evaluation and negotiation. In addition, it is essential for such projects, that the consortium members agree amongst themselves on the management, financial, IPR issues etc prior to the signature of the contract. All these elements lead to an increase in time to contract, although the contract signature procedure itself has been significantly simplified and accelerated. The delays in establishing a project may be compensated for by more efficient project management, as, due to the increased autonomy of the consortium, numerous issues such as budgetary transfers are dealt with *within* the consortium without the
need for prior approval by the Commission as was formerly the case. As most of the projects have been running for less than a year, there is however no concrete experience on this.
The participation of SMEs is lower in IPs and NoEs than in the traditional instruments. With a ratio of 70 per cent of new instruments to 30 per cent of traditional instruments, there is a clear impact on the participation rate of SMEs in the IST priority in the FP6 overall compared to FP5. However, explanations are numerous and sometimes contradictory, and, to date, not based on firm evidence.
The Commission's view is as follows[2]. Due to the introduction of collective financial responsibility, financial viability checks are only carried out for coordinators and partners whose share of the project funding is not covered by collective financial responsibility. The ability to co-finance is certified by a declaration "on the honour" to be provided by each contractor and is only explicitly addressed in case of doubts.

This has a positive impact for SMEs that might not have passed a financial check under FP5, but that can be accepted now in a consortium where they are covered by more solid partners. On the other hand, the concept of collective financial responsibility might also prevent SMEs from participating in a project due to the risk that the Commission may have recourse to this mechanism in order to recover amounts due from a participant in a project. Financial collective responsibility may also prevent industrial organisations from taking SMEs on board, as there is the increased risk of additionally covering the financial weakness of SMEs (it is to be noted that the contract relating to SME specific actions waives the financial collective responsibility, whereas SMEs participating in all other types of instruments are
covered by financial collective responsibility).
The reduction of the flat rate for overheads to 20% instead of 80% under FP5 might also have a negative impact for SME participation. The requirement to systematically provide audit certificates should not have a negative impact on the participation of industrial organisations in general and SMEs

[1] Download from http://www.efpconsulting.com/documents/sme12_morron_040728.pdf
[2] Cf note, provided at the Panel's request by Unit INFSO R2, 6 October 2004, on the "Assessment of the Impact of the New Financial Regulation on the IST-RTD Operations."

in particular, as the costs of audit certificates are covered by the Community contribution.

A paper by the ISTC delegate from Israel, M. Morron, states that despite the explicit intention of the new financial regulation to improve the cash flow for participants, in reality it has made the situation for SMEs much worse. The paper argues that the various model Consortium Agreements address the financial interests of the major players at the expense of the cash flow of the minor players i.e. SMEs. On paper, in
FP6 from a Commission perspective projects should be in positive cash flow right up to the last 15 per cent of the expenditure. However in order to protect themselves from collective financial responsibility, the major players are imposing stringent conditions on the release of funds to the less financially secure partners. Being paid in arrears; being paid per deliverable or on provision of bank guarantees are, according to Morron, examples of common practice. All of these instances result in SMEs incurring additional expense in the way of bridging loans or the provision of guarantees.

Finally, the Commission views the impact of the new Financial Regulations on the efficiency and effectiveness of program management (on the side of DG INFSO) as being positive. Financial ex-ante checks have been simplified and streamlined, due to the introduction of the collective financial responsibility. The day-to-day financial management of projects has been simplified due to the abolition of cost categories and rules on budget transfers. According to the Commission, the verification of financial statements that are accompanied by audit certificates has become easier for the Commission, as POs only have to assess whether the costs are necessary for the project with regards to its scientific output.

3.1.5 SME Participation

SME Participation under the IST theme and more generally in the Framework Programme has always been an important political issue. In the IST area, an important argument for promoting the participation of SMEs is their greater flexibility in adjusting to new developments and their innovativeness. SMEs can be integrated into supply chains, may grow into large businesses themselves, or can be bought by larger (European) enterprises in the future. In this regard, it should be noted that growth patterns of innovative SMEs – especially their eventual growth into big companies – are very different between the US and Europe: in the US, 19 of the Top 25 companies did *not* exist forty years ago; in Europe *all* Top 25 existed forty years ago.

SME participation has traditionally been high in European ICT programmes – in ESPRIT I for instance, half of the projects included SMEs. SME participation is one of the recurrent themes in the annual monitoring exercises. The 2002 Monitoring Report drew attention to the fact that the IST Program had the highest SME participation rates across all FP5 specific programmes (p.29). In FP5, almost 2/3 of IST projects had at least one SME, 1/3 of participants were SMEs and almost 1500 different SMEs participated.

In the preparation of FP6, when the new instruments gradually became clear, the 2002 Monitoring Panel and ISTAG warned of the impact that the new instruments could have on SME participation

The effects on SMEs of the New Instruments, as anticipated by ISTAG

• The "top-down" approach (i.e. having strongly objective driven research) that is basic to the concept of an Integrated Project could put the SMEs in the position of suppliers of sub-contracted labour, rather than as innovators and the source of economic growth.
• The expectation of an overall increase in project size in FP6 could also lead to marginalisation of an SME's role in a project, given their limited human and financial resources. This effect has already been observed in FP5: where the size exceeds €3M - €5M, SME participation rapidly diminishes.
• The short time-to-market requirements of most SMEs will be incompatible with the intended shift in FP6 to longer-term RTD via larger Integrated Projects.
• The excessively lengthy processing of Exploratory Awards during FP5 has become so apparent that

it is now planned to abandon them.

The concerns of the Monitoring Panel and of ISTAG were *confirmed* in the first call of FP6: **whereas in FP5 the number of projects involving an SME was 25% this number dropped to 15% in the first call of FP6. The Panel finds this trend unacceptable.**

According to an analysis by Morron, several conditions in FP6 hinder the participation of SMEs. Although there is an evaluation criterion concerned with inclusion of SMEs, the way this is worded appears to favour Low Tech SMEs instead of the High Tech SMEs that should participate. Moreover, the role of Low Tech SMEs in IST projects has generally been as end users for new technology. With the disappearance of take-up projects within FP6 there are fewer opportunities for SMEs to take such a role. There is a possibility for low-tech SMEs to participate through take up – but this may take place toward the end of an Integrated Project only. Apart from a shared technological interest, an SME in a consortium will have to show its financial viability. With the new instruments, the Commission no longer verifies this, however, the project partners or coordinators will certainly do so. In practice this means that the project will not be motivated to find an SME partner at the outset.

Recommendation 7
The sharp decrease of SME participation in the IST Priority under FP6 as compared to FP5 is *unacceptable*. The Panel urges the European Commission to address this issue and to propose appropriate solutions, including an investigation into whether larger participants are seeking to impose unduly onerous contract conditions on SMEs. The Panel recommends the promotion of a greater involvement of, especially high-tech, SMEs. This could be achieved through a more flexible implementation of the instruments across the programme, adapted to the needs and features of this constituency.

9.12 European Technology Platforms

This is a relatively new concept that has appeared during 2004. It is seen as a lead into FP7. In my opinion they are beginning to look like what IPs were originally conceived to be!

9.12.1 Official view

Officially, platforms are seen as follows -

European Technology Platforms are ambitious, demand driven initiatives, set up in areas where Europe's future competitiveness will depend upon major upstream research and technological advances. This can be achieved through public-private partnerships to bring together the efforts of all concerned stakeholders in the creation, implementation and deployment of a common European Strategic Agenda. Technology Platforms are planned to be one of the main pillars of FP7. Their funding, however, will arise from a variety of sources. Industry will play a leading role in each platform but the efforts of all other key stakeholders must also be mobilised, including the research community, public authorities, standardisation bodies, the financial community, civil society, and consumers. Technology Platforms are objective-oriented, requiring a vision and a strategic research agenda with a detailed action plan.

The concept was initially introduced in the Commission Communication in their communication "Investing in research: an action plan for Europe" 3% of GDP for research. They saw the aim of Technology platforms aim at providing the means to foster effective public-private partnerships between the research community, industry, financial institutions, users and policy-makers, in order to mobilise the research and innovation effort and facilitate the emergence of "lead markets" in Europe.

ETP is a mechanism that:

- brings together the main stakeholders in an RTD field.
- to identify common RTD goals of industrial relevance
- develop a roadmap to achieve these goals.
- roadmap addresses technology & non-technology barriers
- stakeholders include industry, academia and the investors in research, public or private
- stakeholders should commit to supporting financially the roadmap and monitor its implementation

The Council invited the Commission to set up a limited set of ETPs, each with a well identified research and industrial community ready to collaborate in developing a roadmap and to engage in its implementation. There was seen the need to pool resources and create a critical mass including public and private resources at national and European level (Community, Eureka,..). A clear commitment to invest in the realisation of the roadmap is a key aspect of a Technology Platform. ETPS are NOT just forums for discussion or advisory groups.

So far some Pilot ETPs have been launched in an ad hoc way at the request of the Constituency but Commission led.

In IST as of time of writing three ETP Pilots are active:

- Embedded Systems technology Platform (ARTEMIS)
- Nano Electronics Technology Platform(ENIAC)
- Mobile Communications Technology Platform (eMobility)

Originally it was thought that they would be partially funded via the Article 171 mechanism (see below) similarly as Galileo, but now it is seen more as a combination or choice between Article 169, Article 171 or more likely - at least initially - via Eureka.

It is important to note that there are upcoming opportunities in Call 4 and Call 5 for each of those ETPs to apply for support funding.

9.12.2 Commentary on Platforms

Periodically, new concepts are raised and become the flavour of the month. ETPs appear to fall into this category. They are more and more appearing to be a way for the major players to achieve broader control over RTD funding. The concern in many quarters is that we are in danger of creating semi official cartels that may choose to exclude or include players.

The Gago Panel report (see section 9.11 above) summarises concerns as follows:

Although the concept of European Technology Platforms (ETP) existed before this 5 Year Assessment began, it has been the subject of further discussions during the whole course of the year 2004 and final conclusions have not yet been reached. In "Investing in Research. An Action Plan for Europe,"[56] ETPs are presented as bringing together the main stakeholders – research organisations, industry, regulators, user groups, etc. – around given key technologies, in order to devise and implement a common strategy for the development, the deployment and the use of these technologies in Europe. Several other documents have since discussed the platform concept and some of these platforms (embedded systems in the IST area, fuel cells elsewhere) seem to be under construction.

The Panel has concerns about the Platform concept, for the following reasons:

- Technological platforms should not become a mechanism through which dominant players in various technological areas can guarantee a resource allocation to their joint projects, thus becoming a bottom-up mechanism for resource allocation.
- Technological platforms seem like outsourcing RTD planning without clear rules concerning the

assessment of the need for and accepting particular platforms that have been proposed other than what the participants do by themselves.

- Finally, in their set-up and in the type of stakeholders involved with a platform, there is a great resemblance with the Eureka "clusters" and the rationale for an overlapping system should be explained.

Therefore, and in the present phase of difficult assimilation and correction of undesirable effects of some of the new instruments, the Panel does **not** support the introduction of another wave of new instruments for R&D funding, namely in the form of Technological Platforms as funding instruments.

9.12.3 Joint undertaking: Article 171

Article 171 reads:
"Community may set up joint undertakings or any other structure necessary for the efficient execution of Community research, technological development and demonstration programmes"

Support must be proposed by Commission but requires a Council decision. One example was Galileo.
In such a way, private and public resources are brought together into one "pot". The management structure should consist of stake holders with a "Concessionaire" for implementation

9.13 Framework Program 7

The following is an extract from the Commission Communication 16 June 2004 COM (2004) 353 that outlines the main six goals of FP7 as currently envisaged. Despite public pronouncements to the contrary, it is unlikely that FP7 (or what it will finally be called for political and PR reasons) will exceed 25 BEuro - which is still 50% more than FP6.

9.13.1 Adapting the European Union's Research Framework Program

There has been a massive response to the Union's Sixth Research Framework Programme 2002-2006. To date, taking all actions together, 28 000 research proposals have been submitted involving 150 000 institutions in 50 countries. 200 major transnational research networks and projects in particular have been launched in areas such as "post-genomic" drug-targeting methods and nanometre-scale microelectronic components, as well as 55 programme networking actions on subjects such as food safety and rare diseases.

However, the Framework Programme has been the victim of its own success. Out of the thousands of proposals received, only 1 in 5 has been able to be supported due to the lack of funding. In particular, just under 50% of projects considered to be of a very high standard were able to be financed.

With a few instruments, the Framework Programme also has to meet different needs: strengthening both collaboration and competition; support for both basic and industrial research; support for both spontaneously proposed projects and initiatives based on political choices, etc. And despite the progress recently made, such as the simplification of contractual terms, the implementing conditions can still be improved.

9.13.2 SIX MAJOR OBJECTIVES

In order to increase the impact of the European Union's action, it is proposed to organise it around six major objectives. To launch the corresponding activities with a significant effect, the Union's research budget needs to be increased by the proportions indicated. Funding would be allocated according to three principles: a balance between current and new activities; between research for the advancement of knowledge and its industrial application; and between support for human and material research capabilities.

9.13.3 Creating European centres of excellence through collaboration between laboratories

Programs to support transnational collaboration between research centres, universities and companies

have an observable impact on:

- the quality of research in Europe, which they are helping to improve, whilst increasing its visibility, in key areas for growth;
- the dissemination of knowledge and results within the Union, and the ability of researchers to become involved in high-level projects.

With the Sixth Framework Programme, formulas have been added to the range of possibilities – the "networks of excellence" and the "integrated projects" – which are having the effect of making research in Europe more structured by helping the development of "European centres of excellence".

Researchers must be able to fully exploit these opportunities – including the possibility of projects of a smaller size – according to their interests and needs. A panel of experts for a mid-term evaluation of the efficiency of the instruments of the Sixth Framework Program has been set up.

9.13.4 Launching European technological initiatives

At the initiative of the Commission and industry, "Technology Platforms" are being set up, which bring together companies, research institutions, the financial world and the regulatory authorities at the European level to define a common research agenda which should mobilise a critical mass of national and European – public and private resources.

This approach has been, or will be, adopted in areas such as energy (hydrogen technology, photovoltaic solar energy), transport (aeronautics), mobile communications, embedded systems and nano-electronics. This entails in particular identifying the legal and regulatory conditions needed in order to implement the common research agenda.

Often, it will be possible to implement the agenda by means of "integrated projects". In a limited number of cases, a "pan-European" approach appears appropriate, involving the implementation of large-scale "joint technology initiatives". An appropriate framework for their implementation is that of structures based on Article 171 of the Treaty, more specifically a joint undertaking.

9.13.5 Stimulating creativity of basic research via competition between European teams

Open competition between individual research teams and support for them at European level would boost the dynamism, creativity and excellence of European research whilst increasing its visibility. The discussion on basic research and the "European Research Council" which has been ongoing for two years in the scientific community, and which was raised to the political level by a Commission Communication of January 2004, has highlighted the need for:

- an increased effort on basic research in Europe given the increasingly clearly recognised impact of this type of research on economic performance, as stressed by industry;
- increased support for this type of research at European level through the setting up of a support mechanism for research projects conducted by individual teams which are in competition with each other at European level.

The Commission suggests the creation of such a mechanism. Projects would be proposed by researchers on their own initiative, without thematic constraints, on subjects of their choice. Projects would then be selected, without any obligation for transnational collaboration, on the basis of their scientific excellence, as assessed by peer review.

9.13.6 Making Europe more attractive to the best researchers

The European Union's objective is to promote the development of European scientific careers , at the same time helping to make sure that researchers stay in Europe and and attracting the best researchers to Europe. Against the background of growing competition at world level, it is necessary to strengthen the "Marie Curie" actions which are being conducted for this purpose by placing emphasis on:

- attracting young people to science and the initial training of researchers through support for the

structuring of training, in particular trans-disciplinary training;
- the role and place of women in science and research;
- the transfer of knowledge, for the benefit in particular of the technologically least advanced regions and SMEs;
- the international dimension of training and mobility through increased exchanges with other parts of the world;
- life-long learning and career development.

9.13.7 Developing research infrastructure of European interest

With the creation of the ESFRI Forum, an important step has been taken in the field of research infrastructures in Europe. Until then, EU activities had been mainly confined to support for transnational access to infrastructure and for research projects helping to raise their performance.

It is proposed to strengthen this action through the introduction of support for the construction and operation of new infrastructure of European interest in the form of a mechanism like that used for the trans-European networks (TENs), based on the model used to support a free electron laser and nano-electronics facilities in the framework of the "European Growth Initiative".

This approach would also be adopted to support essential services for the European scientific community: distributed communication infrastructures (GEANT projects for the interconnection of electronic research networks and GRID architecture), or electronic archiving systems for scientific publications; bioinformatics databases.

9.13.8 Improving the coordination of national research programmes

Efforts have successfully been made to improve the coordination of national research programmes in the context of the Sixth Framework Programme and these efforts must be strengthened. This involves increasing the resources allocated to the ERA-NET activities for the networking of national programmes, extending the financial support they offer to research activities, and an increased effort towards mutual opening-up.

The aim of the Union's participation in national programmes carried out jointly under Article 169 of the Treaty is to ensure their genuine integration. The example of the clinical trials platform for poverty-related diseases, while it has a number of special features, nevertheless enables a certain number of lessons to be drawn. The implementation of activities based on Article 169 would appear to be easiest in areas where the Member States are starting to introduce programmes. But it is in the fields where established national structures exist that this provides most benefit. It would seem to be appropriate to use this formula:
- in areas in which the Member States have firmly displayed their willingness to commit themselves financially;
- as an instrument to support "variable-geometry" cooperation between a limited group of Member States;
- with the most effective decision-making mechanisms: "packages" of actions to be agreed upon at the same time by the Council and the European Parliament; or a "framework regulation".

At the same time, it is necessary to strengthen the ties between European intergovernmental research organisations and the Union. Today, these organisations can respond to calls for proposals. The Union should be able to provide direct support for some of their activities which Europe would benefit from their being conducted at Union level.

10. How to write a proposal

This chapter is inserted as a cookbook of how to go about the logistics of actually putting together a proposal. I have tried to include tips and anecdotes as appropriate – with considerable input from experience of the first and second IST calls in FP6 and their results. It should be seen as complementary to other chapters of this book; in particular chapters 3, 4 and 5. I have also added some new appendices which should be of considerable assistance to those writing or reviewing proposals.

1. Appendix 6 which consists of actual quotations from Evaluation Summary Reports giving reasons for failing specific proposals per instrument and evaluation criterion. Study them carefully.
2. Appendix 7 which are some classic illustrations of what is meant by "blah blah".
3. Appendix 8 which his an annotated STREP template
4. Appendix 9 which his an example of a financial spread sheet to use while constructing a proposal

To simplify the task I have decided to concentrate on a STREP, but the principals can be extended quite easily to other instruments. I am assuming that the reader is either the coordinator of the proposal or a consultant working with him on the proposal. Note again that I see the role of consultants as complementary to the proposers i.e. not an operation where the customer throws some details over a wall to a consultant, who in turn throws back "the finished proposal" after an appropriate time.

I also assume that all the activities outlined in chapter 3 have been carried out such as –

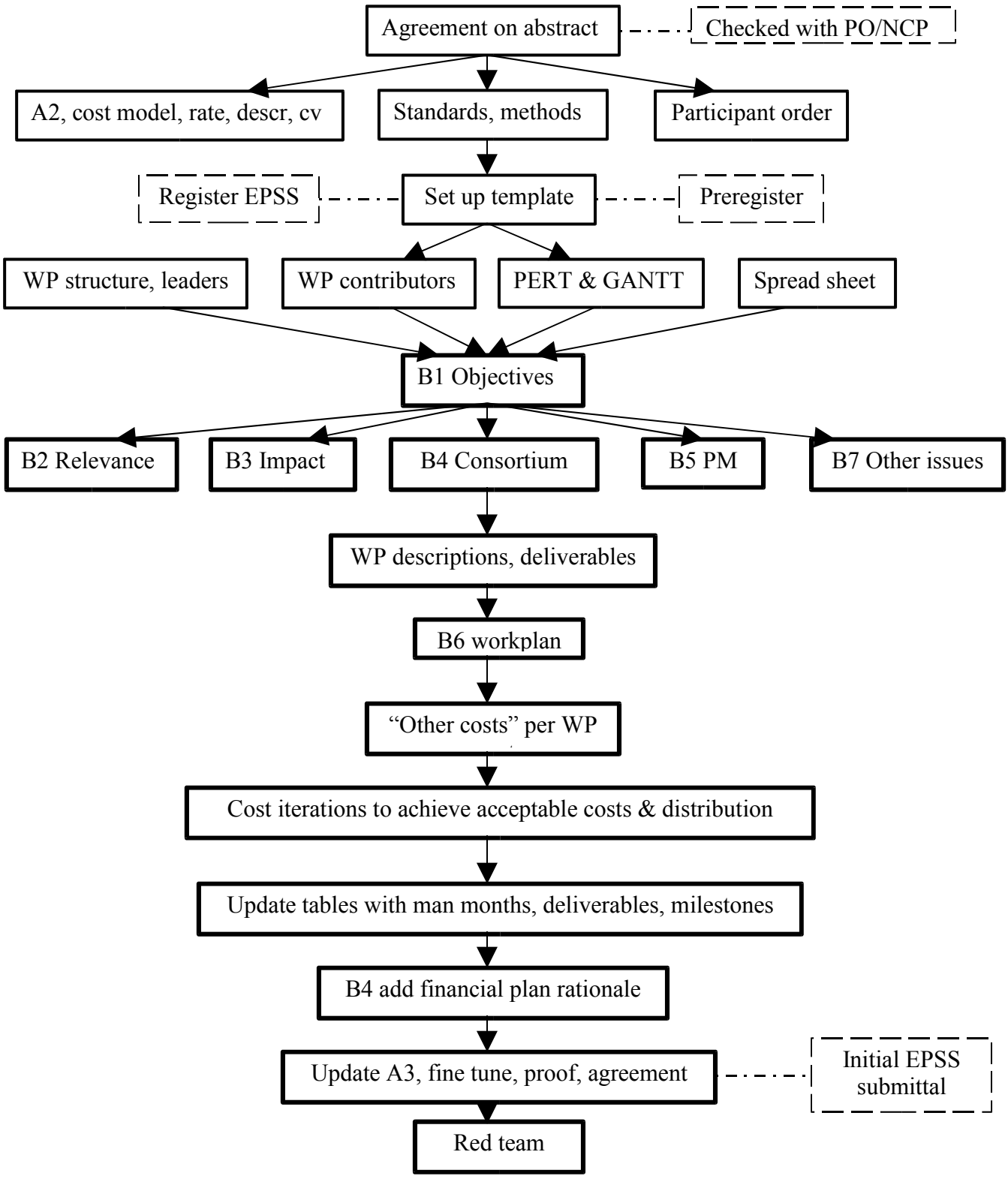
1. Business reason for your proposal clearly understood
2. Strategic objective and call identified
3. Topic and objective understood and agreed
4. Abstract endorsed by Strategic Objective point of contact in Brussels
5. Background work on previous projects in this area researched
6. Partners identified and agreed
7. Some MoU, NDA or letters of intent exchanged

Now, what is left is the production of the proposal itself and that is what this chapter is about. I believe that it is best practice to project manage the production in a professional manner. This is not only in order to minimise surprises and last minute panics but also to ensure that you can actually work effectively with your prospective partners. I have seen many times that partners have been dropped from a consortium because of the unreliable and unprofessional way they have behaved in proposal preparation. Conversely I have seen wise organisations withdraw from consortia because it became obvious they could not project manage effectively. You have to treat proposal production seriously just like any business tender. By this I mean that you must see yourself as a supplier and have a clear view of the needs, point of view and requirements of the "customer".

But who is the "customer"? I have found it best to identify him closely with the Head of Unit where the Strategic Objective resides. He is the one, who within the legal constraints of the program and within the political and managerial constraints of his directorate, really decides what to fund and holds the budget. But what does he really want? Well he wants something that clearly contributes to the topics of his SO. But in addition he wants something that has a high chance of producing major results that he can take credit for. He also wants things that plays to a certain extent to his political constituency i.e. the major EU players in that area. He wants some major player(s) on his side to fight his fights for him. As in all organisations, he wants to maximise the budget he controls as this could allow him to increase his head count. A measure of the importance of a Unit is the size of budget it controls. He therefore wants many top notch proposals to try and justify increases to his notional preallocated budget. Finally, he wants projects that will not blow up in his face or generate scandals. He much prefers projects that are "politically correct" where possible as they can generate good PR not only for him but for the Commission and he can bask in the reflected glory.

In practice the "customer" is initially represented by the evaluators assigned to your proposal. He will have been briefed by the "customer" and should understand what he wants but frequently they may give him something he doesn't really want – but that is a different story. The "customer" chooses the evaluators and assigns proposals to him and his knowledge of likes and dislikes of different evaluators can "steer" things to a certain extent. The reason I mention this here is that you must take it as given that each evaluator is a domain expert or his CV implies this. So please don't talk down to him in the proposal. For example in an eHealth proposal there is no need to explain what an Intensive Care Unit is.

In order to manage the proposal production professionally we need to set up a suitable, achievable time-line. We identify several phases in the process as follows –



1. Agreement of project abstract
2. Preliminary commitment of participants by submittal of A2 information, cost model, man-rates, description and CVs
3. Agreement on participant order
4. Set up of Part B Template
5. Agreement on document standards and method of working
6. Agreement on Work package structure and which partners contribute to which WP
7. Production of preliminary Pert and Gantt
8. Agreement on WP leaders (for proposal production)
9. Set up of Project Effort form (from Proposers Guide) and costing spread sheet
10. Production of B1 – Objectives (this constrains all the rest)
11. Production of B2, B3, B4, B5 and B7 (can proceed in parallel)
12. Production of initial text for WP descriptions including deliverables by WP leaders and initial manpower guestimates
13. Production of B6 work plan
14. Initial guestimates of other costs per WP per partner
15. Iterations via costing spread sheet to achieve acceptable costs and distribution
16. Updating of all tables with man months, deliverables and milestones
17. Addition to B4 of rationale for financial plan
18. Updating of A3, fine tuning, proofing, agreement by partners
19. Red teaming of proposal i.e. external dummy evaluation

I have not included in above list, activities related to submittal which now has to be via EPSS (see chapter 3) or requesting early on password, which should be done after point 2 (above).

During the production of the proposal it is important to keep in mind the suggested page count for each section. Required tables and charts are not part of the page count. The proposal will not fail if you go over the limit. However you are obviously missing the point if say your B1 is thirty six pages and they recommended three! (Real case – names suppressed). I would suggest you try to limit yourself to say four pages in this case and the additional text be reassigned to other more appropriate sections or to an Annex or preferably eliminated.

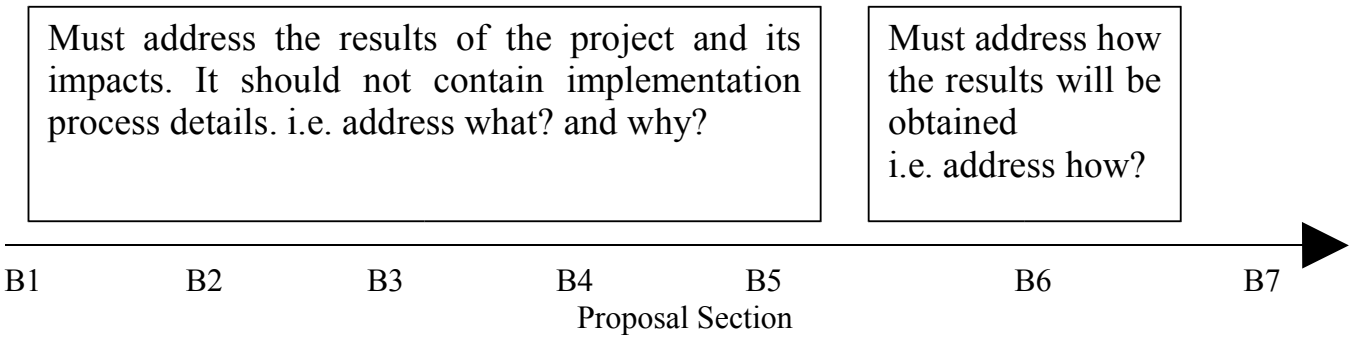
Another general but important point is not too make unsubstantiated sweeping statements or claims. Avoid "blah blah" in your proposal. There are many professional "blah blah" writers who can fill a page with text which, on reflection, has zero content or added value. Be business like, accurate, verifiable and modest – the proposal should speak for itself. See Appendix 7 – if you are unclear as to the type of writing I am referring to.

I like to quote Lord Kelvin in this respect:

> "I often say that when you can measure what you are speaking about, and express it in numbers, you know something about it; but when you cannot express it in numbers, your knowledge is of a meagre and unsatisfactory kind"

I have always considered, if I had the time, to write a complete blah blah proposal. i.e. one that is content free. I have certainly seen enough examples appropriate to all sections. My main concern is that it would be used as a source book for proposal writers!

Before we delve into the details I would like to illustrate an important point - it is the perspective from which you must address the technical aspects of your project within the proposal itself. It may be helpful to point out that this differs between varying parts of the proposal.



The problem I am trying to illustrate is the common mistake that results in section B5 being too sparse and sections B1 – B4 overflowing with implementation details. B5 should be at least fifteen pages not counting the Gantt and PERT and Work Package descriptions. Too often half a page or some other minimal account is given. These B5 pages should be the technical heart of your proposal.

I now will go through each of the previously described proposal writing activities and make some hopefully helpful comments on each.

10.1 Agreement of project abstract, objective and scope

It is vital that you start off with the abstract and then proceed to write section B.1.1 "Proposals S & T objectives. Although this is in the plural, pleased **ensure you have a single high level objective**. Make sure that the reader will immediately see that this proposal clearly related to a topic within the Strategic Objective. Do this by reusing some of the same phrases.

When I was an evaluator the first thing I would do is read the proposal abstract and hopefully develop an immediate view as to the context of the proposal. Assuming my initial view was positive, I would then read the proposal to reinforce my positive view and be on the look out for key points I would hope to see to confirm this view. If my initial view was negative, I would then read the proposal to confirm this. In both cases there were many instances that during the reading my view changed in either direction.

However there was a third case that usually accounted for half of the proposals I read. This is the case that from the abstract I couldn't understand what the proposal was about. I then had to read the proposal to try and form a view of what it was about. I would then have to reread it to determine in detail my view on individual aspects. You must try to avoid this – make it easier for the evaluator. In most cases where the proposer was unable to explain the proposal clearly in the allowed 2,000 character abstract, it failed.

Time and effort put into a good abstract is time well spent. As a corollary, it is also important that the Title encapsulates its essence.

I would estimate that 95% of the proposal drafts I see start off section B.1 with one to three paragraphs of background before getting to the paragraph that starts "The objective of this proposal is ...". As an evaluator I found this exceedingly annoying as did others I have spoken to. An evaluator is locked up for a week reading proposals – mostly badly written – and he quickly wants to understand what it is about. It is impossible to begin to think about the relevance or quality of a proposal until you have a model in your mind of its objective, scope and relevance to this call. You must hit him between the eyes with this straight away. If you feel you must have justifications why it is important in this section put it in later.

On the subject of "objective' please avoid the following extremely common errors.

1. Making it appear that this is a product development project. There generally must be research content. STREPs in particular are usually expected to be extremely leading edge with consequent risk of failure. Use the word "research".
2. Implying that the work has already been done. You would be surprised how many proposals

appear to only wish funding for productisation of some existing technology. I have seen proposals that even quote the product name and catalog number they are apparently going to supply and have a deliverable within three months of project start!

3. Using the word "demonstration" or "demonstrate". Expurgate it – i.e. do a word search to ensure it has not crept in. It really only means you will get less funding. I see no reason why anything some one wished to do as a "demonstration" could not be done using a different word such as "trial", "validation" or "system test".

10.2 Preliminary commitment of participants

It is vital to have some physical evidence of good faith and real intent. A way to achieve this and at the same time avoid last minute panics is to request:

1. a filled in A2 form from each partner
2. their man month rate in Euros
3. the cost model they use
4. and if FC, their overhead rate.

The submittal of many proposals have last minute panics on these points. If an organisation has not yet been involved in a FP6 proposal, the identification of cost model and overhead rate as well as even man rate can be extraordinarily difficult to get. It frequently may involve explanations on how to determine them. It is important to get them approximately correct as it will determine the maximum grant and it is extremely difficult to have it subsequently increased. It is also unwise to overestimate, as it detracts from the proposal. A good method is to independently check if the organisation is already in a different project or proposal and extract those figures. Main message is do it early on. Another simple thing you should get up front is a very brief description of the organisation as related to the subject in hand – no more than half a page and one or two brief CVs of people who will be involved. By brief CV we mean not more than say six lines that emphasises his relevant experience. Marital status, age etc. are irrelevant.

10.3 Agreement on participant order

This seems rather trivial but it is important for logistic reasons in writing the proposal. The coordinator is number 1 and I suggest you then number them according to importance and certainty. If you have a doubtful participant, put him last. This number appears on each A2 form and in several other places in the proposal and determines some ordering in it.

10.4 Set up of Part B Template

Take an electronic copy of the correct template for this instrument and call. Source can be the appendix to the Proposers Guide or the Template that can be down loaded from EPSS for this call and instrument or some other source. What is important is to set it up correctly and consistently. I suggest in Word rtf that has correct formatting, i.e. language variant, heading structure, A4 page set up, font and text size, correct headers and footers as per Proposers Guide.

Ensure that the content rules are understood such as no use of colour in the proposal and if external graphics are to be incorporated, the definition is appropriate i.e. no more than say 300 dpi or a simple illustration can consume say 10 Mbytes.

10.5 Agreement on document standards and method of working

1. Issue each partner with some basic rules and guidelines. This should include the following –
2. List of partners, points of contact, short name and partner number (from 10.4 above)
3. Copy of project objective, instrument and Strategic Objective
4. Call number and closing date
5. A pointer to the proposal template or the template itself
6. A list of planned preparation activities and completion dates leaving at least a week free prior to

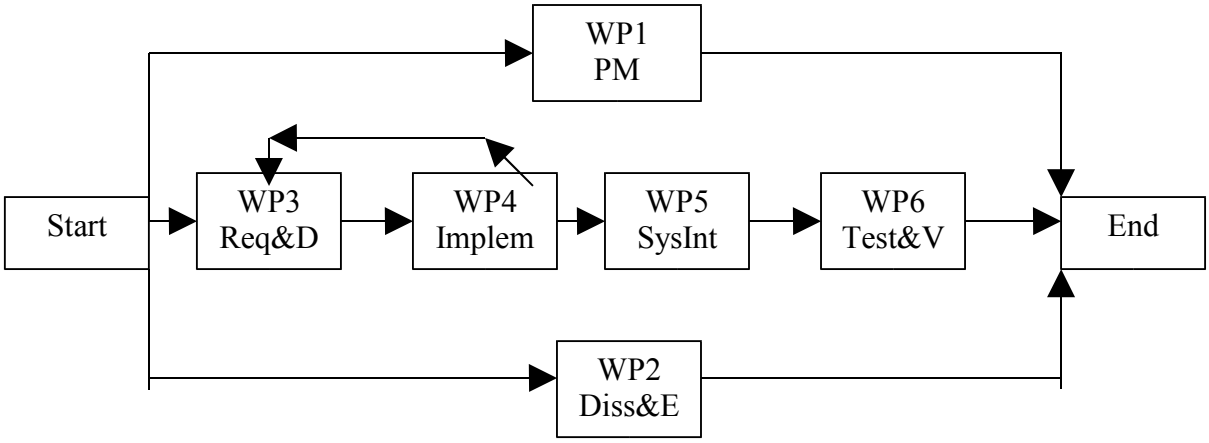
deadline
7. I suggest setting up a project email list server with project manager in charge
8. Simple rules on proposal change control i.e. numbering scheme and how updates and changes to base document are controlled by project manager

It is usually best to put current live version of proposal on a server (protected in some way) with only project manager allowed to modify it. This version should have a detailed change history and track changes enabled. As someone wishes to update a section they should send the changed part to the project manager for incorporation. Every such requested change must be dated with a few words as to what was done. The project manager would then check it and incorporate it onto live version. This needs careful partitioning or things can get quickly out of control.

10.6 Agreement on Work package structure and contributing partners

The project manager should decide on an initial breakdown of work packages. Take WP 1 to be Project Management and either WP2 or the last one to be Dissemination and Exploitation. How to break down the work into packages can be an endless debate as you can essentially approach it in a horizontal or vertical fashion. I have always found that approaching it horizontally (i.e. time based) is best. For a STREP, I would put an overall limit of say eight work packages. So how do we decide on the remaining six?

It is best to start with the following standard model shown as a PERT chart –



In the above: WP3 is Requirements and Design, WP4 is Implementation, WP5 is System Integration and WP6 is Test and Validation. No single project will 100% fit this and you have another free WPs to customise your PERT. For example you may have to split WP4 into hardware and software or you may have to have another WP dealing with application level work or you may have a WP dealing with more fundamental research issues feeding into the implementation. There should normally also be some iteration between Implementation, Design and Requirements showing the research aspect of the work.

10.6.1 Assessment and Evaluation

Note that in contract negotiation documentation it states:
" allocating a specific work package to review and assessment (by the participants) of project results and progress towards the objectives. This work package should have appropriate resources allocated to it (guideline: up to 5% of total project resources) and describing how the output of the on-going assessment will feed into the project management, as assessment is only useful when it informs management in a timely fashion"
Or
"or assessment and evaluation elements may be explicitly included in the project-specific work packages"
So ensure that you have this 5% included in your proposal

10.7 Production of preliminary Pert and Gantt

Once you have produced a draft of the WP breakdown that is agreed by your major partners, build a final PERT chart as above and from it a preliminary Gantt chart that shows the start and dates of the work packages. A good tip is to ensure that there is a phased start up of the project as, in practice, in usually takes 2 to 3 months for all the resource to become available. Also ensure that in the final month of the project only WP1 and WP2 (as above) run in order to produce final reports etc. These are normal good management practice and shows the evaluators you are an experienced manager.

10.8 Agreement on WP leaders (for proposal production)

A good way to distribute proposal preparation work is to assign initial WP leaders. The Coordinator is always WP1 leader. Assign the partner who has the most to contribute in each WP if in doubt. It is important that someone does take responsibility and is both enthusiastic and available. If the obvious WP leader will not be available during time required substitute someone else temporarily and try and ensure that he reviews drafts. When this has been done, with the coordinator taking up any slack, publicise the list and incorporate it into the proposal. I have previously mentioned that it is a bad idea generally to have an academic coordinator. This also goes for the dissemination and exploitation Work Package leader. Academics are the wrong choice! Think again.

10.9 Set up of Project Effort form (Proposers Guide) & costing spread sheet

Use the provided Project Effort form from the template to track partner man months per WP. You should initially identify which partners will participate in which WP in addition to the agreed leader. Identify them with a star in the chart and the leader with a double one. In parallel set up a spread sheet that will allow you automatically to generate costs and funding per partner from the man months per partner per WP taking account of funding rate, cost model, overhead rate, man rate as well as travel, equipment, subcontracts and other costs. This will be used to track and monitor overall costings as definition develops and allows you to force changes to ensure funding levels and split falls within your own targets for the proposal. It would be considered normal that project management would use about 10% of the effort.

10.10 Production of B1 – Objectives (this constrains all the rest)

In section 10.1 we produced B1.1 and this must now be complemented by the other required content for B1. You must try to quantify your objectives and also need to demonstrate convincingly that what you propose is beyond the current state of the art. Prepare for this by going over all previous and current projects in this area and where necessary explain why your proposal is better. Don't be afraid to name names but do it positively – remember the evaluator may have been personally involved in a previous project you are quoting. An important goal here is to show the evaluator you have done your homework and are aware of the latest developments in the field.

10.11 Production of B2, B3, B4, B5 and B7 (can proceed in parallel)

When you have an almost final B1, split up B2, B3, B4, B5 and B7 between your partners who have experience in proposal writing for drafting. I suggest that the coordinator should draft B4, B5 and B7 as a minimum. Be aware you may end up doing it all yourself or with one partner. I have always found it best to quickly draft some content and circulate it for comment and you end up getting all the needed material. In other words it is usually better not to give someone a blank page – give them something they can disagree with – that stimulates a response. By way of additional guidance, I include here some notes on each of above sections.

10.11.1 B2 Notes

"Relevance to the objectives of the IST priority"

Information for this section comes from several main sources -

1. Each Workprogram and the Commission specific program documents identify and address the

policy needs to a certain extent. The introductory sections of the Workprogram for IST 2003/4 contains good reference material.

2. Via the Europa web site, http://europa.eu.int there is information on all EU policies and they can be identified and downloaded from there. For example we have the following –

   Policies - Access by subject to legal instruments in force, legislative activity in progress, implementation of common policies, EU grants and loans, statistics and publications.

3. There is also good material under eEurope initiatives and at the ISPO (Information Society Project Office) site.

You must also address where appropriate ERA related issues such as relationships to any Eureka activities, (such as commonality of partners) or relationships to national research programs.

10.11.2 B3 Notes

"Potential Impact"

This section should include the description of plans for the dissemination and/or exploitation of the results for the consortium as a whole and for the individual participants in concrete terms, for example by describing the dissemination and/or exploitation strategies, the user groups to be involved and how they will be involved, the tools and/or means to be used to disseminate the results and the strategic impact of the proposed project in terms of improvement of competitiveness or creation of market opportunities for the participants.

Standards are extremely important to Europe. Thus in that section, be specific. If your work will comply with standards, name them and the body responsible for the standard. Don't ignore European Standard bodies in favour of American ones like IEEE or ANSI without adequate justification. If your work will lead to a new standard or modify an existing one, reinforce by allocating resource to assist in this work and show which partners are already involved in the relevant committee. Key bodies for Europe are ETSI, CEN and CENELEC as well as ECMA and the industrial standards forums such as the GSM Forum etc.

Stating that "the work will comply with the relevant standards" as your only comment, can kill a proposal.

Exploitation is a vital part of this section. Emphasise the usefulness and range of applications, which might arise from the project. Explain the partners' capability to exploit the results of the project and detail how you foresee doing this in a credible way. Refer to the draft Consortium Agreement with respect to exploitation rights within the consortium. **This is particularly important.** Be specific and quantify things such as accessible market etc. It is possible to include an appendix to the proposal that could deal with broader or more detailed aspects of this.

10.11.3 B4 Notes

"The consortium and project resources"

Start off with a short one page description of the consortium stating who the participants are, what their roles and functions in the consortium are, and how they complement each other. It is vital you identify such partners as "end user", "exploiter or supplier" as well as "research contributor" etc.

Be very careful of sub-contracts. The Commission does not like them. Do not sub-contract R&D. Remember if a company sub-contracts some work they will normally have to pay 100% of the costs (potentially with profit) and will normally only get 50% back. It is quite clear what sub-contracts are considered reasonable. If, for example, a project is producing a prototype of some equipment and require a special enclosure for this and it is not the type of work one of the partners would normally do in house, it is quite proper to sub-contract the work. Sub-contracting art work or say even building a web site are reasonable and should be mentioned and justified.

This section should also contain a **BRIEF** description of each partner, emphasising his relevance to the

project. By brief, we mean maximum of a third of a page. You can also include a brief CV of one or two staff per participant. Do not exceed one page per participant and preferably two thirds of a page. Any excess must be relegated to an appendix. (A diplomatic way to handle a Professor who insists on five pages of references.)

There are important things to say and irrelevant things. The evaluator is interested in a company's technological capability, not on which stock exchange it is listed. If your company was founded two years ago or if you only have five staff, **do not mention it**. This can only detract from your creditability. If you have been involved in previous successful projects, name them. The CV of the nominated Project Manager is of particular importance. You have to show that he has experience of successful international project management. Emphasise this aspect.

Finally the overall financial plan for the project is critical. It must be brief and answer any obvious questions about the requested budget and financial management. It is completed at step 10.17, below.

10.11.4 B5 Notes

"Project management"
This section has to be concise, complete and very well thought out. This section should describe how the proposed project will be managed, the decision making structures to be applied, the communication flow within the consortium and the quality assurance measures which will be implemented, and how legal and ethical obligations will be met. Emphasise the experience and quality of the management. Make it clear how progress will be monitored and how an effective management structure will be put in place, with agreed lines of communication and responsibility. Describe how corrective actions will be initiated and how conflicts will be resolved. I believe it is vital to include an organisation chart. See 4.3.1 for an example for a STREP.

There should be a brief section on each body in the organisation chart, its composition and function. Each defined role such as Project Manager, Work Package Leader etc should also have a brief description of their role and responsibilities. Reference must be made to the future Consortium Agreement that will expand on the topic and formalise it.

The specific obligations of the coordinator must be distinguished from the management of the consortium activities. The coordinator's specific obligations are:

1 to ensure accession to the contract by the other contractors
2 to ensure the communication between consortium and Commission
3 to receive and distribute the EC contribution
4 to keep project accounts

Only the coordinator may have these particular tasks and their associated costs. However, there are many other tasks that are considered part of the management of the consortium and these can be carried out by any contractor, in accordance with the terms of the consortium agreement. The costs are determined according to the task allocation.

10.11.5 B7 Notes

"Other issues"
It is mandatory to include two aspects here in a positive manner and as appropriate deny impact of the others. I will deal with them individually.

Ethical issues
Normally there is only one of significant impact here and that is data protection acts, both at European and at National level. You should state that the project will comply and it is the responsibility of say the project manager to ensure compliance and mention this in his responsibilities under B5.

Gender issues
Start by mentioning how many women you expect to be assigned to the project, assuming there will be some. I would also assign responsibility of this aspect to the project manager and mention it in B5 under his responsibilities. I believe some words along the following lines would be appropriate –

"We understand that promoting women does not mean treating them in the same way as men. Men's characteristics, situations and needs are often taken as the norm, and – to have the same opportunities - women are expected to behave like them. Ensuring gender equality means giving equal consideration to the life patterns, needs and interests of both women and men. Gender main-streaming thus includes also changing the working culture. In information technologies, gender disparities exist at user level and in the labour market. By assuming that information technology is neutral, biases can enter into technological research and development that can have a negative impact on gender equality."

You should also state you will comply with all relevant Community regulations and specifically address any conceivable impact on Safety or Conservation concerns.

10.12 Initial text for WP descriptions, deliverables & initial manpower

Limit them to single page forms. This is only a summary and should not be too detailed. The details are elsewhere in B6. It could include an initial guestimate of man months per WP participant from those agreed under 10.6 above. They should include any mandatory or major deliverables numbered in the form Dx.y. Where "x" is the work package and "y" is a running number, usually chronological. Sometimes work packages are broken down in the proposal into Tasks. Then the numbering would include the task number within the WP and be of the form Dx.y.z I personally don't believe you need this formal depth of detail in a proposal – it could be amplified at contract negotiation time. For every identified activity you must have at least one deliverable.

10.13 Production of B6 work plan

B6 does not consist only of the required PERT, Gantt and WP charts and tables – they are purely summaries. You have up to fifteen pages available. Many proposals I see use perhaps half a page. That is why they grossly exceed many of the earlier parts of the proposal allocations. Please review my comments that just precedes section 10.1. This section should include –

1. rationale for your implementation method
2. alternatives considered
3. phasing and check points
4. system design as appropriate
5. potential technical risks and fall backs
6. reference to other work
7. reference to other funded projects and justification

This is the technical section – it is vital in convincing the evaluators of your "technical excellence", without which, nothing will be funded. If you have extended background material that is vital, put in an appendix. This section must of course be consistent with and support the following work package descriptions.

10.14 Initial guestimates of other costs per WP per partner

Each partner under the prompting of the WP leaders, should identify other costs such as material, equipment, travel etc. required for each WP. This should be consolidated and added into the spread sheet by the project manager. Once validated this will form the basis for the financial plan.

10.15 Iterations on costing spread sheet to achieve acceptable cost distribution

Generally, the coordinator will have a target range for the size of contribution he hopes to request. i.e.,

elsewhere in this book I suggest a range of 1-3 MEuro contribution for a STREP. If he decides to try to aim for 2.9 MEuro, then it may be necessary to "fine tune" the proposal i.e. the WP content to get to this. Never do a top down preallocation of funding. This leads to obviously artificial estimates. It is infinitely better to do a bottom up and then fine tune. i.e. start with the activities and rates and calculate the costs. It ruins the creditability of any proposal for an evaluator to see that you have, for example, five partners each getting exactly 500,000 Euros except the coordinator who will get 1,000,000. Avoid round numbers deliberately.

10.16 Updating of all tables with man months, deliverables and milestones

This activity should be self evident. It is important that all your internal tables and figures are self consistent and your arithmetic is correct.

10.17 Addition to B4 of rationale for financial plan

Don't forget audit certificate costs. You should take the information from your spread sheet and briefly mention and justify any major expenditures you have taken into account such as travel, equipment, material etc. Remember on A3 all you will see is man months and costs.

10.18 Updating of A3, fine tuning, proofing, agreement by partners

The man months and financial figures should be reflected back into the A3 form. However, this is your last opportunity to circulate this final draft and incorporate any hopefully minor changes or additions. It is usually at this point that a partner wants to introduce a new partner or finds some completely new important material. Strongly resist such changes at this stage. Remind people it will always be possible to make changes, even add in a new partner, during contract negotiations. Changes made at this stage inevitably introduce consistency errors in the proposal.

10.19 Red teaming of proposal i.e. external dummy evaluation

Treat the proposal like a serious commercial tender – which it is. It is normal and good practice in industries driven by major procurements such as defence or other government bids to use a "red team". You identify several experienced people not connected with the proposal effort and give them the Workprogram, Proposers Guide and Evaluators Guide and have them spend a full day doing a dummy evaluation. It is important that you at least one person involved who is experienced in such evaluations. Hire someone for a day to organise the effort. Ensure you leave yourself sufficient time to implement any required corrections resulting.

Appendix 1 European Union

A1.1 States Participating in the Framework Program

A1.1.1 Member States

The European Union is comprised of the following twenty five member states -

- Austria
- Belgium
- Cyprus
- Czech Republic
- Denmark
- Estonia
- Finland
- France
- Germany
- Great Britain
- Greece
- Holland
- Hungary
- Ireland
- Italy
- Latvia
- Lithuania
- Luxembourg
- Malta
- Poland
- Portugal
- Slovakia
- Slovenia
- Spain
- Sweden

A1.1.2 New Member States

Note that the following countries became member states on 1 May 2004.

- Cyprus
- Czech Republic
- Estonia
- Hungary
- Latvia
- Lithuania
- Malta
- Poland
- Slovakia
- Slovenia

A1.1.2 Associated Candidate Countries

In addition, the following States are considered to be Associated Candidate Countries, "ACC" in the Framework Program -

- Bulgaria
- Romania
- Turkey

Note that Croatia is currently in an anomalous position as it is Candidate country but not an Associated State. i.e. unlike Bulgaria, Romania and Turkey they are not equal members within the Framework Program and are treated as a third country from a funding point of view.

A1.1.3 Other Associated States

The following countries are Associated States -

- Iceland
- Israel
- Liechtenstein
- Norway
- Switzerland

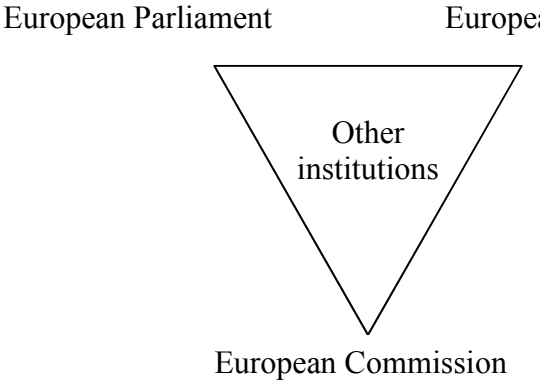
Three of them i.e. Iceland, Norway and Liechtenstein are designated as EFTA-EEA - the European Free Trade Area and the European Economic Area which have special status with the European Union.

The Association Agreement with Switzerland came into effect on 1 Jan 2004. So Switzerland is formally an Associated State from IST Call 2 and their funding now comes from the EU.

A1.2 Organisation of the European Union Institutions

The European Union "Government" has three primary institutions and several other minor ones that I will not elaborate here. From the Framework Program perspective the most important entity is the Commission but it is best to view it in context with the other two major institutions it interfaces with, the

European Parliament and the European Council. In effect, at the highest level the EU is governed by a triumvirate as follows -



A1.2.1 European Parliament

Elected every five years by direct universal suffrage, the European Parliament is the expression of the democratic will of the Union's 374 million citizens (closer to 500 million after 1 May 2004). Brought together within pan-European political groups, the major political parties operating in the Member States are represented. Parliament has three essential functions:

- It shares with the Council the power to legislate, i.e. to adopt European laws (directives, regulations, decisions). Its involvement in the legislative process helps to guarantee the democratic legitimacy of the texts adopted;
- It shares budgetary authority with the Council, and can therefore influence EU spending. At the end of the procedure, it adopts the budget in its entirety;
- It exercises democratic supervision over the Commission. It approves the nomination of Commissioners and has the right to censure the Commission. It also exercises political supervision over all the institutions.

A1.2.2 Council of the European Union

The Council is the EU's main decision-making body. It is the embodiment of the Member States, whose representatives it brings together regularly at ministerial level. According to the matters on the agenda, the Council meets in different compositions: foreign affairs, finance, education, telecommunications, etc. The Council has a number of key responsibilities:

- It is the Union's legislative body; for a wide range of EU issues, it exercises that legislative power in co-decision with the European Parliament;
- It co-ordinates the broad economic policies of the Member States;
- It concludes, on behalf of the EU, international agreements with one or more States or international organisations;
- It shares budgetary authority with Parliament;
- It takes the decisions necessary for framing and implementing the common foreign and security policy, on the basis of general guidelines established by the European Council;
- It co-ordinates the activities of Member States and adopts measures in the field of police and judicial Cupertino in criminal matters.

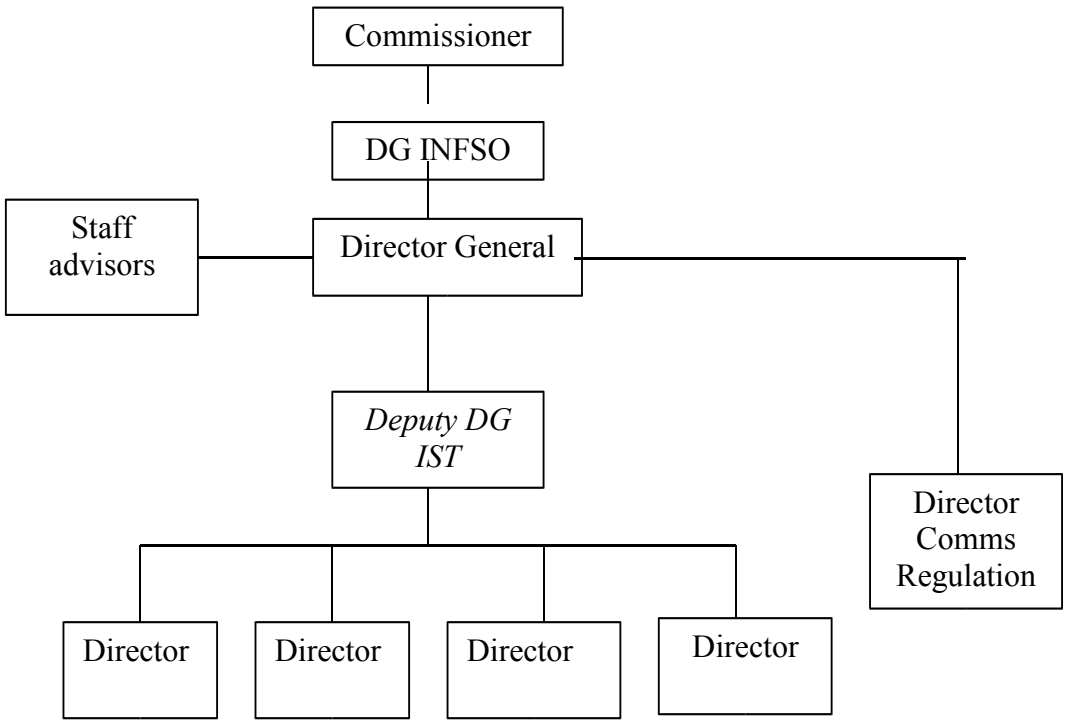
A1.2.3 European Commission

The European Commission embodies and upholds the general interest of the Union. The President and Members of the Commission are appointed by the Member States after they have been approved by the European Parliament. The Commission is the driving force in the Union's institutional system:

- It has the right to initiate draft legislation and therefore presents legislative proposals to Parliament and the Council;
- As the Union's executive body, it is responsible for implementing the European legislation (directives, regulations, decisions), budget and programs adopted by Parliament and the Council;
- It acts as guardian of the Treaties and, together with the Court of Justice, ensures that Community law is properly applied;
- It represents the Union on the international stage and negotiates international agreements, chiefly in the field of trade.

The Commission itself is subdivided into a number of Directorate Generals which are equivalent to Government Ministries. Each is headed by a political appointee, the Commissioner, equivalent to a government Minister. Under him is the Director General, who is equivalent to the top civil servant in the Ministry and is responsible for the day to day running of the DG.

The IST Program sits within the Directorate General for the Information Society. This previously was the equivalent of the Ministry of Telecommunications and still retains responsibility for Telecommunication policy and regulation for the EU - which is very convenient for the IST program. However, it is important to note that the overall Framework Program is the responsibility of the Research Directorate General and this leads to internal Commission problems.



Appendix 2 Glossary

AC	Additional Cost model with 20% fixed overhead rate Assistant Contractor designation - only in FP5
ACC	Associate Candidate Countries
Access	A type of Take up measure
Access rights	Means licences and user rights to knowledge or pre-existing know-how
Accompanying Measure	An activity contributing to the implementation of the program or to the preparation of future activities of the program
Action Line	In the Workprogram Key Actions are broken down into areas and those into Technical topics. Proposals are submitted against a specific Action Line.
ACTS	Advanced Communications Technologies and Services (FP4 Program)
Adventure projects	Type of project to support research in "New and Emerging Science and Technology" (NEST). Adventure projects will be used to respond to unforeseen new scientific opportunities or to apply innovative and multidisciplinary approaches to address long-standing challenges.
AL	See **Action Line**
Allowable costs	See **Eligible Costs**
Ambient Intelligence	A concept in IST that explores what should come beyond the current "keyboard and screen" interfaces to enable ALL citizens to access IST services wherever they are, whenever they want, and in the form that is most natural for them. It involves new technologies and applications both for the access to, and for the provision of applications and services. It calls for the development of multi-sensorial interfaces which are supported by computing and networking technologies present everywhere and embedded in everyday objects. It also requires new tools and business models for service development and provision and for content creation and delivery.
Article 169	New instrument for FP6 relating to complementary funding for Member States national R&D programs - not initially to be used in IST
Article 171	An article under which the Community may set up joint undertakings or any other structure necessary for the efficient execution of Community research, technological development and demonstration programs
Assessments	Type of **Take-up measure** or type of FET Open project - dropped in FP6
Assessment Action	This is specific type of IP. Aims at assessment of prototype equipment and materials in state-of-the-art manufacturing.
Associated State	Means a State which is party to an international agreement with the Community, under the terms or on the basis of which it makes a financial contribution to all or part of the Sixth Framework Program. In exchange its institutions participate and get funding on similar conditions as organisations from Member States.

Audit certificates	Audit certificate are used to enable the Commission to ensure that the costs charged to a European Community funded research project meet the conditions for financial support. In most contracts, contractors shall provide audit certificates prepared and certified by an external auditor (for public bodies by a competent public officer) at least once during the life of the project. (in Integrated Projects and Networks of Excellence each contractor must provide one per year). The audit certificate shall certify that the costs: • are incurred during the duration of the project, • are recorded in the accounts of the contractor, • are determined in accordance with the usual accounting principles of the contractors, • meet the other main contractual requirements regarding eligibility of costs (except for necessity).
Best Practice actions	Type of **Take-up measure.** In FP6 can only exist within IPs
Budget	Budget means a financial plan estimating all the resources and expenditure needed to carry out a research activity.
Bursary: (international co-operation training bursary)	Granted for training activities only e.g. to allow the applicant to learn a new scientific technique or to work on a particular experiment or set of experiments where the host institution has particular expertise and which cannot be performed in the home institution of the candidate.
CA	See **Coordination Action**
Call for Proposals	As published in the Official Journal. Opens parts of the Workprogram for proposals, indicating what types of actions (RTD projects, Accompanying measures etc.) are required. A provisional timetable for such Calls is included in the Workprogram
Candidate Countries	Those NAS countries that are in process of becoming members of the EU
CAP	See **Common Agricultural Policy**
CEC	Commission of the European Communities
CERN	European Organisation for Nuclear Research
Collective Research	An SME special measure. Collective Research is a scheme where RTD performers undertake research activities on behalf of Industrial Associations or Groupings of SMEs
Certification (of a proposal)	The process in FP5 by which the Coordinator may apply a digital signature to the proposal, before it is submitted to the Commission.
CFP	See **Common Fisheries Policy**
Change of control	Means any change in the control exercised over a contractor
Cluster	A group of **RTD** projects and/or other cost-shared actions and/or accompanying measures that address a common theme or area of interest.
CND	See **Communication Network Development**
CNI	See **Construction of New Infrastructure**
Collective Research	A special SME instrument (together with Cooperative Research). Collective Research is a form of research undertaken by RTD performers on behalf of Industrial Associations/Groupings in order to expand the knowledge base of large communities of SMEs and to improve their general standard of competitiveness

Collective Responsibility	This is a mechanism applied in FP6 contracts by which a contractor may be held liable, technically and/or financially, fully or partially, for the action of another contractor. It is a consequence of the principle of autonomy of the consortium, which can decide about the allocation of the grant and the tasks. It is applied as a last resort in the case of a breach of the contract by one or more participants. Financial liability of a participant is limited in proportion to the participant's share of costs in the project, up to the total payment it is entitled to receive. International organisations, public bodies or entities guaranteed by MS/AS are solely responsible for their own debts.
Comitology	Under the Treaty establishing the European Community, it is for the Commission to implement legislation at Community level (Article 202 of the EC Treaty, ex-Article 145). In practice, each legislative instrument specifies the scope of the implementing powers granted to the Commission and how the Commission is to use them. Frequently, the instrument will also make provision for the Commission to be assisted by a committee in accordance with a procedure known as "comitology". The committees consist of representatives from Member States and are chaired by the Commission. There are different categories of committees (advisory, management, regulatory). For the implementation of FP6, the Commission is assisted by one management committee per specific program.
Commissioner	This is a member of the Commission. They are appointed by the member countries and are similar to Government Ministers in that they head different Directorate Generals.
Common Agriculture Policy	The Common Agricultural Policy (CAP) is the set of legislation and practices adopted by the Member States of the European Union in order to provide a common, unified policy on agriculture. The CAP is the most integrated of the Community-wide policies implemented by the EU. It aims to ensure that agriculture can be maintained over the long term at the heart of a living countryside. This means that the policy is targeted not just at agricultural producers but also at the wider rural population, consumers and society as a whole.
Common Fisheries Policy	Common Fisheries Policy (CFP) are a set of common rules and regulations covering all aspects of Community policy and activities in the fisheries sector.
Communication Network Development	Communication Network Development (CND) are a special type of Specific Support Action within the "Research infrastructures" activity of FP6. The objective of this scheme in support of existing research infrastructures is to create, in conjunction with the priority thematic research area on Information Society Technologies (IST), a denser network between related initiatives, in particular by establishing a high-capacity and high-speed communications network for all researchers in Europe (GÉANT) and specific high performance Grids and test-beds (GRIDs). In general, the Communication Network Development scheme will be concerned with the development of a "cyber-infrastructure" for Research capitalizing on new computing and communication opportunities and will promote a further breadth and depth to the collaboration amongst researchers in Europe. In this context, broadband communication networks and Grid technologies are key; in general, they are also highly relevant to the political goals set out by the European Research Area and the eEurope+ initiative and should be used as a means to enhance scientific co-operation with third countries.

Community financial contribution	For indirect actions in FP6, in general the European Union contributes only a certain percentage of the total costs of a project. Participants have to mobilise their own resources accordingly. The percentage of the financial contribution depends on the type of activities to be carried out in the instruments and can be in the form of: a grant to the budget, as a contribution to the cost incurred, with specified maximum rates of support for the different types of activity within the project; a grant for integration, as a fixed amount to support the joint programme of activities of a Network of Excellence; a lump sum for certain specific support actions, scholarships and prizes.
Competitive call	In FP6, for Integrated Projects and Networks of Excellence, not all participants have to be identified already at the start of the contract. In the implementation plan or in the joint programme of activities, tasks and related costs can be defined, for which a participant has to be found later. For choosing new contractors, the consortium has to prepare a competitive call. Details will be fixed in the contract with the Commission.
Concertation	Euro English – i.e. French - the process by which representatives of various projects in a similar technical area meet together to discuss results and common problems.
Consortium	Means all the contractors participating in the project covered by this contract.
Consortium Agreement	Means an agreement that contractors conclude amongst themselves for the implementation of this contract. Such an agreement shall not affect the contractors' obligations to the Community and to one another arising from this contract
Construction of new infrastructures	Construction of new infrastructures (CNI) is a special type of Specific Support Action within the "Research infrastructures" activity of FP6. This scheme may provide limited support aimed at optimising the European nature of key new infrastructure of Europe-wide interest. Support may also be granted for a major enhancement or upgrading of existing infrastructures, in particular where this would constitute an alternative to the construction of a new infrastructure. Where appropriate, the scheme may also contribute to the construction of an infrastructure of world wide relevance that does not exist in Europe. In general, funding provided for new or enhanced infrastructures will be limited to the minimum necessary to catalyse the activity; the major part of construction and operation, and the long-term sustainability of the infrastructures in question being assured by national and/or other sources of finance
Continuously Open Call	One having no fixed closure date, but with a periodic **evaluation** of received proposals.
Contract	A grant agreement between the Community and the participants concerning the performance of an indirect action establishing rights and obligations between the Community and the participants on the one hand, and between the participants in that indirect action on the other
Contractor	A project participant who has a wide-ranging role in the project throughout its lifetime Means a signatory to the contract (and the JRC when it participates in the contract via an administrative agreement), other than the Community

Contract Preparation Forms	For successful proposals, the Commission will enter into negotiations to prepare a contract. The necessary administrative information from the consortium is collected in a set of forms, called Contract Preparation Forms (CPFs). For preparing these forms, coordinators have to use a software called CPF editor (to be downloaded at http://www.cordis.lu/fp6/find-doc.htm#cpf) . The electronic templates for the CPFs, pre-filled with data from the proposal, will be sent to the coordinator together with the letter opening the contract negotiation. The CPFs cover only the administrative data of the contract. In addition to the administrative CPFs, coordinators have to provide a description of the work, the final version of which will be an annex to the contract.
Consortium agreement	An agreement that participants in an indirect action conclude amongst themselves for its implementation. Such an agreement shall not affect participants' obligations to the Community and to one another arising out of this Regulation or the contract
Cooperative research project (for SMEs)	Projects enabling at least three mutually independent SMEs from at least two Member States or one Member State and an Associated State to jointly Commission research carried out by a third party. Also known as CRAFT.
Coordination Actions	Coordination actions are one of the instruments to implement FP6. They are intended to promote and support the networking and coordination of research and innovation activities. They will cover the definition, organisation and management of joint or common initiatives as well as activities such as the organisation of conferences, meetings, the performance of studies, exchange of personnel, the exchange and dissemination of good practices, setting up common information systems and expert groups.
Coordinator (Coordinating contractor)	Lead **contractor** in a Community action, delegated by the consortium for the role of co-ordination with the Commission. Means the contractor identified in this contract who, in addition to its obligations as a contractor, is obliged to carry out the specific coordination tasks provided for in the contract on behalf of the consortium
CORDIS	This is an externally funded activity that maintains the central R & D database on behalf of the Framework Program.
COST	COST is an intergovernmental framework for European Co-operation in the field of Scientific and Technical Research (http://cost.cordis.lu/src/home.cfm), allowing the co-ordination of nationally funded research on a European level. COST Actions cover basic and pre-competitive research as well as activities of public utility.
Cost Models	For the reporting of costs in FP6 contracts, participants have to use one of the three following models: • Full Cost (FC) • Full Cost with indirect flat rate cost (FCF) • Additional Cost with indirect flat rate cost (AC) Access to a particular cost model depends on the type of organisation and how it is able to account for indirect costs. The full cost model is the standard model applicable in all circumstances, but it requires the contractor to be able to calculate its real overheads associated with the project.
CPA or CPC or CPT	Cross-program Action or Cluster or Theme (in IST Program)
CPF	See **Contract Preparation Forms**
CRAFT	See **Co-operative research project (for SMEs)**

CREST	CREST is the Scientific and Technical Research Committee responsible for assisting the Community institutions in the field of scientific research and technological development.
critical mass	New criterion for FP6 instruments - see detailed description in the text for each instrument
Dante	Organisation contracted to implement the **Geant** project
Deadline	For the majority of calls, proposals have to be submitted by a fixed deadline (date and time). Deadlines are absolutely firm and enforced to the minute by the Commission. No exceptions are made for extenuating circumstances (failure of courier services to deliver on time, strikes, bad weather, late aeroplanes, trains, crashing computers etc.). Do not take a chance - proofread your proposal carefully and send it in early and to the exact address specified in the call.
Demonstration Project	Projects designed to prove the viability of new technologies offering potential economic advantage but which cannot be commercialised directly. Has a special meaning in that it impacts the funding level.
Design Studies	Design studies are a special type of Specific Support Action within the "Research infrastructures" activity of FP6. The objective of this scheme is to contribute to feasibility studies and technical preparatory work concerning new infrastructures of European significance, undertaken by one or a number of national or international authorities. Studies related to future facilities of world-wide relevance which do not exist in Europe, but in which European institutions intend to participate, are also included. The upgrading of existing facilities may also be considered, provided the end result can be expected to be equivalent to, or capable of replacing, a new infrastructure
DG	See **Director(ate) General**
Direct action	An RTD activity undertaken by the JRC in the execution of the tasks assigned to it under the sixth Framework Program
Director(ate) General	Directorate General (DG) is an administrative unit of the Commission. Currently the Commission is divided into about 30 DGs (and comparable services). Five of them are involved in the management of FP6: DG Research (RTD), DG Information Society (INFSO), DG Transport and Energy (TREN), DG Enterprise (ENTR), DG Fisheries (FISH). The Director General is thetop civil servant in charge of an individual Directorate General
Dissemination	This is the active and/or passive distribution of information about a project - it is mandatory to different extents in every project. Can also be seen as a surreptitious way of marketing. The disclosure of knowledge by any appropriate means other than publication resulting from the formalities for protecting knowledge
Dissemination plan	A plan of how to carry out the above
Doctoral student	Within a Network of Excellence, doctoral students mean students who are enrolled on a recognised course of doctoral studies run by one of the contractors and who do not meet the conditions to be considered as a researcher.
DRIVE	A part of the FP2 and FP3 which dealt with transport telematics
EC	European Commission
eContent	A EU funded program outside of the Framework Program
EEA	See **European Economic Area**
EEIG	See **European Economic Interest Group**
eInclusion	**ICT** assistance for disabled and elderly communities
EIB	European Investment Bank

EIC	See **Euro Info Centres**
Eligible costs	Costs that are reimbursable in full or in part by the Commission, under the terms of the Contract that is the basis for the project.
EMBL	European Molecular Biology Laboratory
EPSS	European Proposal Submittal System - replaces Protool in FP6.
ERA	See **European Research Area**
ERA NET	The ERA-NET scheme will be the principal means for the Sixth Framework Programme to support the co-operation and co-ordination of research activities carried out at national or regional level. The scheme will be financed as a part of the specific programme "Integrating and strengthening the European Research Area".
EAS	See **European Space Agency**
ESF	European Science Foundation
ESO	European Southern Laboratory
ESPRIT	FP1, 2, 3 and 4 Program – European Strategic Program for R&D in IT
ESR	Evaluation Summary Report – the formal reply provided by the Commission to a proposer giving the result of the evaluation
Ethical review	An ethical review will be implemented systematically by the Commission for proposals dealing with ethically sensitive issues. In specific cases, further ethical reviews may take place during the implementation of a project. Participants in FP6 projects must conform to current legislation and regulations in the countries where the research will be carried out. They must seek the approval of the relevant ethics committees prior to the start of the RTD activities, if there are ethical issues involved
ETP	*See* **European Technology Platform**
ETSI	European Telecommunications Standards Institute
EU	European Union
EURAB	See **European Research Advisory Board**
EURATOM	Is the abbreviation for the European Atomic Energy Community, one of the building blocks of the European Union. In relation to FP6, the obligations of the EurAtom treaty in the field of research are reflected in the specific program on nuclear research.
EUREKA	A Europe-wide Network for Industrial R&D
European Economic Area	This now consists of Iceland, Liechtenstein and Norway and has a special relationship with the EU.
Euro Info Centres	Act as an interface between European institutions and the local level (http://europa.eu.int/comm/enterprise/networks/eic/eic.html). Euro Info Centres are close to the enterprises in order to help them gain easier access to the opportunities presented by Europe and to prepare them for crucial milestones, such as the Euro, electronic commerce, enlargement etc. The EICs cover some 300 contact points in 265 towns and across 37 countries within Europe providing information, advice and assistance to SMEs.
European Economic Interest Group	European Economic Interest Group (EEIG) created by Council Regulation 2137/85 of 25 July 1985 (Official Journal No L 199 of 31 July 1985) is a legal instrument allowing companies to cooperate with partners based in other Community countries for the realization of a specific project in a loose, flexible form of association and on an equal legal footing while maintaining their economic and legal independence.

European Research Advisory Board	European Research Advisory Board (EURAB) is a high-level, independent, advisory committee created by the Commission to provide advice on the design and implementation of EU research policy. EURAB is made up of 45 top experts from EU countries and beyond. Its members are nominated in a personal capacity and come from a wide range of academic and industrial backgrounds, as well as representing other societal interests.
European Research Area	New politically correct catch phrase to denote the synergistic cohesion of the various R&D programs both national and multinational within the EU.
European Space Agency	The European Space Agency is Europe's gateway to space. Its mission is to shape the development of Europe's space capability and ensure that investment in space continues to deliver benefits to the people of Europe. ESA has 15 Member States. By coordinating the financial and intellectual resources of its members, it can undertake programmes and activities far beyond the scope of any single European country.
European Technology Platform	This is a new Euro buzz word introduced late 2003, as part of the planning for FP7. Initially it was a set of meetings per important technology sector at which the major European actors could be mobilised to identify strategies and future directions. It was initially seen to be an open initiative with no funding. However, the pilots that have been set up are essentially closed and will seek funding in FP7 perhaps using Article 171.
Evaluation	The process by which proposals are retained with a view to selection as projects, or are not retained. Evaluation procedures are fully transparent and published in the Evaluation Manual. Evaluation is conducted through the application of published Evaluation Criteria.
Exploitation	Exploitation plan - mini business plan required within most R7D proposals
FC	Full Cost with calculated overhead
FCF	New cost basis in FP6, replacing FF which essentially provides a fixed overhead of 20% to costs excluding subcontracts
Fellowship	Marie Curie fellowships are either fellowships, where individual researchers apply directly to the Commission, or host fellowships, where institutions apply to host a number of researchers
FET	Future and Emerging Technologies – more academic long term part of IST R&D activities
FET Open	Part of FET program where topics are not predefined and runs under continuously open calls
FET Proactive	Second part of FET program which is implemented via fixed calls and on specific long term research topics
FF	Full Cost with fixed overhead of 80%- Only in FP5

Financial Guidelines	The financial guidelines of the Sixth Framework Programmes (FP6 Financial Guidelines) are intended to provide to the participants in FP6 projects, as well as to the Commission services, in a single and, as far as possible, complete document: - information on the financial aspects of the main indirect actions of the Sixth Framework Programmes; - relevant references to the applicable legal framework; - concrete examples, as well as suggestions for good financial practices to be applied when carrying out EC-funded RTD projects. The guidelines include sections on: the first principles; the nature of the grant; the principles applicable to grants which reimburse eligible costs; the Community financial contribution (including cost models); subcontracts; collective responsibility; sanctions and recoveries.
Financial Regulations	The Council Regulation (EC, EURATOM) No 1605/2002 of 25 June 2002 on the "Financial Regulation applicable to the general budget of the European Communities" and the Commission Regulation laying down detailed rules for the implementation of this Council Regulation.
FP	Framework Program (EU - Fourth FP is FP4 etc.)
Fundamental research	Fundamental research is an activity designed to broaden scientific and technical knowledge not directly linked to industrial or commercial objectives.
Galileo	A constellation of 24 to 30 Medium Earth Orbit (MEO) Satellites supporting a Global Navigation service. This primary vocation will, in time, permit the development of various Value Added Services.
Geant	On going project within IST used as a means to support the European High Speed Backbone Research Network
Gender Action Plan	Proposals for Integrated Projects and Networks of Excellence have to comprise a gender action plan indicating actions and activities that will be developed to promote the role of women as participants in the project. The action plan is a set of measures chosen by the contractor, according to its analysis of what is appropriate in the frame of the project, and on the basis of its comprehension of the gender issue in science. The action plan can include measures such as (examples only, other measures welcome): taking special action to bring more women into the project, linking with networks of women scientists in the field of the project, hiring gender experts to review/audit/monitor the gender dimension of the project, organising a seminar/conference/workshop to raise awareness about the need to increase gender equality in the field of the project, conduct surveys/analysis,
GIS	Geographic Information System
GNSS	Global Navigation Satellite Systems
Grant for integration	For Networks of Excellence, the Community financial contribution shall take the form of a fixed grant for integration to attain the objective of the joint programme of activities. The amount of the grant is calculated taking into account the degree of integration, the number of researchers that all participants intend to integrate, the characteristics of the field of research concerned and the joint programme of activities. This contribution is to be used to complement the resources deployed by the participants in order to carry out the joint programme of activities.

Grant to the budget	For Integrated Projects and other instruments, with the exception of those which require a public procurement procedure and those for which a lump sum contribution is made, the Community financial contribution shall take the form of a grant to the budget. It is calculated as a percentage of the costs estimated by the participants to carry out the project, adapted according to the type of activity (research, demonstration, training...) permitted by the instrument and taking into account the cost model used by the participant concerned.
I3	See **Integrated Infrastructure Initiative**
ICT	Information and communications technologies
IETF	Internet Engineering Task Force
Implementation Plan	Means the description of the work to be carried out in order to implement the *project* as set out in Annex I of the contract. For an Integrated Project it consists of two parts - ***- a detailed implementation plan:*** providing a detailed description of the work to be carried out over the eighteen-month period1 covered by one period as defined in Article 6 and the first six months of the following period, together with a detailed financial plan for the same eighteen-month period, containing estimates of eligible costs broken down by *contractor* and by activity. ***- an outline implementation plan:*** providing an outline description of the work to be carried out throughout the duration of the *project*, including a non-confidential action plan for the promotion of gender equality within the *project*
IMS	Intelligent Manufacturing Systems Initiative
INCO	Acronym for the international co-operation activities in FP6, i.e. the activities on co-operation with third countries. These are a part of the specific programme "Integrating and strengthening European research".
Independence	Independence is defined as - 1. Two legal entities shall be independent of one another where there is no controlling relationship between them. A controlling relationship shall exist where one legal entity directly or indirectly controls the other or one legal entity is under the same direct or indirect control as the other. Control may result in particular from: (a) direct or indirect holding of more than 50% of the nominal value of the issued share capital in a legal entity, or of a majority of voting rights of the shareholders or associates of that entity; (b) direct or indirect holding in fact or in law of decision-making powers in a legal entity. 2. Direct or indirect holding of more than 50% of the nominal value of the issued share capital in a legal entity or a majority of voting rights of the shareholders or associates of the said entity by public investment corporations, institutional investors or venture-capital companies and funds shall not in itself constitute a controlling relationship. 3. Ownership or supervision of legal entities by the same public body shall not in itself give rise to a controlling relationship between them.
Indirect action	Means an RTD activity undertaken by one or more participants by means of an instrument of the sixth Framework Program
Industrial research	Research and investigation activities aimed at the acquisition of new knowledge with the objective to use such knowledge for developing new products, processes or services or in bringing about a significant improvement in existing products, processes or services.
Initial Public Offering	This is when a privately held company makes a public offering to sell shares in the company.

Innovation	In FP6 has several different meanings depending on context, each with some legal implication – 1. A form of STREP not currently used in IST 2. An activity type in a STREP or IP 3. Generic meaning of "something new"
Innovation Relay Centres	These centres have been created in order to facilitate the transfer of innovative technologies to and from European companies or research institutions. As a mover and shaker in innovation, the IRC network has become a leading European network for the promotion of technology partnerships and transfer mainly between small and medium-sized companies (SMEs). 68 regional IRCs span 30 countries including the EU, Bulgaria, Czech Republic, Cyprus, Estonia, Hungary, Iceland, Israel, Latvia, Lithuania, Norway, Poland, Romania, Slovak Republic, Slovenia and Switzerland.
Insight projects	Insight projects are type of project to support research in "New and Emerging Science and Technology" (NEST) under FP6. These are designed to investigate and evaluate new discoveries or phenomena which may bring new risks and potential problems for European society. Their aim will be to generate and consolidate scientific understanding, as well as to assist in formulating responses to address such problems.
Instrument	The mechanism for indirect Community intervention as laid down in Annex III of the Sixth Framework program, with the exception of Community financial participation pursuant to Article 169 of the Treaty
INTAS	INTAS is an independent International Association formed by the European Community, European Union Member States and like minded countries acting to preserve and promote the valuable scientific potential of the Newly Independent States of the former Soviet Union through East-West Scientific co-operation. INTAS implements a part of and is financed by the FP6 INCO activities.
Integrated Infrastructure Initiative	Type of instrument unused in IST in FP6 that relates more to Research Infrastructures program.
Integrated Project	A new type of project in FP6 that comprises a coherent set of component actions which may vary in size and structure according to the tasks to be carried out, each dealing with different aspects of the research needed to achieve common overall objectives, and forming a coherent whole and implemented in close coordination
Integration	Application of synergy, by which different fields of endeavour are brought together to yield results of far greater significance than would have been possible through individual and independent actions.
Intellectual property rights	Intellectual Property Rights cover all aspects of owning, protecting and giving access to knowledge and pre-existing know how.
International organisation	Any legal entity arising from the association of States, other than the Community, established on the basis of a treaty or similar act, having common institutions and an international legal personality distinct from that of its Member States.
IP	See **Integrated Project**
IP	Internet Protocol
IP	See **Intellectual Property (rights)**
IPO	See **Initial Public Offering**
IPR	See **Intellectual Property Rights**

IRC	See **Innovation Relay Centres**
Irregularity	Any infringement of a provision of Community law or any breach of a contractual obligation resulting from an act or omission by a contractor which has, or would have, the effect of prejudicing the general budget of the Communities or budgets managed by them through unjustified expenditure.
ISERD	Israel Europe Research and Development - Israel Directorate for Framework Program
ISO	International Standards Organisation
IST	Information Society Technologies. Thematic Program of FP6, addressing research issues towards a user-friendly Information Society.
ISTAG	Information Society Technologies Advisory Group
ISTC	Information Society Technologies Committee
JPA	See **Joint Program of Activities**
Joint Program of Activities	The Joint Programme of Activities is the plan of action for implementing a Network of Excellence. Network of Excellence are expected to induce and to manage processes of change: to remove mental, financial, technical and legal barriers to integration; to durably "institutionalise" the links between the institutions involved, which will imply the restructuring of the research portfolios and of the existing organizational structures. The JPA must show the serious commitment of all partners to organizational change.
Joint Research Centre	The Joint Research Centre of the European Commission.
JRC	See **Joint Research Centre**
JTC	Join Technical Committee, an association between ISO and the IEC (Information Engineering Committee)
KA	See **Key Action**
Key Action	In FP5 Each Specific Program was divided into Key Actions, each covering a broad technical domain
Knowledge	The results, including information, whether or not they can be protected, arising from the project governed by the contract, as well as copyrights or rights pertaining to such information following applications for, or the issue of patents, designs, plant varieties, supplementary protection certificates or similar forms of protection.
LBS	See **Location Based Services**
Legal entity	Legal entities are natural persons or any legal persons created under the national law of their place of establishment, under Community law or under international law, having legal personality and being entitled to have rights and obligations of any kind in their own name.
Legitimate interest	A contractor's interest of any kind, particularly a commercial interest, that may be claimed in the cases provided for in the contract. To this end the contractor must prove that failure to take account of its interest would result in its suffering disproportionately great harm.
Leonardo da Vinci	A EU funded program outside of the Framework Program
Location Based Services	Push provision of information and assistance to mobile handset based on context of the users Location
Marie Curie	See **Fellowship**
Member	In IST an optional designation used in FP5 for organisations joining a Network or Accompanying Measure
Member state	A state being a member of the European Union

Memorandum of Understanding	A legal agreement suggested for signature by individual organisations while building a consortium to make a proposal.
MITI	Japanese Ministry of International Trade and Industry
Model contract	For implementing indirect actions, the Commission concludes contracts with all participants of a project. These contracts are based on a standard model - the model contract - that is applicable to all instruments of FP6.
MOU	See **Memorandum of Understanding**
MS	See **Member state**
NAS	New Associated State - States of Eastern and Central Europe that have become associated to the Framework Program.
National contact point	Member States and Associated States have established national systems to disseminate information on FP6 and assist participants preparing proposals and managing ongoing projects.
Network of Excellence	New type of FP6 project to foster co-operation between centres of excellence in universities, research centres, enterprises, including SMEs, and science and technology organisations. The activities concerned will be generally targeted towards long-term, multidisciplinary objectives, rather than predefined results in terms of products, processes or services
NCP	See **National contact point**
New instruments	The specific aim of FP6, not just to fund good research, but also to have a structuring and coordinating effect on the European research landscape, requires the application of new types of projects (new mechanisms for indirect Community intervention) bringing together a critical mass of resources and leading to lasting integration of research capacities. The three new instruments are Integrated Projects, Networks of Excellence and Programmes implemented jointly by several Member States ("Article 169")
New member states	Term given to the ten countries that became members of the EU on 1 May 2004
NIS	Newly Independent State. Refers to those countries, now independent that formally were part of the Soviet Union - generally now excluding those regarded as **NAS**. New Israel Shekel - current Israeli currency
NMP	NMP is the acronym for the research priority "Nanotechnologies and Nanosciences, knowledge-based multifunctional materials, and new production processes and devices" in FP6.
NMS	See **New member state**
NoE	See **Network of Excellence**
OCS	Office of the Chief Scientist in Israel
OEM	Original Equipment Manufacturer
Official Journal	Legal journal of the EU where notices are publication
One-stage procedure	Within this procedure of proposal submission and evaluation in FP6, a full proposal has to be submitted immediately and will be the basis for evaluation and selection of projects to be funded (see also two-stage procedure).
Participant	Participants in FP6 projects are legal entities contributing to an indirect action and having rights and obligations with regard to the Community and to one another under the terms of the Rules for Participation and the model contract. Under the contract with the Community participants are referred to as contractors.

Pathfinder project	Pathfinder projects are type of project to support research in "New and Emerging Science and Technology" (NEST) under FP6. Pathfinder initiatives aim to help European scientists to take the lead in pioneering fields and build up European capabilities such fields. They are focused on clearly-identified areas with a long-term promise for Europe, preparing the ground for wider support to new fields in future European research programmes.
Peer review	Peer review means the evaluation of proposals with the help of independent external experts (peers). For FP6, the procedures for the evaluation of proposals are described in detail in a Commission decision on "Guidelines on proposal evaluation and selection procedures".
PNP	One type of legal status of participants in FP6. PNP means "Private Organisation, Non Profit" (i.e. any privately owned non profit organisation).
PRC	One type of legal status of participants in FP6. PRC means "Private Commercial Organisation including Consultant" (i.e. any commercial organisations owned by individuals either directly or by shares).
Pre-existing know-how	The information which is held by contractors prior to the conclusion of the contract, or acquired in parallel with the duration of the contract it, as well as copyrights or rights pertaining to such information following applications for, or the issue of, patents, designs, plant varieties, supplementary protection certificates or similar forms of protection. Also referred to as Background.
Pre-proposal check	An informal advisory pre-proposal check service may be offered by the Commission to the research community. The purpose is to advise potential proposers on whether the planned proposal fulfils some basic formal conditions (as e.g. the minimum number of participants from different countries) and if it appears to be within the scope of the call for proposals. The possibility of pre-proposal check is indicated in the guides for proposers.
Pre–Registration	Procedure by which proposers notify the Commission of their intention to submit a proposal - from Call 4 it is part of the EPSS registration process
Project	All the work referred to in Annex I of a contract.
Protection of knowledge	Where knowledge created in FP6 projects is capable of industrial or commercial applications, its owner shall provide for its adequate and effective protection, in conformity with relevant legal provision, including the contract and the consortium agreement, and having due regard to the legitimate interest of the contractors concerned.
Protool	A tool in FP5 to assist in proposal submittal
Public body	A public sector body or a legal entity governed by private law with a public-service mission providing adequate financial guarantees
PUC	One type of legal status of participants in FP6. PUC means Public Commercial Organisation (i.e. commercial organisation established and owned by a public authority).
RACE	A part of the FP2 and FP3 which dealt with broadband networking.
Receipts	To properly estimate the Community contribution, the budget of FP6 contracts must comprise in addition to the estimated eligible costs also the estimated eligible receipts of the contractors within the project. Receipts can be in the form of: • Financial transfers or their equivalent to the contractor from third parties ; • Contributions in kind from third parties; • Income generated by the project.

Regulation	The Regulation of the European Parliament and of the Council concerning the participation of undertakings, research centres and universities and for the dissemination of research results for the implementation of the European Community Framework Program 2002-2006 or the Regulation of the Council concerning the participation of undertakings for the implementation of the European Atomic Energy Community (Euratom) Framework Program (2002-2006).
Reimbursement rate	For FP6 indirect actions, the Community contribution covers in general only a part of the eligible costs. The maximum reimbursement rates for costs incurred are determined by the type of activity: For contractors using the Additional Cost model: up to 100 % of their additional costs for all types of eligible activities (for the consortium management activity they may charge the cost of permanent personnel if they can determine their real costs). For contractors using the Full Cost or Full Cost Flat rate model: • for research and technological development activities up to 50 % of eligible costs; • for demonstration activities up to 35 % of eligible costs; • for management of the consortium activities up to 100 % of eligible cost not exceeding 7% of the total Community financial contribution; • for training up to 100 % of eligible costs; • for other specific activities up to 100 % of eligible costs;
Researchers	Within a Network of Excellence, researchers means research staff with at least four years of research experience or those in possession of a doctoral degree. Additionally, a researcher must either be an employee of one of the contractors or be working under its direct management authority in the framework of a formal agreement between the contractor and the researchers employer.
Research Infrastructures	Facilities necessary for conducting research or for supporting the researchers. These may include research institutions, laboratories, test beds and other specialised research equipment, communications networks dedicated to research (including the Internet), libraries, learned bodies and other sources of knowledge.
Research Network	Not available in FP6 - but see Coordination Activity. Was a method of funding a network of researchers, enabling them to meet on a specific theme. Did not fund the research itself.
Research Training Networks	Promote training through research especially of researchers at pre-doctoral and at post-doctoral level
RN	See **Research Network**
Roadmap	Part of the Workprogram indicating which Technical topics are opened in each C**all for Proposals**, and at which time. The roadmap provides a means of focusing attention on areas or sub-areas of the Program in any specific **Call**, thereby optimising opportunities for launching collaborative projects and establishing thematic networks**.**
Roadmap project	Late in FP5 several IST areas launched such projects in preparation for FP6. Most of them plan to metamorphose into proposals to FP6. If one or more exist in a an area, interested parties should contact them.
RTD	Research and Technology Development. RTD is also used to indicate one of the "types of actions addressed" in the Technical topics description. It then refers to R&D, Demonstration or Combined projects as defined in the Guide for Proposers.

Rules of participation	Rules of participation means the Regulation No.2321/2002 of the European Parliament and of the Council concerning the rules for the participation of undertakings, research centres and universities in, and for dissemination of research results for, the implementation of the European Community Sixth Framework Program (2002-2006).
SEA	Semiconductor Equipment Assessment action in FP5
Service Action	Specific type of IP. They support academic research, feasibility design, prototyping, training and education and through access to advanced tools
SME	Small or Medium sized Enterprise - has fewer than 250 employees (full time equivalents); - has either an annual turnover not exceeding EUR 50 million, or an annual balance sheet total not exceeding EUR 43 million; and - conforms to the criterion of independence. See **Independence** **(Note this is a new definition as of 1 Jan 2005)**
SME Exploratory Award	Given to an SME to support the exploratory phase of a project (for up to 12 months). Supported by the Program of Innovation and Special Measures for SMEs. Does not exist in FP6.
Socrates	A EU funded program outside of the Framework program
Specific program	FP6 is subdivided into three sub-programs for the indirect actions plus two sub-programs for the direct actions. These 5 sub-programs are called specific programs.
Specific Support Action	This is an action that contributes to the implementation of the IST program or the preparation of future activities of the Program.
Specific Targeted Innovation Project	Specific Targeted Innovation Projects (STIP) are multi partner innovation projects. Their purpose is to support activities exploring, validating and disseminating new innovation concepts and methods at European level. The Community contribution is paid as a grant to the budget (percentage of total costs of the project).
Specific Targeted Research Project	This is the name given in FP6 to what was formally known as RTD project.
SSA	See **Specific Support Action**
Stimulation Action	This is a specific type of IP. Aimed at broadening the knowledge on a topic of a specific target audience.
STIP	See **Specific Targeted Innovation Project**
STREP	See **Specific Targeted Research Project**
Subcontract	An agreement to provide services, supplies or goods concluded between a contractor and one or more subcontractors for the specific needs of the project.
Subcontractor	For specific tasks of a fixed duration, a proposal / project may include sub-contractors, who do not participate in the project and do not benefit from the intellectual property rights acquired through achievements of the project. Third party carrying out minor tasks related to the project, by means of a subcontract with one or more of the contractors
Submission Date	Equivalent to the closure date of a **Call**. The precise date and time by when proposals need to have been received by the Commission Services.
Subsidiarity	This principle states that work better done at the local level should not be carried out at the European level

Take up activities	Take-up activities are activities to promote the early or broad application of state-of-the-art technologies. Take-up activities include the assessment, trial and validation of promising, but not fully established, technologies and solutions, easier access to and the transfer of best practices for the early use and exploitation of technologies. In particular, they will be expected to target SMEs.
Take up measures	Measures stimulating diffusion and utilisation of technologies developed under RTD projects. A specific form of **Accompanying Measure.** In FP6 can only exist within STREPs or IPs
TAP	**Telematics Application Program**
Targeted Research	A new name in FP6 for projects previously known as RTD projects
Technical collective responsibility	Technical implementation of the project shall be the collective responsibility of the contractors. To that end each contractor shall take all necessary and reasonable measures to attain the objectives of the project, and to carry out the work incumbant on the defaulting contractor.
Telematics Application Program	One of the high level programs under FP3 and FP4, merged into IST in FP5
Test bed	A test bed is used to integrate, test and validate new technologies in a close to real environment.
Thematic Network	Type of project discontinued in FP6 and replaced by Concerted Action.
Third country	A countries that is not a member of the EU and is not associated with the Framework Program
TN	See **Thematic Network**
Training activities	The purpose of training activities is to provide advanced training of researchers and other key staff, research managers, industrial executives (in particular for SMEs) and potential users of the knowledge produced within the project. Such training should contribute to the professional development of the persons concerned
Transnational access	The objective of this scheme is to sponsor new opportunities for research teams and individual researchers to obtain access to major research infrastructures, which are unique or rare in Europe and provide world-class service essential for the conduct of top-quality research. Community support will cover up to 100% of the costs of providing access to an infrastructure for research teams working in Member States and Associated States other than that where the operator of the infrastructure is located. Access costs will be calculated either on the basis of the Unit Fee system, or of the actual additional costs connected with making the access available. Applications shall be made by the institutions operating the major research infrastructures. Opportunities for potential users in the infrastructures selected will be published on the Internet
Trials (for users and suppliers)	Type of **Take-up** measure.
TRP	See **Specific Targeted Research Project**
Two stage procedure	This submission and evaluation procedure of FP6 includes a first step where a relatively short outline proposal will be submitted and evaluated, followed by a second step of submission and evaluation of a full proposal only for the outline proposals evaluated positively. The application of this procedure will be announced in the work programmes and in the calls for proposals (see also one-stage procedure).
Ubiquitous	Refers to "anywhere any time"

Use	The direct or indirect utilisation of knowledge in research activities or for developing, creating and marketing a product or process or for creating and providing a service
Use Action	Specific type of IP. Aim is to promote the integration and use of a specific technology
Valorisation	Euro English – French actually – meaning is "mobilisation"
VAT	Value Added Tax
Work package	The activities to be undertaken by each project should be broken down into work packages. These can be further divided into Tasks.
Workprogram	Each specific program within the Framework Program is defined in its Workprogram which is normally updated annually. It defines the content of the calls for proposal to be issued.
WP	See **Work package**
WTO	World Trade Organisation

Appendix 3 Measuring Value of Participation

It is overly simplistic to measure the value of participation in a project as being purely the cash amount of funding received from the Commission. The problem of course is that this amount appears to be relatively simple to calculate. Over the years I have found it necessary to come up with some metric that reflects the relative potential benefits of participation. Such a metric can be used to decide on where it could be more effective to apply limited resources or in particular compare overall participations between countries, sectors or programs. Let me first examine problems associated with using cash flow as the measure of funding before looking at my metric and its benefits.

A3.1 Cash Flow Measure

Using the cash method is particularly difficult for organisations outside of the Euro zone as changes in exchange rates makes it difficult to compare like with like. A major problem is to choose the date for the exchange rate – are we talking about present value or future value? When contracts are signed a budget in Euros is agreed for each participant. This budget in the end can turn out to be substantially different from the eventual funding received because of the following types of reason –

- A participant during the project may be unable to justify sufficient expense to reach his budget limit.
- The project may be terminated early because the goals are technically unattainable.
- The project may be terminated early because of the withdrawal of a key participant.
- Due to exchange rate fluctuations, it is possible that a participants budget will not cover his full costs.

Each of the above may result in all of the budget assigned being inaccessible. Of course on the other hand it is possible to end up with more funding than originally budgeted for the following type of reasons –

- The exchange rate may change resulting in more budget being accessible to a participant.
- One or more participants may be unable to use all their assigned budget and the balance can be transferred within the consortium.
- As a result of a participant withdrawing, a different participant could undertake to carry out part of his funded work.

A3.2 Value Metric

It has been shown over and over that the value of undertaking collaborative R&D within the IST program should significantly exceed the value of the financial contribution. This is particularly true for commercial industrial organisations. Three levels of pre-benefits can be identified -

A3.2.1 Pre-benefits

The mere activity of becoming involved in a proposal even if unsuccessful, has been shown to be of value in many cases. In order to participate in a proposal, organisations have to research current activity in the program in this specific area. This activity can reveal information of significant commercial value. What competitors are currently doing or planning; what potential users are seeking; what emerging technologies could impact a specific market area. Looking through existing activity data bases or partnering requests and especially by participating in brokerage events or overseas Information Days can provide valuable insights into future market drivers.

Such value as may be gathered prior to becoming involved in a proposal can be enhanced by the promotion of your interests and capabilities as well as eventual discussions with potential partners. In this phase organisations have an opportunity to increase awareness of their capabilities with potential leading market players, distributors and customers.

When an organisation then participates in a proposal or co-ordinates the production of a proposal, their capabilities and technology becomes even more visible to their partners. There are several documented

recent cases of participants deciding not to finally submit a proposal, having decided to collaborate directly with their own funding. Others have decided after making an unsuccessful proposal to continue to work together on a commercial basis.

The benefits derived from each of the above cases never show up in any metrics, even my proposed one below but have to be borne in mind as real benefits.

A3.2.2 Participation benefits

Several critical factors impact the benefits of participation in addition to each of those already identified under Pre-benefits as discussed above –

- The fact that each participant has access to results of all the other partners.
- Participants whose background IPR is a basis for the R&D lock in other partners to pay royalties for use in order to exploit project results.
- Coordinators have the potential to steer a project in a way to maximise their own benefits.
- Although R&D funding is notionally 50%, if one looks at marginal costs it usually covers most if not all a participants cost.
- From a country perspective, the added value of an academic participation is minimal unless they are teamed with a local commercial organisation to exploit the results.
- In FP6, many project consortia will have a two tier structure with a subset of the partners being in the so-called core team – this is particularly so in the new instruments

Taking each of the above into account, from a country point of view I postulate that a metric is as follows:

1. For a non-commercial participant, the value is the participant's funding.
2. For a commercial organisation participant, the value is half the total project funding if he is in the core team or there is no core team.
3. For a commercial organisation participant, the value is a quarter the total project funding if there is a core team and he is not in it
4. For a commercial organisation that is the coordinator, the value is the full project funding.

From a country perspective therefore the total benefit to the country is the total values of all that country's participation value in the project.

I do not claim that this figure is a cash value – but what I do maintain is that the real value, on average is directly proportional to it. Thus it can be used for comparison and/or strategic investment decisions. It accurately reflects the benefits of being a coordinator as well as that of ensuring that Universities are teamed with industrial participations to improve the value.

A3.3 Some conclusions from examination of this metric

It is clear that easily the main beneficiary from IST program in FP5 was France. This is because of the level of industrial participation and the number of coordinators. On the other hand the UK loses out significantly because of the relative dominance of academic participations with respect to France. Israel does very well relatively in the IST program as its metric comes out at approximately five times its cash received. Because of the relative high participation of industrial organisations in the IST program compared to all of the other thematic programs in FP5, the IST program easily makes the highest metric in FP5.

I have not yet calculated metrics for FP6 IST but it is clear that France and Germany will head the list.

Appendix 4 Useful Information Sources

The majority of the best information sources are available on-line. The problem is that there are so many. So I have tried here to indicate the best "portals" rather than give an exhaustive list via subject.

Unbiased as I am, I must recommend our own portal at EFP Consulting. We try to keep this as up to date as I can. In particular look under "documents", "partner search" and "technical topics".

The principal others are as follows -

Name	Link	Notes
Adventure projects	www.cordis.lu/nest/adventure.htm	Under NEST
Article 169	www.cordis.lu/fp6/instr_169.htm	
Calls for proposal	fp6.cordis.lu/fp6/calls.cfm	Current open calls
Collective research project	sme.cordis.lu/collective/infobrochure.cfm	Part of SME program
Commission staff directory	europa.eu.int/comm/staffdir/plsql/gsys_page.display_index?pLang=EN	Includes all DGs – kept up to date
Common agricultural policy	europa.eu.int/comm/agriculture/index_en.htm	
Common fisheries policy	europa.eu.int/comm/fisheries/policy_en.htm	
Consortium agreement	www.cordis.lu/fp6/stepbystep/consortium_agreement.htm	
Consortium Agreement Check List	europa.eu.int/comm/research/fp6/working-groups/model-contract/pdf/checklist_en.pdf	
Contract negotiation	www.cordis.lu/fp6/contract-prep.htm	Main link to info
Contract working group	europa.eu.int/comm/research/fp6/working-groups/model-contract/index_en.html	
Cooperative research project (CRAFT)	sme.cordis.lu/craft/home.cfm	Part of the SME program
Coordination action (CA)	www.cordis.lu/fp6/instrument-ca/	
CORDIS	www.cordis.lu	Prime Commission R&D site
COST	cost.cordis.lu/src/home.cfm	Program outside of the FP
Cost models	europa.eu.int/comm/research/fp6/working-groups/model-contract/pdf/cost_model_en.pdf	
Cost statements	www.cordis.lu/ist/cpfclaim.htm	Active spread sheets
CPF Editor	www.cordis.lu/fp6/find-doc.htm#cpf	
CPF Editor users guide	www.iserd.org.il/ist/documents/Editor_users_guide.pdf	
Currancy converter	www.ecb.int/stats/eurofxref	
DG Enterprise	europa.eu.int/comm/dgs/enterprise/move.htm	
DG INFSO	europa.eu.int/comm/dgs/information_society/	Information Society DG
DG Research	europa.eu.int/comm/research/	Research DG
eContent	www.cordis.lu/econtent/	
EEIG	europa.eu.int/scadplus/leg/en/lvb/l26015.htm	
EFP Consulting	www.efpconsulting.com	
EPSS web site	fp6.cordis.lu/fp6/subprop.cfm	Proposal submittal system
ERA	europa.eu.int/comm/research/era/index_en.html	
ERA-NET	europa.eu.int/comm/research/fp6/era-net.html	Another program within FP6
eTen	www.ten-telecom.org/default.asp	

Ethical review	europa.eu.int/comm/research/science-society/ethics/ethics_en.html	
Eureka	www.eureka.be	
Euro exchange rates	europa.eu.int/comm/budget/inforeuro/	For use in cost statements
Europa	europa.eu.int	European Union web site
EURAB	europa.eu.int/comm/research/eurab/index_en.html	
EURATOM	www.cordis.lu/fp6-euratom/home.html	
Euro Info Centres	europa.eu.int/comm/enterprise/networks/eic/eic.html	
European Space Agency	www.esa.int/export/esaCP/index.html	
Evaluation Guidelines	www.cordis.lu/fp6/eval-guidelines/	
Evaluator call	www.cordis.lu/experts/fp6_candidature.htm	To apply as an evaluator
Experts	As Evaluator above	To be an evaluator
Expression of interest	eoi.cordis.lu/search_form.cfm	Good for partner searching
Financial Guidelines	www.iserd.org.il/Documents/FinanGuide_draft_190104.pdf	
Finance Help-desk	www.finance-helpdesk.org	
Food quality and safety	www.cordis.lu/fp6/food/	Program parallel to IST
FP6 home page	www.cordis.lu/fp6	General information about FP6
FP6 instruments	europa.eu.int/comm/research/fp6/networks-ip.html	New instrument overviews
Framework program	europa.eu.int/comm/research/why.htm	
Gender	www.cordis.lu/rtd2002/science-society/women.htm	
Idealist	www.ideal-ist.net	IST active partner search
I'm Europe	www2.echo.lu/	Another useful portal
INCO	www.cordis.lu/fp6/inco.htm	
Insight projects	www.cordis.lu/nest/insight.htm	Part of NEST
Instruments	www.cordis.lu/fp6/stepbystep/instruments.htm	
INTAS	www.intas.be/mainfs.htm	
Integrated Project (IP)	www.cordis.lu/fp6/instr_ip.htm	
IPR	www.ipr-helpdesk.orgl	
IRC	irc.cordis.lu/	
ISERD	www.iserd.org.il/ist	
ISTAG	ftp.cordis.lu/pub/fp6/docs/eag_ist.pdf www.cordis.lu/ist/istag.htm	IST Advisory Group
IST call information	fp6.cordis.lu/fp6/call_details.cfm?CALL_ID=1	Needed documents
IST home page	www.cordis.lu/ist	Information about IST
Joint Research Centre (JRC)	www.jrc.org	
Joint Program of Activities (JPA)	www.cordis.lu/fp6/instr_noe.htm	
Life sciences, Genomics and Biotechnology for Health	www.cordis.lu/lifescihealth/home.html	Program parallel to IST
Legal & financial questions mailbox	mailto:RTD-A03-questions-juridiques@cec.eu.int	
Marie Curie Actions	europa.eu.int/comm/research/fp6/mariecurie-actions/home_en.html	

Model contract	www.cordis.lu/fp6/find-doc.htm#modelcontracts	
Model contract working group	europa.eu.int/comm/research/fp6/working-groups/model-contract/index_en.html	
Nanotechnologies and nanosciences, multifunctional materials & new production processes & devices	www.cordis.lu/nmp/home.html	Program parallel to IST
National Contact Point (NCP)	www.cordis.lu/fp6/ncp.htm	
Negotiation Guidelines	www.cordis.lu/fp6/find-doc.htm#negotiation	
Network of Excellence	www.cordis.lu/fp6/instr_noe.htm	
New instruments	www.cordis.lu/fp6/instruments.htm	
Notification of Intention to submit	www.cordis.lu/fp6/notification	
OECD	www.oecd.org	
Official journal (OJ)	europa.eu.int/eur-lex/en/oj/	
Partner Search (CORDIS)	www.cordis.lu/fp6/partners/	
Partner Search (Idealist)	www.ideal-ist.net	
Pathfinder projects	www.cordis.lu/nest/pathfinder.htm	Part of NEST
Policy Green Papers	europa.eu.int/comm/off/green/index_en.htm	
Policy White Papers	europa.eu.int/comm/off/white/index_en.htm	
Project Reporting in FP6	www.cordis.lu/fp6/find-doc.htm#reporting	
Rapidus CORDIS news service	www.cordis.lu/rapidus/	
Research Infrastructures	www.cordis.lu/fp6/infrastructures/	Program parallel to IST
Safer Internet Action Plan	europa.eu.int/information_society/programmes/iap/index_en.htm	
Scientific and Technological Options Assessment	www.europarl.eu.int/stoa/publi/default_en.htm	
Security Research Program	europa.eu.int/comm/research/security/index_en.html	New Preparatory Action
SME	www.cordis.lu/fp6/sme.htm	
Specific Program	fp6.cordis.lu/fp6/home.cfm	
Specific Support Action	www.cordis.lu/fp6/instrument-ssa/	
Specific Targeted Innovation Project (STIP)	www.cordis.lu/fp6/innovation.htm	
Specific Targeted Research Project (STREP)	www.cordis.lu/fp6/instrument-strp/	
Workprogram	www.cordis.lu/fp6/find-doc.htm#wps	

Appendix 5 Frequently Asked Questions on IST in FP6

There is a whole series of questions I had regarding the program implementation. Most of them now have answers. I include them here to assist the reader in understanding issues and also as an aid to identify, when in future versions, I can provide answers. I have added *in italics* answers where I have them. If you have any additional or supplemental questions, I encourage you to email me so I can have them addressed. I have included the FAQ list introduced on the IST web site. However in this version I have now removed those questions that were only really meaningful at the start of FP6.

A5.1 IP instrument related issues

1. In what way does an Integrated Project differ from the research projects funded in the past ?
   Put simply, the IP allows us to fund a project which is much broader in scope and ambition than the research projects that could be funded in the past. Of course, the "old-style" research projects have not disappeared, but still exist as Specific Targeted Research Projects – STREPs. Furthermore, a diversified set of activities may be undertaken in the frame of an Integrated Project further to the research activities.
2. Broader in scope and ambition…?
   An IP is not just focused on carrying out a piece of research or development. It can foresee activities anywhere along the innovation cycle, or indeed all the way through it: from basic "theoretical" research, application or product-driven "industrial" research, training, trials, take-up actions, best practice actions, dissemination… You should not be developing just another product, you should be planning to have a major impact on your industrial sector.
3. If an IP is meant to be so broad-ranging, might it in fact cover more than one Strategic Objective? Even including one not open in your current call ?
   Yes. But the main weight of your proposed project must lie in one or more of the Strategic Objectives which are open in the current call. If the main weight of your proposal lies in Strategic Objectives which will be open in a later call, it will be rejected in this evaluation and recommended that you resubmit it at the later call.
4. The documentation talks of IPs needing a "critical mass of activities and resources". What does this mean ?
   The partnership must be big enough to address the objectives and do the job properly, with an adequate number of relevant players on board. But no bigger than necessary.
5. How can I plan now for partners who may only be involved in the project several years from now, say at the final stage of take up or dissemination ? How can I ask them to commit themselves to a project now ?
   You don't need to identify all the partners in the IP at the proposal stage. You must in your proposal describe the tasks to be carried out and define a budget for the tasks. For some tasks you can define that the contractors to carry out the task will be identified at a later stage following the publication of a call for participants by the consortium.
6. Do I budget for these unknown partners right now in my cost estimates ?
   Yes, you must in the beginning foresee the cost of the work these later-joining partners will do.
7. Do we get to select these later partners ourselves ?
   Yes. The selection will be organised by you, through "competitive calls" but the Commission has to give its approval on the new partner(s).
8. Can some of the work in the project be sub-contracted ?
   The main elements of your work should not be subcontracted. However individual elements of any project may be subcontracted where a specialised resource or skill is needed. The critical elements of any project and the major part of its funding should go to organisations, which are signatories to the project contract. R&D cannot be subcontracted.
9. How much cost/funding does the Commission see for an IP ?
   The IPs will vary in budget according to the specific projects needs and the industrial sectors, therefore it is impossible to give firm indications of the budget for an IP. The integrated projects should however be ambitious in goals and scope !

10. What about an "incremental budget"? It is not easy to foresee at the beginning the full costs we might need four or five years from now.
    Incremental budgets don't exist. You have to do your best now to foresee the budget you need. The possibility of further funding later is not excluded, but this would involve another competitive call for proposals.
11. As an IP is very broad in scope, it might possibly be covering some of the same ground as some other project in your Strategic objective, say a STREP. Could two such projects foresee working together in some way ?
    Yes. If the evaluators see two or more good project proposals covering similar ground, they may recommend that the projects be managed together by the Commission. They would also make recommendations about avoiding duplication of activities between projects. They could even propose that two project consortia merge, to form a single larger project, though of course this merger decision would always lie in the hands of the consortia concerned - it would be a recommendation, not a condition for getting a contract.
12. The proposal format (Part B) for an IP ask for a lot of information about regulatory and ethical matters, gender equality, socio-economic impact….. Why?
    IPs are not simple pieces of research like before. They should have a much wider impact and much wider implications. So these issues have to be addressed also in your proposal. And don't neglect them, or treat them in a superficial fashion. Remember that a call of proposals is simply a competition of one proposal against another, and a comprehensive review of relevant regulation, a well-thought-out gender equality plan or a clear appreciation of the social issues involved may make all the difference between two proposals which are otherwise equal on research and technological considerations.
13. If we make an IP proposal, and the Commission considers it might fit in better, or have a better chance, if evaluated as a STREP, will you change it in the evaluation ?
    No. The Commission's guidelines on proposal evaluation clearly states that proposals will be evaluated according to the instrument they have been presented as. The structure of a proposal is different for the different instrument types, so there would be many difficulties in carrying out an evaluation of a proposal of one type as if it were a proposal of another type.
14. In microelectronics can SEA (Semiconductor Equipment Assessment) be incorporated into an IP?
    Yes - an IP can start at any step in the innovation cycle, hence research is not mandatory - i.e. in some research objectives it may prove possible to have an IP that only has Take-up or Assessment- check the Workprogram descriptions of the objectives. Note that industrial funding level is 50% not 100% as in FP5. In IST Call 4 and Call 5 such activities are specifically allowed for.
15. What format will be used for proposers who wish to respond to a call to add into existing IP? Will it only be for a specific organisation or will they group and what would be the work content and what will be the evaluation criteria?
    The call will be to add certain types of participants to existing projects, in which case the proposal has to be send in by the existing consortium together with the new participants and the proposal will be evaluated against the criteria used to evaluate the original proposal.
16. How can the Commission ensure transparency by IP management during project? Is some kind of appeals/arbitration panel envisaged?
    The management of an IP is a matter for the consortium and should be defined in the consortium agreement. The Commission will monitor the execution of the project on an annual basis, but will not intervene in day to day management.
17. Will IPs etc. still be subdivided into Work packages and Tasks?
    The overall description of the IP for the full duration will be divided into activities and tasks in the activities. The detailed description of the first 18 months will still have to be broken down into work packages with clear measurable objectives and deliverables. This is specified in the Guide for proposers for Integrated Projects for the specific call.
18. Is it possible to start small say 2 year IP, test feasibility, and perhaps then increase to full IP.
    All proposals for an IP have to identify the end results, that is they have to contain a description of the full duration of the IP. In some cases the description can leave the final stages open to be defined

after certain milestones have been achieved. According to the evaluation rules however, evaluators should only take into account activities for which funding is requested. However if the intention is to only describe the feasibility study, the correct instrument for this would be one of the traditional instruments, either a STREP or a CA.

19. Will IPs with "incremental participation" issue a call and evaluate individual responders? What forms would they use, would they be supported by the proposal submission system and what evaluation criteria would they use to evaluate individual proposers?
    The nature of the call will be defined in Annex 1 to the contract (the description of work). The call can be for one or more participants for a specific task. The evaluation will be carried out by the consortia themselves according to the criteria used in the evaluation of the proposal in question.
20. Will the type of IP model i.e. "Monolithic" or "Incremental participation" need to be specified clearly in the proposal? If so can this designation be changed by the consortium post submittal? If not required to be specified in proposal is it implied from the text?
    The proposal will have to clearly define whether a call is foreseen for certain tasks or not. There is always a possibility for the consortium to change the description of work in the annual update, but in this case changes have to be agreed by the Commission.
21. Is it correct that any running IP could dynamically decide to repropose to change the participation?
    Every consortium has the possibility to change the consortium composition after it has been selected, however the Commission may object to such changes. A new proposal is not needed for this process.
22. In IST will it be possible to have IPs with only SME and academic research performers as in Priority 3?
    Yes. But it is unlikely to be specifically called for and it must still demonstrate correct level of impact.
23. How can there be IPs without a research component if innovation is part of the evaluation criteria and they are not broken down by activity?
    In almost all IPs there will be a research and development component. However it is possible to propose an IP which will cover only take-up activities. In this case the innovation aspect is related to the change which the take-up will bring about in the user community.

A5.2 NoE instrument related issues

24. In what way does a Network of Excellence differ from a Concerted Action/Thematic Network funded in the past?
    The Concerted Action/Thematic Network aimed at the coordination of the activities of specific research and development projects for a particular purpose over a pre-determined period of time. (And indeed such an activity can still be foreseen in the IST Priority using our Coordination Action instrument). But an NoE aims at contributing to the structuring and shaping of a research field, so that the work in that field becomes more efficient, shares resources and eliminates duplication of activities, and it is intended it should do this on a lasting basis.
25. How many partners do you expect in an NoE?
    This very much depends on the research sector. We would expect a partnership for a NoE to include some key actors to allow a European leadership or a world positioning. However, gathering the critical mass of partners is more important than having a large number of partners. Furthermore, integration being a very demanding process, it is not likely to be successful with too large a number of partners.
26. So an NoE doesn't do anything specific, it just exists?
    No. An NoE does three main things, through its Joint Program of Activities
    - *It jointly plans the activities of the members of the network, arranging for the sharing of resources between them and the cutting out of duplication, organises exchange of teams, staff relocation, joint management of the knowledge portfolio… (integrating activities).*
    - *It carries out specific research and development tasks defined in the Joint Research Program which it included in its proposal.*
    - *It carries out activities to spread excellence, for example training of researchers and other key staff, and dissemination and technology transfer to industry.*

27. How long should an NoE last?
    4 years of financial support by the Commission would be typical. But remember, the NoE is supposed to represent a lasting structuring/shaping of your research field. It is required that it will remain in place and functioning after Commission funding has ceased.
28. How much funding does the Commission foresee for an NoE ?
    It depends on the size of the NoE. There is a formula based on the number of researchers (and PhD students) involved, which is given in the notes to the application forms included in the Guide for proposers. This defines the maximum grant but significantly less can be requested or awarded.
29. What is the definition of a "researcher" for funding purposes?
    This means a research staff member with a doctoral degree, or alternatively with at least four years of research experience, employed by or working under the direct management authority of an organisation participating in the network and comprising part of the research capacities of the participants in the topic of the network.
30. Can such a researcher be working on other projects too, as well as the network activities foreseen in the contract with the Commission?
    Yes. If the researcher appears on the list of names which is used to calculate the Commission funding, he/she can be involved in other activities too. However the fact that he fulfils the conditions above at the time of the deadline of the relevant call for proposals is auditable by the Commission.
31. The funding is defined as a "grant for integration". What activities can we spend it on?
    You can spend it on any activity of the Joint Program of Activities (integrating activities, joint research program, spreading of excellence or management)
32. Is Commission funding divided among the participants according to the number of researchers each one contributes to the network ?
    No, you can divide it in any way which is agreeable to you and your partners.
33. So the Commission doesn't care what we spend the money on!
    It cares very much, it just doesn't dictate it in advance. At the end of each year, your network will have to make cost statements, an annual activity report and an activity plan for the next 18 months. Your cost statements will have to be supported by a certificate from an independent auditor certifying that these were genuine expenditures. Your annual activity report will be scrutinised in a technical audit conducted by independent experts employed by the Commission, who must be satisfied that your activities have indeed been directed towards the durable integration of the partners' research capacities. The same experts must also be satisfied that your future plan is a viable and well-directed extension of these activities.
34. Can new partners join an NoE after it has started ? Is the funding increased if they join?
    Yes, new partners can join later, though it will be quite unlikely due to the demanding character of the integration process. But there is no increase in funding to cover new partners. An increase in funding can only arise if the network is successful in another call for proposals.
35. The proposal format (Part B) for an NoE asks for a lot of information about regulatory and ethical matters, gender equality, socio-economic impact….. Why?
    NoEs are not simple pieces of research like before. They should have a much wider impact and much wider implications. So these issues have to be addressed also in your proposal. And don't neglect them, or treat them in a superficial fashion. Remember that a call of proposals is simply a competition of one proposal against another, and a comprehensive review of relevant regulation, a well-thought-out gender equality plan or a clear appreciation of the social issues involved may make all the difference between two proposals which are otherwise equal on research and technological considerations.
36. If we make an NoE proposal, and the Commission considers it might fit in better, or have a better chance, if evaluated as a Coordination action, will you change it in the evaluation ?
    No. The Commission's guidelines on proposal evaluation clearly states that proposals will be evaluated according to the instrument they have been presented as. The structure of a proposal is different for the different instrument types, so there would be many difficulties in carrying out an evaluation of a proposal of one type as if it were a proposal of another type.
37. What is the mechanism for NoEs to add in additional participants and would such a contract have to a

priori specify this?
The mechanism for NoEs to add participants is the same as for IPs either through accession or through a competitive call. However it is difficult to see why excellent partners cannot be defined from the outset, especially since the grant for integration will be calculated by the number of researchers at the time of proposal. It would be advisable to have all participants on board from the beginning as no budget can be set aside for new participants as in the IPs.

38. If NoE proposals have to show all the required researchers are on board, by whom would the extra funding be used?
The proposal for a NoE has to specify the names of the researchers to be included in the Joint Program of Activities. The funding is calculated on the basis of the number of researchers involved. This grant is the final grant for that NoE, so no extra funding is foreseen in a NoE, except if the Commission issues a call for new participants to the NoEs in an area.
39. Why should mobility of researchers within an NoE be funded from IST and not from the Mobility program?
Mobility of researchers within a NoE is part of the integrating activities and are therefore in that case to be covered by the Grant for integration.

A5.3 STREP instrument related issues

40. Are innovation activities allowable in a STREP?
Yes STREPs are of two types: Innovation projects or RTD projects. In IST, normally only use the RTD type of projects. Innovation projects are only foreseen to be used in the Innovation parts of the program.
41. What is the minimum number of partners in a Specific Targeted Research Project - 2 or 3?
Three mutually independent organisations from three different countries, two of which need to be EU member states.

A5.4 Consortium agreement

42. Does the Commission offer a model Consortium agreement ?
No. But we do offer advice on what main points the agreement should include, in a consortium checklist at http://www.cordis.lu/fp6/find-doc.htm
43. Will costs related to preparing Consortium Agreement be allowed?
If the costs are incurred after the project's start date they will be eligible. If they are incurred before the start date, they will not be eligible.
44. Are Consortia Agreements mandatory or not?
Mandatory for all instruments unless specified differently in call. However Commission does not need to see them and is not a party to them.
45. Is a Consortium Agreement now also mandatory for STREPs?
Yes - as collective responsibility applies to all projects except some support actions and SME specific measures.
46. Is a Consortium Agreement mandatory for CAs and SSAs?
Yes

A5.5 SME related issues

47. The new instruments implied long term strategic relationships which is different from RTD projects - what would be the impact on companies and especially SMEs?
The FP6 indeed moves towards more long term strategic research but the objective of an IP or STREP is in all cases a specific result, so the consortium are for these instruments brought together to provide that specific result. There is no requirement for a longer term co-operation beyond the project. Only for NoEs is there a requirement for long lasting durable integration of the research capacities
48. How can SMEs protect themselves from unreasonable guarantee requests from large industrial coordinators such as equity, guaranteed access to IPR etc.?

If such insurances are needed they should be specified in the consortium agreement. Cost of relevant insurance costs for example financial viability could be covered out of the 100% management costs.

49. Are there any safeguards for SMEs being forced by coordinators to reveal internal confidential financial or business data for purposes of financial viability checking within the consortium?
    It is up to the SMEs themselves to protect themselves. Autonomy is given to the consortium.

A5.6 Non-member state issues

50. How would the article 169 instrument affect Associated States?
    At present it is not foreseen to use the article 169 in the IST priority. If it should be used the use will be discussed and agreed in the Program Committee where the Associated States will have their say before a decision is made – but they have no vote!.
51. What is the status of international organisations?
    Some international organisations will be treated as organisations from member states.
52. Can Third countries participate and receive funding?
    Third countries can participate in all thematic priorities. INCO countries can be funded.
53. How would Associated States be affected by the repeated requests for linkage to member state initiatives and complementary funding from other programs that associated states cannot participate in?
    Member state partners could provide this aspect if really needed as it is for the consortium as a whole, not for each individual participant.

A5.7 Funding Rules

54. Can a running FP6 contract be amended with FP7 funding - if not how can ongoing projects be allocated additional funding. after 2006?
    No. Most likely the conditions and criteria will change between FP6 and 7. Projects under FP6 will have to be funded entirely with FP6 funding. Their duration can for IPs go up to 5 years and for NoEs in exceptional cases up to 7 years. The only way more funding can be assigned to a running project is via a call for proposals.
55. Under the new instruments, companies wishing to participate in a project would have to make internal financial data available to the coordinator and perhaps other industrial partners so they can do their own financial viability checks. In the past it was the Commission who made this assessment. This could put them at a competitive or financial disadvantage. How will it be addressed?
    This will have to be addressed in the consortium agreement.
56. Is any funding pre-allocated?
    There is an indicated pre-allocation of funding as part of the contract. Principle of allocation between the contractors should be in Consortium Agreement.
57. The 7% limit for management costs - does this refer to admin/financial management only or does it also include project management which used to be allowed at up to 10%?
    Includes both but over 7% will only be reimbursed at the percentage for the activity it is related to, thus: 50% for RTD activities and 35% for Demonstration activities. The 7% limit only enforces the maximum that can be 100% funded, not the total.
58. The 100% management costs up to 7% applies to all instruments, not just the new ones.
    Correct.
59. Does management costs only apply to coordinator?
    100% management funding can be divided between partners as per consortium agreement.
60. What about audit certificate costs?
    Now fully recoverable as part of the management costs as all partners can charge to this category.
61. How do we choose a cost model?
    Cost model choice no longer based on organisations internal accounting system - now based on type of organisation. Same options open for all instruments - specific organisations must stick to single model across FP6 and instrument type.
62. What exactly are the overhead rules and percentage for cost model FCF?
    20% but on all expenses apart from subcontracting. However it is now possible to include non-

technical staff.

63. The new AC model replaces AC model - what are the differences?
    The main difference between the old AC and the new AC model is that 100% management costs can now cover recurrent costs for the AC participants.
64. Most companies do not have a pre-existing standard way of calculating overheads - they use different ones as and if required by external funders. What rules would they use for FC?
    Same answer as above. The accountancy practice and cost statements have to be certified by the independent auditor.
65. Would you expect a company that justified an overhead of 125% under FP5 rules FC model still to be able to claim same?
    It is the auditor that certifies the cost statement, which will have to be convinced of the validity of the overhead calculation, The Commission will accept in the first instance the certificate from the auditor. The validity will of course also be checked in case of a financial audit carried out by the Commission's financial services.
66. What are STREP funding periods?
    STREP funding period is not required to be annual - could be 24 month advance for 36 month project with CS then final 12 month advance. The exact funding and reporting periods will be defined in each individual contract.
67. Does final CS embrace full project?
    Receipt and payment of annual or other CSs will now normally be regarded as final not as before, as an advance till final CS accepted.
68. How much of the funding is retained until final reports accepted?
    Normally only 15% of final period retained but may be more - see contract.
69. How can companies using FC model for STREPs or IPs participate in CAs and SSAs if you can only use FCF and AC model and at the same time insist an organisation must stick to FC model once used?
    The organisations will use FC in IPs and STREPs and will in the case of CAs and SSAs have their overhead capped at 20%. This will not influence their use of the FC model in the IPs and STREPs.
70. As IP funding for each participant is not budgeted up front for entire project, how can non-core participants from higher cost countries be protected from reduced funding to conserve budget in later stages?
    Proposals must provide credible budget breakdowns on submittal. The safeguard will have to be in the consortium agreement.
71. Is it true that overheads are applied to everything except sub contracts and not just labour i.e. overheads are added to such things as travel?
    Correct in FP6 assuming it is justifiable by own accounting practice.
72. In STREPs it is now possible that projects will get 85% of first two years budget as an advance payment in a three year project. Will this not raise the potential liability of the industrial partners for a fellow partner too high?
    The liability will indeed depend on the advance payment. The contractors should not spend the advance before the related costs are incurred, hence they should be able to keep some of it in reserve. If the contractors are afraid of too high financial responsibility, the consortium may choose a shorter reporting period (e.g. 12 instead or 18 months), or a lower percentage of advance payment, or agree that coordinator transfers the pre-financing in tranches.
73. Can costs of preparation of consortium agreement and provision of financial guarantees be covered out of the 100% management costs and of necessity incurred prior to contract date?
    Costs are only eligible if they are incurred after the start of the project. So costs for the preparation of a consortium agreement incurred before the start of the project are not eligible, but costs after the start date is. The same goes for the financial guarantees. The eligibility will depend in this case on the date of services delivered.
74. What exactly does "share of provisional costs as indicated in Annex 1" mean and what is the legal significance?
    It means the share which it is foreseen that the contractor will receive according to the budget distribution agreed in contract Annex I. It will determine the ceiling of the financial liability. (see

article II.18 in Annex II of Model Contract)

75. Is it true that a not for profit limited company, wholly owned by a public body, must use AC model?
No, a not for profit organisation may use either FC, FCF or AC mode, depending on the contractors accounting system, see article II.22.3 of model contract. The AC model may be used if the organisation does not have an accounting system that allows the share of direct and indirect costs relating to the project to be distinguished.
76. How does a physical person participating under AC in a project recover or determine his salary?
A physical person cannot recover his salary as an individual does not have salary. Only the additional costs are eligible for an individual who does not receive a salary from a company. If the person has established a limited company, company participates as any other commercial organisation.
77. Under financial collective responsibility (II.18 2 of Model Contract), how is "pro rata share in overall contract" determined? How is share attributable to public bodies handled?
The share for public bodies are not part of the collective responsibility, so their share is subtracted. The pro rata share is determined by the share the contractor is entitled to receive according to the budget distribution plan for the consortium as defined in Contract Annex I (for recovery of pre-financing) or the share of accepted certified costs (for recovery of payments).
78. What is the rule regarding any interest accrued by coordinator on advance payments held by him?
This has to be reported to the Commission by the coordinator and is the property of the Community. (See Article II.27 in Annex II to the model contract)
79. Suspending the payment delay period when clarifications are requested and then restarting the clock could lead to many requests for interest – can the Commission handle this and how are such interest payments funded i.e. is it from FP6 funds?
The Commission is only liable to pay interests if the 60 days rule is not respected from the time that the cost statements are accepted. If the cost statements are not accepted because they are unclear or information is missing, this is the fault of the contractors and not the Commission, therefore the Commission is not liable to pay interest.
80. Under the revised AC, can contractors using AC avoid identification of personnel management costs and thus maximise others use of the 7%?

    1)*"Personnel management costs" (i.e. personnel costs related to project management) fall under the so-called "management activity" only if they concern management <u>at consortium level</u>. "Personnel management costs" for a contractor's internal project management can be eligible only for the other activities.*

    2)*"Personnel management costs" eligible for the management activity but exceeding the 7% limit, may alternatively be charged to other activities if they concern also those activities. AC contractors, however, have no such choice for <u>permanent</u> staff, whose contract does <u>not</u> depend on external funding; those costs can be eligible <u>only</u> under the "management activity".*

    3)*The contract does not set out rules on how the 7% are distributed between the contractors, i.e. this distribution is at the consortium's own discretion and should be defined in the Consortium Agreement.*

    4)*However if AC participants have management tasks at consortium level, these tasks should be identified in the management activities and costs should be reported accordingly.*
81. What type of identification of sources of co-financing will be required by contractors and when?
No identification is needed at the proposal stage. Which information is needed thereafter will be defined during contract negotiations.
82. Which cost model should be used by legal entity made up of multiple organisations including academic, SMEs and large companies that wished to participate in an IST proposing consortium? e.g. What cost model would an EEIG use if it did not plan to directly employ the R&D staff but use the staff of its constituent members?
An EEIG must choose a cost model as all other organisations. The general parameters are set out in article II.22 in Annex II. If the EEIG does not itself provide the manpower, but use the manpower of the members in the organisation, and these are to be regarded as third parties, then each of the members have to send in their own certified cost statements using the cost model relevant to them.

This will be explained in more detail in the financial guidelines.

83. In calculating overhead costs for the FC model is it permitted to include own R&D investment in as a cost? This appears justified by previous FPs allowing 10% as a notional figure for this in FC overheads. Own funded R&D obviously contributes indirectly to the organisations overall R&D capability.
    Overheads are calculated according to the normal accountancy rules of the organisation, so if this is the practice of the organisation, there should not be a problem. If it is not, there may be a problem. (See article II.21 of Annex II)
84. In an SSA is the funding level fixed at 100% or is it negotiable?
    *For Specific Support Actions, where the total eligible costs claimed are lower than the grant foreseen in **the contract**, the reimbursement rate shall be 95% of the eligible costs, without prejudice to the limitations per activity established in Article II.25 of the General Conditions.*
85. When utilising the 7% management at 100%, can an organisation include its indirect overheads? e.g. would a company that can justify 75% overhead get 100% of its costs including the 75% i.e. would they get 175% of their direct costs?
    *Costs are always costs, so also overheads are eligible for the 100% funded activities, like they are for FC contractors in the other activities that are funded 100%. There is no cap to 20% overheads as for the CA and SSA reimbursement rates for management costs. (See table in art. II.25 in the general conditions. The double star** footnote only applies to CA and SSA actions)*
86. When an organisation uses FC model can it apply its indirect overheads to everything except sub-contracts under all conditions or only if its internal accounting system took this into account?
    In all circumstances an organisation shall calculate its overheads in accordance with its normal internal accounting or calculating principles.

A5.8 Consortia

87. Do projects have to be proposed by a multinational consortium ?
    Yes, IST projects – apart from specific cases of proposals for Specific Support Actions - have to be multinational in scope and ambition. If you plan research, which involves only your own national goals, and includes only organisations from your own country, then it is to your own national government that you should turn for help. Proposals for Specific Support Actions can in specific cases be submitted by one or more participants from the same country.
88. What is the minimum consortium requirement ?
    Your proposal must contain at least a minimum of THREE mutually independent participants:
    - *two participants from <u>different</u> EU states or candidate countries*
      Austria, Belgium, Bulgaria, Czech Republic, Cyprus, Denmark, Estonia, Finland, France, Germany, Greece, Hungary, Ireland, Italy, Latvia, Lithuania, Luxembourg, Malta, Netherlands, Poland, Portugal, Romania, Slovakia, Slovenia, Spain, Sweden, Turkey, UK.
    - *plus one more participant from <u>another</u> EU state or candidate country listed above, or from one of the other Associated States*
      Liechtenstein, Iceland, Israel, Norway, Switzerland.
89. Can a proposal include participants from other countries than these ?
    When this minimum is achieved, you may then add participants from any other country in the world with appropriate justification as may be required.
90. Are there any exceptions to the rule of multinational consortia ?
    Yes. Exceptionally, proposals for Specific support actions (SSAs) may come from any number of participants, including just one, from any country.
91. Do these other partners get funded ?
    If their country is on the list of International Co-operation (INCO) "target countries", they will get funding also within the limits of the available INCO resources. You can get the complete list from the INCO website http://www.cordis.lu/fp6/inco.htm, but in general it includes the remaining countries in Europe, and developing countries elsewhere in the world.
92. Are the participants from these other countries funded to the same level as the EU and Associated

states participants in a project ?
Yes. Nationality plays no role in the amount of funding.

93. What about countries not on the INCO list ?
Organisations from countries which are not on the INCO list (main examples are the USA, Canada, Japan, Korea, China/Taiwan, Australia, South Africa...) may also participate in a project, but their possible funding will be subject to a series of conditions listed in the Rules for participation.
94. Are there still Assistant contractors and members?
No - all contractors are on the same level in FP6 and have the same rights and obligations, so no separation in different levels as in FP5.
95. What recognised roles will there be?
The Coordinator is the administrative coordinator - any additional roles such as Scientific coordinator would be by internal agreement in consortium agreement.
96. Are only research partners allowed?
Participants are no longer are required to have a research capability, i.e. user organisations and organisations with specific expertise in f. ex. Training, management or dissemination can be participants.
97. Will some partners still have to provide guarantees?
Apart from potentially coordinators there should be no further requirement for Bank Guarantees from the Commission. Note that guarantees maybe required between the partners related to collective responsibility.
98. Are sub contractors permitted?
Sub contractors as in FP5 but no need to be explicitly identified in proposal. It will not be permitted to subcontract core activities.
99. Who is responsible for financial management of consortium?
The financial management is a collective responsibility. It will have to be defined in the consortium agreement. However the Coordinator will in most cases need to exercise cost controls on ongoing basis.
100. Will it be possible for an accounting firm to be a consortium member and also provide audit certificate to one or more other members?
The audit certificates needs to be issued by an independent auditor, so if the relationship between the auditor and the contractor in the project is jeopardising the independence of the auditor, the auditor can not issue the audit certificate.
101. Can coordination or project management be sub contracted?
The contractors are expected to have the necessary resources to carry out the work. However, where subcontracting is necessary this has to be clearly identified in the Annex I,, either at project start or through a contract amendment. Only minor services, which do not represent core elements of the work, can be subcontracted without being identified in Annex I.
Note that project management is clearly a core element of the work in the project. Note in particular that the core tasks of the project coordinator identified in article II.3.3 can never be subcontracted.

A5.9 Proposal Submittal

102. What if I send you a proposal for work in a Strategic Objective, which is in the Workprogram but not included in the current call?
It will be rejected it as being out of scope of the call, without evaluation. When they are ready to fund that Strategic objective, it will be announced via a public call for proposals.
103. Can I submit a proposal for work, which includes two or three IST Strategic objectives. Or maybe even including objectives of other FP6 priorities such as Life Sciences or Nanotechnologies?
Yes, you may submit a cross-objective proposal. But to be evaluated within a specific call the main weight – or centre of gravity - of the proposal must lie in one of the strategic objectives open in that current IST call. If the main weight lies in another Priority's call you should submit it to that priority. If it is found that the main weight of a proposal received lies in another open call, it will be transferred to it for evaluation. And if the main weight lies in objectives which are not open, it will

be rejected as being out of scope without evaluation.

104. How do I find out how to write a proposal?
Full details of how to prepare and submit a proposal are given in the IST Guides for Proposers, obtainable on the call page. There are five Guides, one for each instrument type, because the required structure of the proposal is different for each instrument type.
(note: IST's Strategic Objectives are called "Activity codes" on the A1 forms used in proposal preparation)

105. Can I submit my proposal electronically ?
Yes. On the IST call page you will find a link to the Electronic Proposal Submission Service (EPSS). This allows you to prepare a proposal (which you may of course do "off-line") then it submit electronically. EPSS is mandatory for IST and part B must be in pdf format.

106. Do I have to follow the format for a proposal given in the Guide for Proposers (and the EPSS) ?
Yes. The format takes you through, section by section, the information on which your proposal will be evaluated. If you write it in some other way, or miss out some of the forms, you risk omitting information which is needed in the evaluation, and this may lead to low scores, or failure.

107. Do I have to write parts of my proposal in an "anonymous" way, as you requested in the last Framework program?
No.

108. I can't see on the proposal forms where I have to sign them
You don't have to sign them.

109. Some of the information you require in a proposal is very detailed, and complicated.
Running a large multinational research project is very detailed and complicated. Good proposals have always contained this degree of detail. If you find you haven't got this level of information available for your proposal, perhaps you should review your planning !

110. We have been contacted by an organisation presenting their proposal as "having a good chance" of being selected on the basis of positive feedback already received from Commission services. They are asking for an entry fee to incorporate new partners, in particular to SMEs, promising that the proposal is sure to be accepted.
The Commission is not favourable to such practices of "selling entry tickets" to proposals on the basis of presumed "good chances" of being funded. The Commission is in no way giving preferential treatment to one or the other consortium so that it would stand better chances in the evaluation. The evaluation process, carried out with the assistance of independent experts, will ensure the evaluation of the proposals according to objective and published criteria (guideline for evaluators, evaluation manual, guide for proposers, etc.). Such practices go against the spirit of European co-operation and trust among participants, taking advantage of the lack of knowledge and awareness by some potential participants.

111. Are there any special steps I should take when preparing my proposal ?
Yes. Proposers should notify the Commission of their intention to submit a proposal at http://www.cordis.lu/fp6/pre_registration.htm. This is of enormous assistance in planning for the evaluation of received proposals. Of course notifying an intention to submit a proposal never obliges you actually to submit a proposal, and notification is never obligatory - any proposal can always be submitted without advance notification.

112. How do I submit my proposal ?
After preparing your proposal according to the instructions given in the Guide for proposers, you must submit it using EPSS.

113. Will there be preproposal checks?
Not officially in current IST calls as previous feedback was in most cases ignored.

114. Is it correct that proposal now only contains Part A and B. New Part B is amalgam of old B and C i.e. Work and consortium description.
Yes. No anonymity is foreseen in the proposals in FP6 except for short proposals for FET Open.

115. Is it true that no proposal numbers are assigned on preregistration?
Yes. All proposals will get numbers when they are received after submission. However proposers should pre-register to allow for the experts with relevant expertise to be present at the evaluation.

A5.10 Evaluation Process

116. How does the Commission evaluate the proposals, which they receive ?
The Commission evaluates the proposal with the assistance of experienced independent experts specially selected for this task.

117. Are all received proposals evaluated ?
All proposals are checked for eligibility. Only eligible proposals are evaluated by the independent experts. There are four eligibility criteria in IST:
- *The proposal must have the necessary minimum number of multinational participants*
- *The proposal must address a Strategic objective which is open in the call*
- *The proposal must be complete (it should contain two parts – see the Guides for proposers)*
- *The proposal must arrive before or at the call deadline*

Proposals that do not meet these criteria will not proceed to evaluation by the independent experts.

118. How do the independent experts evaluate my proposal ?
They assess it on five or six different criteria (depending on the instrument) covering such things as relevance to the IST Priority, potential impact, quality of the consortium etc. These evaluation criteria are fully described for each instrument in the IST Workprogram. They give each proposal a score out of 5 on each of these criteria, and an overall score is calculated by simple addition; this is therefore out of 25 (if five criteria are used for the instrument) or 30 (if six criteria). The instructions to the evaluators are set out in the Guidance notes for evaluators for each IST call, which can be downloaded from the call page.

119. And then how are proposals selected for funding ?
Each of the criteria has a threshold score, which a proposal must reach in order to be considered. There is also a threshold on the overall score. These thresholds are given in the IST Workprogram. Proposals which fail to reach one or more of these thresholds are not considered for funding.

120. Then all the proposals, which pass the evaluation thresholds, are funded ?
No. Many more proposals pass they evaluation thresholds than we have the budget to pay for. The evaluators use the scores which they have given to list the proposal in priority order, and the Commission uses this list, and other advice which the evaluators give in their written reports, to guide its selection of proposals for funding.

121. How will I know the results of the evaluation of my proposal ?
At the end of the evaluation – around six weeks or so from the close of the call - every proposal coordinator (the lead partner in the proposal) will receive an "Evaluation Summary Report" - ESR - which details the evaluators' findings about their proposal.

122. And how will I know if my project will be funded ?
If your proposal did not pass the thresholds (or was excluded from evaluation because of late arrival or one of the other reasons) you will be able to see this immediately from your ESR.
If your proposal has passed all the evaluation thresholds you will be notified a few weeks after receiving the ESR either that:
- *you are now invited to contract negotiation*
- *your proposal has been placed on the reserve list (this is in case budget becomes available for you due to other negotiations failing, or being agreed at lower-than-expected costs)*
- *your proposal was ranked too low to be considered for funding*

123. Can I myself apply to work as an expert in an evaluation ? Even if I am not an EU citizen ?
Yes and yes. We constantly need good experts, with experience in this technological field (and a good knowledge of English – which is the working language in the evaluation). Apply at http://www.cordis.lu/experts/fp6_candidature.htm. If accepted, you will be asked to sign a conflict of interest declaration, so that of course you are never involved in the evaluation of one of your own proposals or of proposals competing with it.

124. How can anonymity of evaluators be maintained if short listed proposers are called to answer questions? Sitting in front of entire panel does not solve the problem.
The proposers will appear before the entire panel, so they will indeed know all the panel members, but they will not know who have been reading their specific proposal.

125. Does planned use of evaluators to monitor projects not also reveal who evaluators are?
The experts that will monitor the project are not necessarily the same as the evaluators, but if they are, their identity will indeed be revealed to the consortium.
126. How will the funding of a highly rated STREP be influenced by the existence of an overlapping IP in this area? Will it be suggested to be incorporated into the IP or what? This is caused by STREPs and IPs being allowed in each area of a call.
It has been decided not to engineer consortia post evaluation. Thus it is hoped that conflicts can be avoided by having players combine prior to submittal by facilitating discussion. If an IP and a STREP covers the same subject and are of equal quality the IP is likely to be chosen.
127. In evaluation, how will evaluators judge value for money? Is it value for man months? How to justify requested funding in proposal?
The evaluators will look not at the funding but on the use of resources (personnel and equipment) when they judge the value for money issue.
128. In evaluation, will evaluators have Part A and will they judge validity of man rates?
The evaluators will have all parts of the proposal at their disposal for the evaluation. They will however not be asked to look at the rates for man-months. This is an issue for the negotiations.
129. Will there be different panels in evaluations for each instrument per strategic objective or just different ranked lists?
The exact composition of the evaluation panels will vary across the objectives and will also depend on the number of proposals received.
130. Will only short-listed proposers be invited to hearings or all ranked proposers i.e. all that met minimum thresholds?
All proposals for IPs and NoEs that have passed all the thresholds after the initial evaluation of the written proposal will be called to hearings.
131. In negotiations will it be normal practice to curtail 4, 5 year proposals to, say, two years funding with potential for preproposal to continue?
No. This will not be the normal practice, but it may happen in some cases after agreement with the consortium
132. Is it correct that no evaluators will be allowed from an organisation that is involved in a proposal in that Strategic Objective, unlike in the past?
The conflict of interest issues will be dealt with very seriously. An evaluator that has stated a conflict of interest with proposals in the area for which he has been invited as evaluator is not likely to be invited to the actual evaluation. In no case will an evaluator who has stated a conflict of interest be involved in evaluation of proposals where there is a conflict of interest or in competing proposals.

A5.11 EPSS

133. What are the advantages of electronic submission ?
The EPSS helps you to prepare the proposal by giving you the right forms, with easy-to-use dropdown lists for data entry and automatic addition of figures wherever possible, and then a template for preparing the text part (Part B) of your proposal.
There is also an "overwrite" facility. You can submit a version of your proposal in good time, then keep working on it and submit it again. The new version overwrites the old one. So you can keep on improving your proposal right up to the close of call! This is true in both modes of web submittal.
134. What should I be aware of when using electronic submission?
Especially two issues:
Firstly, in order to use the EPSS for on line submission you need to register to get passwords for yourself and your consortium partners. These passwords allow you to protect the confidentiality of your proposal file. Therefore you cannot leave registration to the last minute !

Secondly, when you finally submit the proposal file you have prepared, it will be virus-checked on arrival. If it is found to contain a virus, the submission will be refused. So you have to remember to virus-check your proposal !

135. Does EPSS or EPTool registration result in a proposal number being assigned?
No.
136. What are all of the IST activity codes in EPSS/EPTool?
Strategic Objective numbers as set out in the work program.
137. What format can be used for submittal of Part B?
From Call 3 – only pdf.

A5.12 General and Miscellaneous

138. How does the IST Priority offer funding for research work ?
Only by a series of public calls for proposals. There is no "behind the scenes" way of getting funding. They announce what sort of projects they are interested in, and (usually) give a fixed deadline in which proposals must be received. This way, everybody knows what the possibilities are, and everybody gets an equal chance.
139. How do I find out what sort of research work the IST Priority will help to fund ?
You must read the current version of the IST Priority Workprogram. This describes in detail the "Strategic Objectives" which the Priority is trying to achieve during this time. Then you must read the Call text of any call, which is currently open. This identifies specifically which of these Strategic Objectives are open for proposals at the moment, and for which instruments.
140. I have heard of other instruments – Integrated infrastructure initiatives, special contracts for small and medium enterprises….?
There are indeed other instruments used in other Priorities, but the IST Priority only uses these five, IP, NoE, STREP, CA, SSA.
141. Can I propose any one of these types of instrument for any one of the Strategic Objectives in the call ?
Some calls may restrict certain of the Strategic Objectives to only certain sorts of instrument. You will have to check this by carefully reading the call text.
142. Are there no Assessment projects under FET Open in FP6?
Correct.
143. What ongoing monitoring of projects will be carried out?
Experts will be assigned to monitor the project. In some cases it may be one or more of the experts that evaluated the proposal originally.
144. In the Proposers Guides and in particular the contents of Part B, the word "activity" is used with multiple meanings. What does it mean in the table in B5 STREP and elsewhere?
The word activity is used to describe the different activities according to reimbursement rates: For example the activities allowed in an IP are: RTD/Innovation; Demonstration; training; management.
145. Which legal documents determine the eligibility criteria for proposals submitted under FP6?
The documents which regulate the eligibility criteria for proposal submissions are:
a) The text of the relevant call published in the Official Journal of the European Union
b) The work programme of the FP6 specific programme
c) The rules for participation (Official Journal EC L 355/23) chapter II articles 4 to 11 and d) " Guidelines on Proposal Evaluation and Selection Procedures" adopted by the Commission on 27.03.2003 (COM C/2003/883) as amended by Decision COM/2003/4350 dated 25 November 2003.
These documents can be found by using the web site address: fp6.cordis.lu/fp6/home.cfm under the heading "find a call". Some of them may be found at the web site address: europa.eu.int/comm/research/fp6/working-groups/model-contract/index_en.html
146. If a legal entity is established in a Member State or Associated State is it eligible to participate even though a majority of its shares is owned by an entity established in a third country?
The rules for participation in the Sixth Framework Programme (2002-2006) [OJ L355 - 30-12-2002]" indicate that a legal entity established in a Member State is a Member State legal entity; and a legal entity established in an Associated State is an Associated State legal entity. In other words, the nationality of a legal entity is determined according to the country where it is registered and not

the nationality of its owners.

The direct or indirect holding of the nominal value of the issued share capital of a legal entity is relevant only when two or more legal entities participate in an FP6 indirect action and one of them is controlling the other. (See article 3 of the rules for participation in the Sixth Framework Programme (2002-2006) [OJ L355 - 30-12-2002]") available at:
europa.eu.int/eur-lex/pri/en/oj/dat/2002/l_355/l_35520021230en00230034.pdf

Article 5.2 of the rules for participation requires that the minimum number of participants (unless increased or adapted by the work programmes) shall not be fewer than three independent legal entities established in three different Member States or associated States, of which at least two shall be established in Member States or associated candidate countries.

147. Must all participants be part of a legal entity? If yes, can physical persons be subcontractors?

A physical person can be a contractor. In that case, as a physical person, you must use the AC cost model. However, this is limited to persons working as individuals in a research contract. Some SMEs are legally speaking physical persons but have accounting systems and employees. These entities should use one of the cost models available to SMEs (FCF or FC).

Physical persons may also act as subcontractors. In that case the contractor with whom they are associated will have chosen them following the provisions of the EC contract, awarding the sub-contract on the basis of the best quality/price ratio.

148. I understand that projects can start work prior to contract signature but at their own risk. Can I infer from this that costs can be retroactively recognised or the contract back dated?

It is possible during contract negotiation to agree that the start date of the project can pre-date the signature date of the contract. However in such cases, by the start date all contract negotiation must have been completed (i.e. final CPFs and Technical Annex delivered and accepted). Of course any risk must be borne by the participants in the event that the contract never goes into force for any reason.

Appendix 6 Reasons for Failure

The following are real - they were taken from proposals that failed the evaluation in recent calls. Some have been lightly edited to remove identifying references. Each individual reason was sufficient for a proposal to fail the evaluation and not get funded. I repeat the evaluation criteria summary table below.

Criterion	IP	NoE	STREP	CA	SSA
1	Relevance to objectives	Relevance to objectives	Relevance to objectives	Relevance to objectives	Relevance to objectives
2	Potential impact	Potential impact	Potential impact	Potential impact	Potential impact
3	S&T Excellence	Excellence of the participants	S&T Excellence	Quality of the coordination	Quality of the support action
4	Quality of the consortium	Degree of integration and JPA	Quality of the consortium	Quality of the consortium	Quality of the Management
5	Quality of Management	Organisation and Management	Quality of Management	Quality of Management	Mobilisation of the resources
6	Mobilisation of Resources	-	Mobilisation of Resources	Mobilisation of Resources	--

Please note that in addition to each proposal having to pass a scoring threshold for each criterion, there was also an overall threshold to pass. In other words it was possible for a proposal to meet or exceed the thresholds for each criterion but to fail on the overall one which is always higher than the sum of the minima.

A6.1 Reasons for proposals not being evaluated

1. Proposal was received 8 days after the call had closed. (On another occasion, one was not evaluated for being received eight minutes after the call closed.)
2. Proposal was received under an Action line that was not open in this call.
3. This proposal is completely out of the scope of the IST Workprogram.
4. Only Part A of proposal was received.

A6.2 Reasons for proposals failing the evaluation

A6.2.1 Criterion 1

Relevance to objectives

1. Marginally touches on the subject of networked businesses by proposing to develop a business model supported by a web site.
2. An unfocused project with doubtful relevance
3. Although certain parts of this proposal relate to the named strategic objective, the centre of gravity is probably in a strategic objective planned for the next call.
4. This NoE proposal addresses the overall objective of the work program but does not address networking of researchers. Low level of innovation.
5. The proposal only marginally relates to this strategic objective. The focus is elsewhere.
6. The proposal does not address any SO as defined in this Workprogram
7. The proposal only marginally touches on the areas covered by this strategic objective.
8. This SSA proposal does not address any technical challenge, just applications of known technologies. The proposal failed to persuade that the results proposed will fulfil the objectives presented
9. This IP proposal is more of an integration than an Integrated Project. The objectives have a very narrow focus on a single industry – it should be broader.
10. While no one doubted the importance of the subject area or its interest, there was a lack of coverage of

technology issues.

11. The proposal would meet an interesting need in a very demanding technical domain. It proposes a hardware solution to integrate a mechanism towards the development of a gateway. To this end, the proposal is relevant to the overall Strategic Objective, but fails to define significant research activities. The overall scope of the work proposed is very narrow and limited, and some aspects have not been properly taken into account as an integrated part of the work plan.
12. The proposed research meets the work program partially. The major part of the project is dedicated to medical science and or eInclusion, neither of which are in this call. The micro and nano technology contributions are not addressed sufficiently.
13. The project marginally addresses the objectives of the Workprogram and it claims to match the objectives of the area 'Technologies for interoperability'. The overall description is too generic and unspecific.
14. The proposal addresses the generation, management and representation of knowledge, but its focus on Semantic aspects is narrow and displaced from the core focus of the Workprogram. It concentrates too much on the only application area addressed, which is the evaluation of enterprise value. Only one Work Package really addresses in some depth work related with this strategic objective,
15. This Network of Excellence is designed to support knowledge- intensive, time time-critical tasks using semantic-based network-centric systems. The proposal has unclear objectives and lacks focus. Its aims are rather broad and do not clearly relate to the Semantic Web's current research needs. The work plan does not justify the intended adherence to the strategic objective of the work program
16. The proposal does not address several of the objectives of the work program. Most notably is the absence of "ubiquity". Based on established technologies, the project is not convincing in terms of both technical and pedagogical research and innovation
17. The proposal aims to provide a platform integrated with support for work-flow management in the area of collaborative publishing. It aims at addressing the needs of networked editorial staff and multimedia content management. The proposal only partially meets the work program objectives in terms of multimedia and semantic knowledge processing. It addresses the need for semantic technologies in the net net-based publishing sector, but by addressing other topics in manufacturing, the approach loses its focus and diminishes the involvement of specific semantic technologies
18. This SSA was not considered relevant to the current IST program objectives. It may be relevant to the aerospace program.
19. The proposal addresses in a limited way the work program and appears to be out of scope of the strategic objective. eBusiness and Collaborative software development might have been more suitable
20. Not a mature proposal. It appears more focused on topics in the next call.
21. This proposal is in line with the general objectives of IST. However it does not address the main focus of this strategic objective
22. The subject is not in this call. The project does not provide a convincing case on how they address the objectives. The relevance to improved safety is not adequately justified: proposed methods are traditional good maintenance regarding safety. The results of the monitoring is potentially sensitive but this issue is not addressed

A6.2.2 Criterion 2

Potential Impact

1. IP fails to show possible ways to translate observations of information flow into IT design. Claims regarding impacts on predictive medicine, drug design, toxicological research are not very realistic since the necessary inputs from structural biology, inter inter-cellular communication are missing
2. The proposed Network of Excellence will take advantage of existing synergies and will be of added value to European research. However, spreading of excellence beyond the NoE itself is weak. The targeted results could potentially increase the quality of European citizens, but a clear dissemination and exploitation plan is lacking. A common database of the derived knowledge in the network is missing
3. NoE dissemination is not well addressed. Does not recognise previous European and national initiatives. Impact at European level is questionable. Exploitation plan is rather vague.

4. This STREP doe snot address the issues involved and does not suggest any European value.
5. This SO can benefit from centralised storage of biometric data. The analysis of such benefits in application is missing. The project plans to achieve it in WP2 but a first impact analysis is expected in the proposal. The possible negative and ethical impact of storing personal data has not been considered. The potential benefits of a system storing biometric data must be considered together with the potential ethical risks. The only public outcome of the project is a web page. The dissemination is not satisfactory, since no deliverable is public and no exploitation plan is presented
6. Marginally outside the specific area addressed. The potential impact on reinforcing competitiveness is low and exploitation and dissemination plans need to be more clearly defined.
7. The impact of this IP is limited since the industrial participation is low and the integration aspect is weak. The innovation and exploitation are limited (no demonstration, no clear description of the decision support tool) The project doesn't build on the results of the previous projects referenced
8. In this IP a new business model is proposed but the work proposed in the consumer electronics part was judged weak. The work does not foresee treatment of users. The link between the different platforms is not clearly described. The business model is not main stream reducing the potential
9. The potential impact of this NoE on IT competitiveness is very weak. SME involvement is low. Little discussion of exploitation. No standards are addressed. Human factors are not taken into account. The work is mainly collecting data, not strengthening excellence and not restructuring fragmented research
10. Without system perspective, the impact of this STREP is at most indirect and low. European dimension is not clear. National and International research activities are not addressed
11. In terms of technology there is no innovation in this SSA from the medical point of view. The results proposed are not convincing, more than a website and a CD is needed. Dissemination proposed is poor, the European dimension not clear. The target group does not fit with the results
12. Potential impact of this IP is very limited – they do not propose an effective mechanism to disseminate results to this sector in Europe. There is no convincing link to other initiatives and projects.
13. Impact of this STREP is limited both by the subject area and by the lack of a real exploitation and dissemination plan.
14. Potentially the anticipated results of this STREP would be useful, however the research dimension is very weak, and there are questions regarding the openness and availability of results outside the consortium. The added value of the proposal at the European level is not evident, and links with on-going research and development work are missing. The proposal has a weak dissemination plan, mostly addressing exploitation relevant only to the companies participating. The societal impact has not been convincingly analysed
15. There could be some impact in communication and learning, although the proposal fails to explain how this will provide value-added over existing initiatives. The proposal handles the pre-natal management of congenital disease but fails to address how the human issues will be addressed. As a result, it is unclear how the result will be introduced to real users, particularly as there is no healthcare organisation within the project
16. The results of this STREP are too generic and unspecific - potential impact is unclear. Exploitation and dissemination plans are poorly defined. No clear added value in carrying out the work at European level is evident.
17. This SSA project could have significant impact for the sector. However, only limited evidence is provided to substantiate the requirement. The dissemination plan is not clear, and the exploitation possibilities are not discussed. It might be better to start the activity as a national project.
18. Impact of this SSA expected to be low since proposal lacks scientific content, is repetitive and vague. Industrial partners mentioned but no evidence of commitment
19. Only minor impact expected from this STREP as the focus is only on personal injury (accidents). It doesn't explicitly discuss current practice. The assertion `cost saving and improved quality treatment' is not well supported. Lack of involvement of medical professionals
20. The impact of this STREP is unclear. A new paradigm is claimed but this is not explained. Impact is liable to be limited as the same argumentation can be done without these tools. Further open issues are about the target audience (which students will be involved) and the deliverables (few and vague

deliverables phrased in general terms)

21. The way in which this SSA proposal addresses regional issues is weak and too generic. It is difficult to determine the impact because the objectives in terms of number of SMEs targeted are not given. The proposals for a local website and local involvement of regions are unclear.
22. Target audience of this SSA are the IST project managers, but in order to have higher impact, industrial support is required. Exploitation plan is not clear.
23. The potential impact of this STREP is limited to make the control of a TV set easier. Such a result does have limited added value. Besides the problem of visual retrieval, the proposed development does not require European level research. Strong assumptions are made about user acceptance and needs without convincing evidence.
24. A real European dimension is missing in this STREP. There is very little evidence how this project would improve competitiveness of European industry, since no European industry key players are involved and no API's will be published for European companies to develop their products to suit the results. The end products seem to be proprietary; no links to standards. Only a limited dissemination is promised in the form of a "white paper". The exploitation plans for the product are inadequate.
25. This NoE has no clearly stated objectives so no real impact can be expected. The scope of the activities and the problems to be tackled are very large, which raises doubts on the real impact of this network. Spreading of results is quite comprehensive, but lacks precision regarding the topics to be investigated and the potential results to be disseminated.
26. The proposed IP appears not to be very ambitious in creating advanced learning environments. The proposal fails to convince of the difference between its objectives and existing state state-of of-the the-art portals, services or environments. Therefore, its potential impact seems rather limited
27. The impact of this IP would not be at the level expected from an integrated project, both in terms of medical and industrial impacts. However, the project could have some impact on the European research. The proposal does not include a full range of integrated activities
28. The STREP description and the corresponding work plan are vague, making the potential impact difficult to assess. For example, the proposal suggests that this work will have an impact on social problems, but does not explain which ones or how
29. The research areas of this NoE are briefly addressed but not clearly described. In the absence of a clear problem statement and detailed research descriptions it is difficult to accurately estimate the potential impact of the proposal.
30. Questions could be raised about the European value of this IP. Road/bridge owners are not involved, and it is not clear how the results of the project will be exploited and disseminated so they can be used by the road owners. Given this fact the potential impact of this project is very doubtful.
31. No new technologies to be developed have been clearly identified in this NoE. Also, no clear research roadmap has been proposed and, therefore, the potential impact seems limited to a specialist community.

A6.2.3 Criterion 3

Science and Technological Excellence (IP and STREP)

1. Objectives of this IP are not defined in detail and leave too much room for interpretation. The extent of innovation in most of the WPs was not demonstrated.
2. Objectives of STREP are clear and focused. Lack of overall Network System Reference. The usage of time time-stamps is not novel: this is an industry-related project
3. The STREP objectives are clearly stated and constitute progress beyond the current state-the-art. However, there is not enough information to assess whether the proposed approach is appropriate to achieve the objectives. Details on functional specifications are either not detailed enough or missing. There is no technical evidence on the proposed way to solve the problem or on the appropriateness of the solution. The proposal's starting point is unclear, as is the end result. An open standard is claimed to be the project result, but the system behind the open standard is closed. Among the positive aspects of the project, validation via case studies is proposed. However, implementation and consensus issues are not accounted for.
4. The STREP level of innovation is limited as the project is integrating existing technologies and

sensors. No significant added value is created compared to other previous projects and development. Progress beyond state-of-the-art is not shown

5. It is not clear from the IP how the defined platform can be reached, what is gained and how it advances the state-of-the-art. No true interoperability. More effort is required on source/destination standardisation to address scalability.
6. The IP has clear objectives but it is not clear that these are beyond state of the art. The focus on the identification of common tools and methods among the planned applications is insufficient for the overall success of the project.
7. The STREP does not convince the evaluators that the proposed system will meet system specifications. - Measurable but weakened objectives and target specifications by consortium. - Not sufficient information on technology provided to judge innovation aspects
8. STREP contribution to standards is not enough and improvement is needed for Integration Framework.
9. No concrete evidence that the STREP will advance the technology beyond the current state of the art. No technological innovation is foreseen.
10. No properly defined technology component is apparent in this STREP.
11. The STREP state-of-the-art is out date, the most recent reference given is from 1999. In this highly active field of research many important developments have appeared since. In the two proposed applications a single modality is exploited. Multi-modality is only mentioned, but no resources or effort are allocated
12. The objectives of the IP are explicitly clear, and all experiments are very well well-formulated. The proposal includes a wide ranging list of techniques and applications, but each seems to be an incremental development of already established technology. The approach pushes the state-of-the-art, but represents a limited view of motor activity and movement generation by concentrating on only the primary motor cortex.
13. The overall objectives of the STREP are clear, but it is not at all clear that these will extend the state of the art. The proposal fails in the main to show what the project intends to do.
14. The IP is technically sound but not ambitious in terms of taking forward the state of the art. Problems of achieving consistency of standards in the EU are probably underestimated. The suggested work on a new model architecture and intelligent agent search are welcome.
15. From a pure technology perspective the IP is very interesting with broad objectives. However, the approach does not represent scientific progress beyond the state of the art. There is considerable incremental technical effort which seems to lack focus. The base line, where the project will start, is not apparent.
16. IP objectives are clearly defined, but seem disparate and difficult to fully achieve. The described research activities do not lend themselves well to inter project integration and transfer/exchange of results. The proposal failed to convince that its more innovative aspects were feasible.
17. The STREP approach has innovative aspects but the technology doesn't bring innovative approaches (the proposal deals mainly with state-of-the-art developments already present)
18. IP objectives are clearly defined but it is unclear if they go beyond the state of the art. The described S&T approach is unlikely to enable the project to reach the objectives. The image processing part seems to be little beyond previous projects, and it is low risk.
19. The IP S&T objectives are clearly stated. The proposal contains much technical merit in relation to the financial sector but does not demonstrate significant progress beyond the state-of-the-art regarding generic IT developments
20. There is a lack of innovation in the STREP. The objectives are only focused on the chip and not on the system design. The proposal should focus on micro-system issues and applications in the medical field. The proposal is missing state-of-the-art since it consists mainly of an upgrade of an existing system. No plan of system implementation is given. The proposed resolution is too low.
21. The IPs collection of different technologies presented in the proposal were not convincing and the level of innovation considered low. Part of the work is about re-engineering of standards and does not go really beyond the state-of-the-art. The technical description is vague and it was not clear the services planned

22. The STREP is more product oriented than R&D oriented. Clear progress beyond the current state state-of of-the the-art as compared to existing solutions not substantiated. The items in the proposal relating to the objectives section, the innovation sections and the work plan do not match, e.g. the objectives claim passive splitters as an innovation but this is not tackled in the work plan. The proposal includes an application, which is decoupled from the activities on network level.
23. The IP multi modal interface is of interest. The description of the work packages for the first 18 months lacks the appropriate technical details.
24. STREP objectives seem achievable. However, no risk assessment is performed of the experimental part. Most of the deliverables are Restricted, and this is not acceptable.
25. The global targets of the IP are generally considered to be ambitious and interesting with clearly defined objectives. A 10% improvement in word error rate in such application is not considered ambitious. The project addresses many important issues but they are not dealt with in sufficient detail. There are several reservations. In most areas the state of the art is not current. Examples are often current commercial units not state of the art technologies. The consortium did not convincingly demonstrate its ability to develop the work beyond this. While some plans for development are well constructed, others are vague, confusing or not presented although mentioned. The descriptions of some of the proposed methodologies, such as optics, are good, while others are unconvincing.
26. STREP S&T excellence is not demonstrated at an adequate level. The objectives are not clear and are not expressed in a measurable way. It is hard to judge from the proposal if the software (the core of the system) represents a major progress beyond the state of the art.
27. The objectives of this STREP are well stated and clearly focussed. However, the proposal gives almost no detail whatever about the technical approach, giving us no assurance that it is either original or likely to succeed. Distributed database research has been going on for some time. To be funded, a proposal must reveal more about its technical approach than this.
28. The STREP focuses on a clear medical problem. However there is no technological innovation beyond the state of the art. The use of proprietary encryption tools does not promote open standards and limits the impact of the proposal. Specification of needed bandwidth for sensor is necessary because GPRS might not be adequate. The wearable unit is not addressed sufficiently and problems related to it are not discussed.
29. The IP is focused on usability trials, and the technological innovation is limited. The RTD part does not show a motivated scientific structure, and the description of the state of the art is lacking (there is only one embedded reference). The work of the project is not motivated by the current state of the. For example, there is no description of the state of the art about design, although one of the outcome of the project is a "design guide".
30. IP objectives are defined, but there is no evidence that they would produce reusable knowledge beyond the state-of-the-art. The current S&T state-of-the-art is not adequately assessed. The exact deliverables are not precisely defined - where is the added value?
31. The STREP does not incorporate strong research aspects, being mostly about innovation in the market-place by opening to online access. The project defines far too many objectives, while it does not provide sufficient and convincing information on how these objectives may be reached. The provided information does not sufficiently cover items such as security architecture analysis, integration levels, usability, requirements on functional service levels, and the role of smartcards in the architecture.
32. The STREP technology is not very innovative and work on it is concentrated in one sub-contractor.
33. This STREP is not a proposal for research activities but a plan for product development, and as such it is unclear how the project would technically progress beyond the state of the art. The proposal fails to identify and analyse the competition which seems to be already quite strong. The proposal does not provide sufficient information about the rationale that would justify the envisaged technical approach, leaving unclear how technically the objectives and the claims would be met. There is not sufficient information on how the quantitative claims would be met. The project research is not convincingly integrated in a coherent plan. It is not clear how the security aspects will be taken into account in the project and how the performance objectives will be reached. Security integration is has been left as the last activity, whereas it is normally the bottleneck for development.

34. The STREP objectives and end result are not described. The innovative aspects of the IT development are not described. There is no detail in the approach and the methodology is unclear. End user scenarios and functionalities are also unclear. There is no evidence of an integration and validation activity.
35. The STREP objectives are not clearly defined or focused. Current state state-of of- the the-art is poorly described and no clear progress beyond it is evident. For example, important standardisation efforts in the area have not been mentioned.
36. The STREP is clearly defined in terms of objectives, and these represent progress which is beyond the state-of-the-art. However the use of porous silicon, which is a very poor conductor of heat, raised strong doubts.
37. STREP progress beyond state of the art has not been demonstrated. The system has to be embedded within existing systems to be able to work.
38. The STREP objectives are clear and they are simple enough to achieve. Clear progress beyond the state of the art is not presented, however. The project involves no substantial innovation.
39. The IP research topics are identified correctly in the proposal, but there is not much about how these topics will be addressed or followed-up conceptually. Proposal is a collection of research projects rather than an integrated approach. Strong emphasis is on modelling and analysis, but little on tools and demonstrators; there is a lack of critical assessment of existing approaches and the middleware aspect is missing.
40. STREP seems to be a black box project. Too many deliverables are confidential or restricted. The project lacks clear objectives. There is no of clearly progressing beyond the state of the art. They use proprietary solutions, based on known technology. Success of the project will depend on the quality of the data from traffic monitoring systems and data coming from the GSM operator. It is not clear how these data sets will be combined or integrated. Also several interfaces will be needed. Several possibilities using data from telecom operators seem too optimistic. The method using the Cell ID does not provide sufficient accuracy for these type of applications because the accuracy of the location depends heavily on the infrastructure of the network.
41. IP does not go beyond the state-of-the-art. Tool and solutions suggested already exist. Objectives are clear in general terms, however, more detail is needed.

Excellence of Participants (NoE)

1. The expertise of the partners is adequate for the proposed goals. However recognised, important European centres are missing in the consortium. Therefore, the achievement of the critical mass is lacking. Also the influence on structuring the European research area is very limited. Partners with expertises in some field, such as e.g. system integration are also missing.
2. Medical imaging companies are missing. User involvement is not convincingly presented. Rather heterogeneous group
3. The participants are mainly doctors and not researchers. No PhD students are integrated. Limited publications in high level peer-reviewed journals. No critical mass of expertise has been created. Low level of innovation in general.
4. There are excellent participants in the consortium in their respective field. The partnership though, is not coherent from the scientific record point of view. The panel could not judge on the excellence of some partners since insufficient information was provided, or was not provided at all. Although the project deals with Bioinformatics, there are no leading Bioinformaticians in the consortium. It does not bring a critical mass of researchers in Bioinformatics.
5. The expertise and relevance of the partners are heterogeneous. This NoE lacks world world-class expertise in several related IT fields. Therefore the critical mass is not reached.

Quality of the coordination (CA)

1. The quality of the coordinating mechanism is not clear. While the involvement of the regional nodes is good, there is a lack of detail on how the work will be done at the regional level.

Quality of the Support Action (SSA)

1. The target group is not well addressed, the right instrument was not chosen, the proposal should have been more careful in these points.
2. The partners are well qualified. However, the project is focussed on system development rather than support actions, the system described does not address security issues, and there is very low resource provision for dissemination and exploitation. The project would benefit from representation from the targeted industry.
3. Objectives are very diffuse and unclear. Workprogram repeats what is already known.
4. Some of the partners claim to have wireless expertise, do not show that in their profiles. The technological background for arriving at a «meta meta-view » is lacking; the focus is on commercial issues. Missing key players, namely operators. Biggest WP concentrates on simulating the business scenario, but this is not explained.
5. Unfortunately, the proposal lacks information to assess adequately the quality of the proposed support action. For example, little information is given what the experiences of the previous funded proposal have been and how they have been taken into account for the new work plan of the new proposal. Thus, the additional value over the previous funded project is difficult to judge. Further on, the dissemination activities give the impression to be of a rather passive nature, while having previous experience more pro-active initiatives with a more detailed and justified work plan would have been expected. Similarly, while the survey is being presented as the 'main' product of the proposal, little information is given on the contents or its methodology in order to allow the judgement of the quality of the proposed work.
6. Despite the evidence that at a national level the proposed work plan is likely to bring valuable results, the presented objectives are not accompanied by any rationale explication for the chosen approach. Partners are skilled in management issues, but no relevant experience in RTD and European affairs is given in their curricula.

A6.2.4 Criterion 4

Quality of the consortium (IP, STREP, CA)

1. Very many partners in IP without a proper description. Do they have complementary expertise? There is a lack of leading industrial partners.
2. No experience, knowledge or skills related to industrial production in STREP. The academic role seems to prevail. Consumer electronics should have joined the team expertises.
3. Fragmented STREP consortium with some partners without clearly defined roles. The consortium appears to be unnecessary large.
4. The STREP consortium appears to be overly homogeneous and closed. It is not fully representative of European best practices, and does neither include nor explain how it may incorporate available expertise from either the PDA handset manufacturing or the mobile telephony industry.
5. The composition of the STREP consortium does not seem appropriate to reach the results. The complementarity of the partners is not evident, as only generic role descriptions have been provided. The roles of the partners are not clear and not convincing: an academic partner is in charge of technical project management, technical quality control and exploitation leadership; the role of the end users is unclear.
6. The STREP has a good range of IT skills and the project partners involve SMEs drawn from across the EU. However, the roles of the partners are unclear. The consortium does not include healthcare or clinical partners and therefore it is unclear how consultation with patients will be achieved. Only one medical officer will be appointed to the management panel and at the current time the person's CV is not available, hence the skill set cannot be judged.
7. The STREP consortium seems to be of good quality, but missing important industrial partners. Moreover, the proposal lacks credibility since partner 'X' is not specified.
8. This is a high quality STREP consortium, but there appears to be a lack of complementarity between the partners. Only one site is involved, but there is a large overlap between some other partners who possess similar facilities. Also, the role of some partners is not well defined.
9. The STREP consortium consists of experienced partners, however, the legal information publishers are not involved in the consortium at all, making the level of market acceptance questionable. The

complementary nature of the consortium is not fully clear. SME involvement is marginal and the leading role of the coordinating partner is unconvincing.

10. The STREP consortium benefits from large European participation and a sound base of expertise by some of the leading partners although the role of the SME in the project is questionable. Furthermore, the consortium lacks airline and satellite operators, which may hinder the progress of the project.
11. The STREP consortium includes a representative of the publishing industry. The complementarities of the partners' roles are not adequately elaborated. There is no partner who has specific qualification in software for publishing systems, and it not obvious that there is a leading partner with the capabilities to push the project through the technology development phase.
12. The STREP consortium is unbalanced in terms of the dominance of the coordinator. Partners that sufficiently address system integration aspects are missing. Complementarity of partners is only partially given.
13. The IP consortium is not balanced. It needs more independent research organisations and end users involved at the start of the project.
14. The STREP consortium has ten partners including seven businesses. The analysis of the state-of-the-art and proposed work program indicate that this consortium does not have sufficient research expertise. The consortium lacks expertise in social science research methods, computing and development of interactive systems. Also, it is unclear why one of the Universities is a sub-contractor.

Degree of integration and JPA (NoE)

1. A clear description of the planned technical work is presented in the proposal. The proposal fails to present any overall integration and long lasting structuring activity. Major activities like reliability, simulation and manufacturing are missing. The proposal fails to present any mechanism to ensure the durability and sustainability of the NoE beyond the 5 year period.
2. JPA not well focussed. Partners are so heterogeneous that, the proposal does not merit the definition of an NOE
3. Low level of integration. Little description of how the partners would interact. No complementarity of participants as would normally be expected from an NoE. Lack of epidemiological methods and expertise. No clear commitment of the partners for continuing integration activities following community support. Very poor Joint Program of Activities; insufficiently described.
4. The JPA is described around three domains of excellence that together cover a considerable area of knowledge management. However, the work plan for the jointly executed research activities is not clear. Information on what topics will be investigated is missing. In addition, the plans for integrating the current members' research activities are quite unclear.
5. There are a lot measures for integration identified in this proposal. The quality assessment tools are well designed to support the integration process. In places there are good research plans and interesting proposals for community building and sustainability. However the relatively narrow range of participant organisations in the first year work packages raises doubts about the likely creation of a wider network of excellence. Half the work packages in the first year are led by the same institution. There are very vague plans for PhD and researcher exchanges.
6. Although the scientific descriptions of the activities is of high quality, the detailed 18 month plan does not make explicit the full set of partners, making it difficult to assess the JPA and integration in this period. This problem is not resolved through the table of NoE list of activities as the correspondence between these and the 18 month WP activities is not one one-to to-one.
7. There is heterogeneity in the quality of the partners, which can hamper smooth progress of work. The panel noted the participation of several software companies with similar skills, whose roles are not clearly specified. The project has an ambitious programme for genomic sample collection that is not matched by an adequate description of the strategy and organisation required to assure its success.
8. The proposal has the ambitious objective of reaching the convergence of many test-beds. The program for jointly executed research activities is vast and raises concerns on how it will be executed. Finally, there is a lack of overall focus in the research activities: the research topics are not linked to one another, and test bed interconnection for use by 3rd parties is missing In the detailed work plan for the first 18 months, WP2 does not provide sufficient details on the joint research activities It is not clear

how Network will continue to exist after EU funding runs out.

9. The joint programme of activities was considered to be insufficiently well designed to achieve integration and to achieve the stated objectives of the NoE. The participants did not convincingly demonstrate the means of achieving continuing integration beyond the duration of Community support. The role of the participants in the different work packages is not described. It is not clear how the number of researchers and PhD students participating in the network was determined and what their role is in the joint programme of activities. The focus is more on conducting common RTD activities (that would have been defined at month 18) instead of on proper integration and networking activities.
10. The degree of integration in many ways is good. The JPA could have been better, notably through early development of the test bed. The durable integration aspects are not convincing.
11. Apart from the declared intention to integrate FP5 and FP6 project outputs the lack of a clear problem statement and absence of a detailed initial work plan suggest only limited overall integration.
12. The proposal includes several good activities consistent with a NoE. However, the high dependence on the funding of research from within the NoE puts in doubt the durability of the network.
13. There was a general concern that many aspects of the JPA were very immature and left for further definition once the project was funded, thus lacking some degree of concrete actions that could have helped to better assess the risks and potential outcomes.
14. The proposal does not provide enough information to show that integration can be reached. Commitment of partners to join the network is not convincingly demonstrated. IPR are not convincingly addressed (potentially hindering integration). The creation of a stable infrastructure is not proved and the network enlargement is not shown.
15. The number of partners is very large and the plans for building a credible long lasting integration are vague. The management structure is centralised on a single partner. The four work packages have very broad objectives. The proposal contains many ideas on what would be interesting to do but the research plans are unfocused on which goals to pursue and how to pursue them.

Quality of the Management (SSA)

1. The proposed management structure is insufficient in relation to the complexity of project, and the risk management and contingency plans are too generic.

A6.2.5 Criterion 5

Quality of the Management (IP, STREP, CA)

1. The STREP management structure is not convincing. IPR issues and knowledge management are not addressed
2. The STREP management structure is appropriate and there are some very competent technical, economic and administrative people. The complexity of the project is a risk, while the weaknesses in the proposal as described above raise some doubts about the quality of management. There are too many deliverables. There are too many work packages all running in parallel, and one of them is not integrated with the rest of the project.
3. Clear descriptions of IP management structure and responsibilities are missing. There is no reference to knowledge management and intellectual property rights issues.
4. Proper STREP management structure and activities are not indicated. No risk assessment. IPR issues are not adequately addressed
5. The management does not match the complexity of an IP project. There is a considerable concern that the coordinator is committing itself to disproportionate amount of the technological innovation as well as management of the project overall (~1/3 of the whole manpower).
6. The STREP project management structure (split between users and researchers) cannot guarantee the successful implementation of the project in terms of administrative issues.
7. The STREP management structure is too complicated and the decision power is likely to be unbalanced if the proposed mechanism is applied to the conflict resolution procedures. The annual consortium assembly meetings do not seem to be sufficient. The management resources are underestimated for some partners. The role of the country managers is not clear. The task leaders are

different from the work package leaders which could make the management even more difficult.

8. The STREP project management does not address sufficiently the issue of complexity related to the very high number of partners. This indicates that the risk of coordination problems among the partners is significantly higher than estimated by the proposers. Specific and concrete actions, beyond a general confidence in the Project Manager's experience, should be proposed and detailed.
9. In this IP important management issues, such as IPR and knowledge management, are not addressed. The excellence in management required for such a large consortium appears not to be guaranteed.
10. The IP management structure as presented is good. However, the scale of the problem may be under estimated and requires a project management with strong skills and supported by appropriate tools. This is not convincingly demonstrated.
11. While the STREP project management is sufficiently described, the IPR policy is not well addressed and limited to a generic non non-disclosure agreement. Project deliverables are mainly restricted, including a proposed workshop. Demonstration activities are planned with consistent resources but large large-scale visibility is not addressed in the dissemination activities. Exploitation plans are not considered at all.
12. The quality of the description of the STREP management is poor and lacks detailed description of quality control, IPR conflicts resolution and risk analysis.
13. The IP organisational structure of the management is not well matched to the complexity of the project and to the degree of integration required. There is no clear technical authority in the project, the technical management responsibility is spread between the technical manager, the technical steering group, the project executive board but the only overriding authority is the project management board of 22 people with undefined decision procedures.
14. STREP proposal quality control poor. More detail required to support objectives.
15. The STREP consortium presents an over over-detailed management structure. Too many roles are defined for partners and the number of deliverables is excessive. The IPR issues are properly addressed.
16. The IP management plan as described in this proposal is insufficient and to a large extent inadequate, inconsistent and incomplete. No work plan for management, no plan for knowledge management and nor reporting mechanisms. The consortium is missing a management support structure to be able to manage such a project.
17. IP inconsistencies relevant to the project composition between different proposal sections do not allow proper evaluation.

Organisation and Management (NoE)

1. The management does not address the specific requirements of an NoE project. The existing costs seem to be very high with regards to the benefits.
2. Although management issues are addressed, the management organisation is rather vague. There are some irrelevant work packages, such as 'publicity' and 'fun place to be', and some work packages are events rather than basic work packages. No real research plans have been provided for the first 18 months, and no major research deliverables are planned for the first 18 months.
3. Management structure and plan should include: - clear distinction between administrative and scientific management; - quality control; - IPRs; - conflict resolution; - CCA consortium agreement.
4. The relations between the steering board, the advisory group and the management group are not clear enough. Plans for quality control and conflict resolution are missing. Management is mainly focused on services and administrative matters; little information is given with respect to scientific management.

Mobilisation of Resources (SSA)

1. There was not a clear justification of the cost proposed.
2. There are a number of areas of deficiency. These include, in particular the financial plan, the lack of detail on the distribution of task responsibilities, and plans for sustainability.
3. The financial plan lacks clarity and, as a result, it is not possible to assess properly the resource allocation.

4. The fact that more than 75% of the resources are devoted to a single WP for the realisation of a survey without a detailed description , introduces a concern when trying to assess the management of the resources. There is a lack of substantiation on the costs.

A6.2.6 Criterion 6

Mobilisation of Resources (IP, STREP, CA)

1. STREP resources are unbalanced specially to the coordinator side, and too high.
2. The proposed duration of the STREP is too long compared to the expected results. The efforts of several partners in the same WPs need to be redefined. The current budget seems overestimated
3. This IP should be a smaller, more focussed project with less participants would be better (STREP?). NoE could be another solution
4. The CA financial resources seem excessive in relation to the proposed work. The allocation of resources for some individual WPs is not adequately explained.
5. STREP management resources are too high. There are imbalances in the allocation of resources between partners and in some instances resources are fragmented and thinly spread
6. Given the uncertainty regarding the nature of the work in the STREP, it is difficult to judge the correctness of the resource plan. Given the breadth of the network and the proportion of the funding it is claiming, there should have been some breakdown of the funds between the partners.
7. Allocation of budget to specific STREP partners and tasks is excessive. Should be more consistently distributed and related to the level of complexity stated in the Workprogram.
8. There seems to be a number of elements to the IP that could stand alone, and it is not clear how well integrated they would be. The overall financial plan doesn't include budget for demonstration activities and therefore is inadequate.
9. We feel that the IP is overpriced. There are no indications of contributions from other sources.
10. The STREP consortium is unbalanced as 2 out of the 8 partners have 80% of the resources. Development, implementation and validation of the pilot application not justified to validate the resulting concepts and product.
11. The IP asks for very high funding, with little explanation on the manpower and on other financial requirements. The resources are skewed to three partners receiving about a third of the total Euro11.5m requested.
12. IP resource allocation per partner and work package is not provided.
13. Overall STREP effort is too high, considering that a large percentage is for theoretical studies. No details are given in the financial plan.
14. This STREP provides no justification for such a large consortium and there is no clear evidence of the resource allocation. Efforts and budget seem to be overestimated. The project effort form totals do not correspond to the WP list total.
15. As a whole, in this IP the number of person months is excessive. In addition, the resources are also unbalanced as the coordinator manpower is much more than twice the person months allocated to the other partners.
16. IP resources are very expensive - costs for tasks are not sufficiently justified. A lot of effort would be made just to assess the current state-of-the-art, which the consortium should already be aware of.
17. Three quarters of the STREP resources go to the proposers and there is a feeling that the required expenditure is too high.
18. The ratio of STREP R&D to non R&D tasks seems to be low. In addition, resources of many partners are spread in many WPs and in relatively low amounts (in the order of 1 1-5 person months)
19. Given the abstract nature of the STREP work plan it is difficult to judge the adequacy of the resources and then to justify the level against the requested funding. Also the balance of resources should be more oriented towards the content provision and user assessment activities.
20. The scheduling of STREP results that the project claims to produce is unrealistic. The ratio of expected outcomes from the project to the requested budget is unfavourable.
21. Given the fact that the STREP builds on existing applications/products and only performs a limited field trial the requested budget is considered to be far to high. To many resources on specification (especially because they use existing products). Surprisingly project management uses only 2.5 % of

the budget.

22. The STREP is over over-resourced. The involvement of legal info producers as well as the use of available standard techniques would make the project more appealing and much less expensive. The work packages do not adequately reflect the project focus. WP3 is focused on both the design and implementation (referred to as system development) which does not seem to be effective.
23. Half the STREP budget is on software development. The effort required for project management seems underestimated, considering the size of the consortium. There is no argumentation found for the resources claimed for several parts of the work, especially in view of the lack of specification of the outcomes.
24. The IP management of resources is poorly described. Allocation of resources is not sufficiently justified in the overall financial plan.
25. IP Management costs seem underestimated. Taking into account the lack of technical innovation, it is questionable whether the proposed project would qualify for research funding. Distribution of resources is somewhat unbalanced (major part of budget goes to 2 partners).
26. The IP work package descriptions are not precise, in particular in defining the resources linked to specific tasks. This makes it impossible to judge the value for money and the suitability of the overall resources requested. For example WP12 requests 306 person months which is one third of the effort of the first 18 month period and how this effort is allocated to tasks is undefined. Neither does the text of section B7.2 justify the level of resources requested.
27. IP resources are distributed across too many partners, possibly resulting in a low cost / benefit ratio. There is an imbalance between the project deliverables and the requested budget. The exploitation perspectives and plans appear to be too vague to attract further resources once funding ceases.
28. The IP does not provide enough details about the mobilisation of the resources. The large number of partners, the replication of developments in regional solutions increases the budget inadequately for the given objectives.
29. STREP concentrated around one industrial group. The amount of resources is too high.
30. The distribution of IP resources between partners is unbalanced; far too much budget goes to the coordinator. Budget for training is improperly used. The number of person months that are foreseen seem heavily overestimated. The resource planning is incomplete and inconsistent; important financial information is missing.
31. The IP resources are not convincingly integrated and the financial plan is inadequate.

Appendix 7 Examples of BLAH-BLAH

In Chapter 10, we made reference in proposal writing to tight, succinct, precise, language. Too many proposals suffer by being full of blah blah. In workshops I have given on proposal writing, I have discovered it rather difficult to get across what is meant by "blah blah" and I have eventually realised that the only way to get the message across is to show examples. I therefore put together classic real recent examples and followed each by some italicised comments. I have used "BLAH-BLAH" as the proposal acronym.

1. "BLAH-BLAH will potentially have considerably impact on the industrial, commercial and research sectors."
   Problem here is lack of specifics and metrics and weasel words such as "potentially".
2. "The numerous commercial and government entities utilizing the data produced by BLAH-BLAH, will primarily enjoy the benefits of affordability and standardisation."
   Pure unspecific, unquantified generalisations.
3. "This industrial sector will potentially enjoy a stronger market position"
   Pure unspecific, unquantified generalisation.
4. "All of the sectors will enjoy the advancements in the standardisation effort by making available standardised data. BLAH-BLAH can serve as a technological test-bed"
   Would be fine as a summary of a set of specifics but not stand alone.
5. "Effectively defining a new state of the art in automation of processing and analysis, BLAH-BLAH will utilise and serve to demonstrate the benefits of multidisciplinary advancements in extraction, matching, fusion, and modelling to implement these computationally-intense tasks in an efficient way, allowing for future commercialisation of the technology."
   Without each claim being substantiated in supplementary text, this is valueless.
6. "As the extensive flurry of activities in this discipline demonstrates, there is an acute need for standardisation
   The language is emotive and does not justify standardisation action.
7. "Therefore, as a technological platform producing Reference Data on a mass scale, BLAH-BLAH will serve the interests of data consumers across the continent. Bringing together, in the Consortium, participants representative of all stakeholder groups and from several Member States, will ensure wide acceptance to the concepts introduced by this program."
   As stated, these points assure nothing without specific actions complementing them to ensure the desired result is achieved.
8. "The Contractors will try to avoid the result of joint ownership of Knowledge and for this end will try to distinguish the contribution of each of the Parties as much as possible."
   This is not management, it is the typical situation that an IPR/Knowledge Management activity should try to avoid.
9. "The BLAH-BLAH Consortium shares a clear vision for the objectives of the program. The vision will be distilled into a formal Vision Statement that will provide guidance to the entire team throughout the program"
   Yes – sure. All this lacks is a project song for everyone to sing each morning.
10. "The financial plan for the project was carefully constructed using best practice methods. We've used both a top-down and a bottom-up approach, with an outcome consistent with both approaches. The plan is consistent with the guidelines of "several tens of man-years and several millions of Euros".
    It is difficult to know what to make of this – whether to laugh or cry – one thing is sure it does not lead us to have faith that the financial management will be professional.
11. "The Coordinator intends to establish a clear and effective management structure, headed by an authoritative Project Manager. The program will follow a strict process for controlling the budget and schedule and for actively managing the risks. A clear vision, transformed into methodical action plans will provide the top-notch team with the necessary resources and support required to

deliver a top quality BLAH-BLAH system that will be completed on schedule and within the budget."
What is lacking is even a hint of what this structure and plan will look like. This is too journalistic in tone and thus inconsistent with professional management.

12. "The Coordinator intends to maintain a lean management structure, in order to keep the overhead to a required minimum."
Good intention – but what does this mean in pratice? Should be followed by a list of specifics to achieve.
13. "Our technological experience allows us to frame, with reasonable accuracy, a plausible high-level architecture demonstrating the main components of a possible implementation of the BLAH-BLAH system."
Too many constraining words such as "reasonable", "plausible", "possible" etc.
14. "Many research and technological development projects are plagued with an inability to produce a high quality product within the allocated budget and schedule. These risks are even more pronounced when a significant research component is included in the project activities, as is the case for BLAH-BLAH. The Staged Delivery Plan is one of the best-of-practice methods chosen by world leader companies to minimise these risks."
Replace by "We shall use a Staged Delivery Plan as it will minimise risks."

Appendix 8 Annotated STREP Template

This STREP Template can be downloaded from:
http://www.efpconsulting.com/documents/STREP-template.doc

I have taken the Template provided by the STREP Guide for proposers and complemented it with text from the evaluation manual, the Provisions document for STREPs and other sources. I have added additional thoughts, references and guidelines.

Please remember that nothing is absolute. There is a wide variation in interpretation between evaluator teams and between Strategic Objectives. Something that is seen as positive in one evaluation frequently is seen as negative in others. Also it is common for Commission staff to highly rate a proposal but have to reject it because the evaluators were not impressed and vice versa.

Proposal writing is far from an exact science. I am trying here to provide guidance to maximise your chance. **However, before committing to produce a proposal you must discuss your idea with the responsible staff in Brussels/Luxembourg.**

Remember, the goal of a proposal is to pass the evaluation – it can be refined in contract negotiations. I am not saying you have freedom to lie in the proposal – but try and avoid controversial issues or aspects that could detract from its apparent value. The rule in contract negotiations is not to modify the proposal so that is substantially a different project than that which was evaluated. However, in negotiations you are in a dialogue with the Commission staff and it is easier to convince them of something than in a remote evaluation.

There are a few overriding requirements and suggestions –

- Do not use colour illustrations – it will be printed in black and white and important information may be obscured.
- Use at least 11 point font – widen margins if necessary
- It is required you submit the proposal document in PDF format – do not forget to change prior to submittal
- Use UK English – or at least be consistent – ensure whole document is in a single language variant
- Have the proposal carefully reviewed by a native English speaker.
- Spell check the final draft.
- Start each Section on a new page.
- Stick to the exact format suggested in the appropriate Guide for Proposers.
- Personally, I would not recommend using logos etc. in the proposal.
- Do not use complex sentence structures or language – as reviewers may not be native English speakers.
- Say the obvious but don't write in generalities.
- Tone down on the rhetoric – be business like and succinct.
- Try to ensure the proposal is self consistent – be especially careful of last minute changes.
- It is not necessary to stick to the recommended page limits but try not to go more than 50% over.
- In the template only the chapter headings and some of the subheadings are required as per the Guide for Proposers. I have complemented them with others as a general guide – not a mandatory requirement.
- Ensure you have the Acronym, Strategic Objective, Instrument and page numbers on each page.

Proposal full title:

Proposal acronym:

Date of preparation:

Type of instrument: Specific Targeted Research Project

List of participants (Coordinator first):

Participant no.	Participant name	Participant short name
1 (coordinator)		
2		
3		
4		

etc.

Coordinator Organisation name:
Point of Contact name:
Point of Contact email:
Point of Contact telephone:

Contents

Proposal summary page

Proposal full title:

Proposal acronym:

Strategic Objectives:

List here the Strategic Objectives in this call that are addressed by this proposal in priority order with the most important one first if there is more than one. Remember the proposal must be specifically written for this first one and will normally be evaluated by that team.

Proposal abstract:

Proposal abstract copied from/to Part A1 to be added here (Maximum 2,000 characters including spaces)

I strongly suggest you start with this – as it this that the evaluators will read first. Remember that in the official forms it will be truncated to 2,000 characters (including blanks) – so stick within this limit. It is not easy to encompass the essence of your proposal in so few characters – so take your time. First, dispense with background, evaluators are domain experts. Also try to employ wording in common with the targeted Strategic Objective. Make it an obvious fit.

B.1 Scientific & technological objectives of the project, state of the art

Describe the proposed project's S&T objectives. The objectives should be those achievable within the project, not through subsequent development, and should be stated in a measurable and verifiable form. The progress of the project work will be measured against these goals in later reviews and assessments. Describe the state-of-the-art in the area concerned and how the proposed project will enhance the state-of-the-art in that area.

(Recommended length – three pages)

Although this section talks about objectives, I strongly recommend you have a single high level objective to ensure project focus. You could identify spin off benefits or subsidiary objectives but try to ensure you start off by identifying a single objective.

B.1.1 Problem to be solved

It is also a good idea to clearly identify the problem to be solved.

B.1.2 Quantified specific objectives

Try to quantify statements wherever made, especially technical targets.

B.1.3 Current State of the Art

Demonstrate awareness of the current state-of-the-art and differences between this proposal and any similar existing or previous projects. Quantify where appropriate.

B.1.4 Beyond the State of the Art

Show the degree of originality, innovation and promise of progress beyond it. Strike an appropriate balance in the level of risk associated with the project compared to its potential benefits - high risk may be acceptable in return for high benefits. Avoid very large or unacceptable levels of risk. Remember in most technical areas of IST, you should be addressing current technology plus two generations. In real projects not all the work has to be innovative, however a major element has to be although in some cases, especially application areas, extremely innovative ways of utilising existing technology would suffice.

B.2 Relevance to the objectives of the IST Priority

Describe the manner in which the proposed project's goals address the scientific, technical, wider societal and policy objectives of the IST Priority in the areas concerned.

This section should also include references to other existing or previous projects that could be seen to overlap or complement this proposal. It is important to explain why this proposal should be funded in addition to the others that the evaluators may be aware of and this proposals relationship with them and other activities; for example coordination with as appropriate.

(Recommended length – three pages)

Information for this section comes from several main sources -

1. *Each Workprogram and the Commission specific program documents identify and address the policy needs to a certain extent. The introductory sections of the Workprogram contains good reference material.*
2. *Via the Europa web site, http://europa.eu.int there is information on all EU policies and they can be identified and downloaded from there. For example we have the following – Policies –*
    a. *Access by subject to legal instruments in force,*
    b. *legislative activity in progress,*
    c. *implementation of common policies,*
    d. *EU grants and loans, statistics and publications.*
3. *There is also good material under eEurope initiatives and at the ISPO (information Society Project Office) site.*

You must also address where appropriate ERA related issues such as relationships to any Eureka activities, (such as commonality of partners) or relationships to national research programs.

B.3 Potential impact

Describe the strategic impact of the proposed project, for example in reinforcing competitiveness or on solving societal problems. Describe the innovation-related activities. Outline the exploitation and/or dissemination plans which are foreseen to ensure use of the project results. Describe the added-value in carrying out the work at a European level. Indicate what account is taken of other national or international research activities.

(Recommended length four pages, including one for "Contribution to Standards")

This section should include the description of plans for the dissemination and/or exploitation of the results for the consortium as a whole and for the individual participants in concrete terms, for example by describing the dissemination and/or exploitation strategies, the user groups to be involved and how they will be involved, the tools and/or means to be used to disseminate the results and the strategic impact of the proposed project in terms of improvement of competitiveness or creation of market opportunities for the participants.

B.3.1 Contributions to Standards

Describe contributions to national or international standards which may be made by the project, if any. Identify specific standards bodies and committees with an emphasis on European bodies such as CEN/CENELEC, ETSI, ECMA etc and International bodies such as ISO JTC as well as Industrial Informal Standards Bodies. It is better to avoid purely US bodies such as ANSI if possible.

B.3.2 Strategic impact

Show that the project will have a significant strategic impact and not merely satisfy intellectual curiosity.

B.3.2.1 Potential Impact on Industrial/Research Sector

Convincingly describe the impact it will have on its industry/commerce/research sector and how it will improve European competitiveness and assist in market development where applicable. Demonstrate a clear view of the market segment(s) and market needs, which it addresses.

B.3.2.2 Balance of Trade

Showing how it will contribute to an improvement in the balance of trade is also an important aspect.

B.3.2.3 European Dimension and Added Value

Does the proposal address European issues or merely address a national issue? Assess the extent to which the project is required by the EU as a whole? Does the proposal identify and describe interdependencies or links with other national or international activities?

What are the European/international dimension in the execution of the work, for example is there a need to establish a critical mass in human or financial terms, or does adequate resources and expertise not exist in individual countries? Will the impact of carrying out the work at the European level be greater than the sum of the impacts of national projects?

B.3.3 Innovation Related Activities

Please note that "innovation" as used here is not technological innovation. The Commission in their wisdom have redefined the term to mean the following (within a STREP) –

*"Specific targeted projects should also include **innovation-related activities**, in particular with respect to the management of the knowledge produced and the protection of intellectual property."*

Note that management aspects of this are addressed under B.5.8.

B.3.3.1 Management of Knowledge Produced

Describe this activity.

This is the ongoing identification, tracking and registration of knowledge as it is produced within the project. It is particularly concerned with the decisions on ownership of IP and should be covered in the Consortium Agreement. IP, not foreseen or falling outside of the agreement will require special treatment and may even require modification to the agreement. The process should be identified and covered in B.5.8.

B.3.3.2 Protection of Intellectual Property

Describe this activity.

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

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

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

Basically this section should define how the project will protect the IP produced by it, identifying the process and responsibility. It should be cross referenced from the management section in B.5.8.

B.3.4 Dissemination

The project is not funded merely to benefit the participating organisations. Show that results will be adequately disseminated so as to support general European scientific or technological progress. Define specific plans for dissemination, with explicit commitments by participants. i.e. Papers at European conferences, web site, publication of papers etc. Note there is no requirement to divulge commercially sensitive information during dissemination, after all the program is intended to improve European competitiveness.

B.3.5 Exploitation

***DO NOT HAVE AN ACADEMIC RESPONSIBLE FOR THIS**. Emphasise the usefulness and range of applications, which might arise from the project. Explain the partners' capability to exploit the results of the project and detail how you foresee doing this in a credible way. Refer to the draft Consortium Agreement with respect to exploitation rights within the consortium. **This is particularly important.** Be specific and quantify things such as accessible market etc.*

B.4 The consortium and project resources

Describe the role of the participants and the specific skills of each of them. Show how the participants are suited and committed to the tasks assigned to them; show the complementarity between participants. Describe how the opportunity of involving SMEs has been addressed. Describe the resources, human and material, that will be deployed for the implementation of the project. Include a STREP Project Effort Form, as shown below, covering the full duration of the project. Demonstrate how the project will mobilise the critical mass of resources (personnel, equipment, finance…) necessary for success; and show that the overall financial plan for the project is adequate.

(Recommended length seven pages, including one for B.4.1 and one for B.4.2)

Description of the consortium *(1 page)*

Short description of the consortium stating who the participants are, what their roles and functions in the consortium are, and how they complement each other.

Participant	Country	Role	Function	Note

Either add in here or put under Notes column, Complementarity as appropriate.

B.4.1 Sub-contracting

If any part of the work is foreseen 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. ***Do not sub-contract R&D.*** *Remember if a company sub-contracts some work they will normally have to pay 100% of their costs (potentially with profit) and will normally only get 50% back.* ***Do not subcontract project management****. It is not permitted to subcontract any critical aspect of the project.*

B.4.2 Other countries

If one or more of the participants is based outside of the EU Member and Associated states, explain in terms of the project's objectives why this/these participants have been included, describe the level of importance of their contribution to the project.

Where a non-EU/Associated State participation is involved, demonstrate it is in conformity with the

interest of the Community, and it is of substantial added value for implementing all or part of the specific programme.

B.4.3 Description of the participants

Short description of the participating organisations including:

The expertise and experience of the organisation,
Short CVs of the key persons to be involved indicating relevant experience, expertise and involvement in other EC projects. (Each CV no more than 10 lines) Remember that you cannot contractually commit to these specific persons being assigned so you should state that these named people or their equivalent will be assigned

The short CV of the nominated Project Manager is of particular importance. You have to show that he has experience of successful international project management. Emphasise this aspect. ***Academics very rarely have the correct attributes.***

B.4.4 Quality of partnership, involvement of users and SMEs

Show that the organisations involved in the consortium are capable of doing the tasks allotted to them. Ensure there is no unnecessary redundancy and duplication in the make-up of the consortium. Ensure the consortium does not lack an obvious participant with some essential skill or resource.

Describe how involvement of SMEs has been addressed.

B.4.5 Resources to be deployed

Demonstrate how the project will mobilise the critical mass of resources (personnel, equipment, finance…) necessary for success.

B.4.6 Overall Financial Plan

Show that the overall financial plan for the project is adequate.

*In B4.7 (below) d****o not identify any activities as "demonstration" i.e. leave that section blank.***

B.4.7 STREP Project Effort Form

Full duration of project

(insert person-months for activities in which partners are involved)

Project acronym -

Short Names	Partner 1	Partner 2	Partner 3	Partner 4	Partner 5	etc.	TOTAL PARTNERS
WP name							
WP name							
WP name							
etc							
Total research/innovation							
Demonstration activities							
WP name							
WP name							
WP name							
etc							
Total demonstration							
Consortium management activities							
WP name							
WP name							
WP name							
etc							
Total management							
TOTAL ACTIVITIES							

B.5 Project management

Describe the organisation, management and decision making structures of the project. Describe the plan for the management of knowledge, of intellectual property and of other innovation-related activities arising in the project.

(Recommended length –three pages)

This section should describe how the proposed project will be managed, the decision making structures to be applied, the communication flow within the consortium and the quality assurance measures which will be implemented, and how legal and ethical obligations will be met.

Quality of the management
Make it clear how progress will be monitored and how an effective management structure will be put in place, with agreed lines of communication and responsibility. Describe how corrective actions will be initiated and how conflicts will be resolved.

B.5.1 Project Manager

Every project must have a Project Manager. He will be responsible for the Management of the Project and execution of the contract. He is appointed by the Coordinator and chairs the Management Meetings. He approves all outputs and reports, is the prime external interface and also may be the Technical Director (if one is deemed necessary).

There is some confusion as to the role of the Project Manager. This is not an administrative chore. A Project Manager will require some administrative support, but that is far from the essence of the job. The administrative functions such as status tracking, financial reporting, change control and project library maintenance are really a minor mechanical part of the overall job.

Project management activities
Specific targeted research projects will also include an overall management structure. Over and above the technical management of individual work packages, an appropriate management framework linking together all the project components and maintaining communications with the Commission will be needed.

Project management responsibilities will include:

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

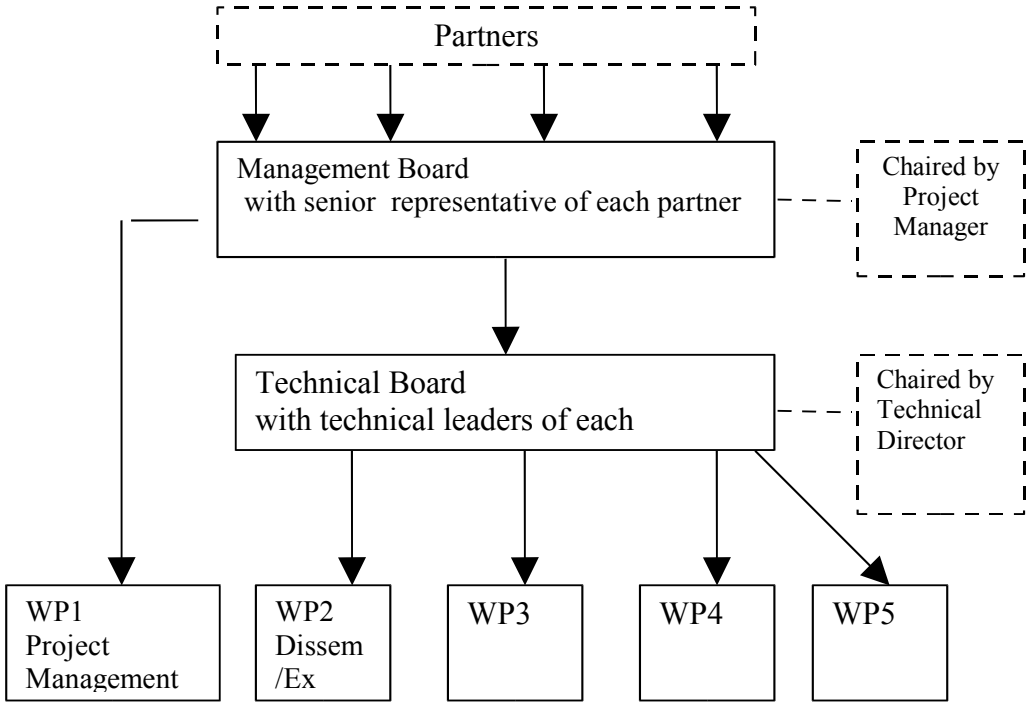
Successful Project Management of a Framework program Project requires various skills and knowledge. In my view it requires a person with the following attributes:

- *Good appreciation of the relevant business area*
- *Participation in a previous Framework project*
- *Knowledge of Framework procedures*
- *Good interpersonal and organisational skills*
- *Well organised and systematic in own work*
- *Good knowledge of ISO 9001*
- *Good knowledge of English*
- *Some knowledge of project technical area*
- *Some knowledge of financial management*

Project Management is a combination of all of the above skills. Extra strength in some areas could compensate for weakness in others. Remember this function includes legal responsibility aspects and thus keeping of good records is essential. Any telephone calls and agreements, especially with the Project Officer should be minuted and/or confirmed in writing, at least by email.

B.5.2 Management Structure

As this type of project in FP6 is essentially the same as the previous RTD projects, I would maintain the traditional structure as follows -



For smaller projects and depending on the technical abilities of the company representatives, it is sometimes possible and more effective to combine the Management and Technical Boards although they must continue to deal with both aspects.

B.5.3 Coordinator

This is the principal interface to the Commission - both during proposal and project stages and is responsible for submitting the proposal;. also conducts the contract negotiation.. During project appoints the Project Manager, submits all reports, normally handles the financial statements and payments, chairs the Project Management Board and has overall control of the project.

Note that the Coordinator normally appoints the project manager. If, under rare circumstances it is decided to split the management into Managerial and Technical parts, then a Technical Director is also appointed, although he is not necessarily from the Coordinating Organisation.

The specific obligations of the coordinator must be distinguished from the management of the consortium activities. The coordinator's specific obligations are:

- *to ensure accession to the contract by the other contractors*
- *to ensure the communication between consortium and Commission*
- *to receive and distribute the EC contribution*
- *to keep project accounts*

Only the coordinator may have these particular tasks and their associated costs. However, there are many other tasks that are considered part of the management of the consortium and these can be carried out by any contractor, in accordance with the terms of the consortium agreement. The costs are determined according to the task allocation.

A distinction between Financial Coordinator and Scientific Coordinator is no longer recognised in the contract. Any distinctions of role between the partners must be embodied in the Consortium Agreement.

Sometimes the Project Manager's role is purely managerial and a Technical Director is appointed. In these cases it is normal for the Technical Director to chair a Technical Board that would consist of the Key Technical staff - one per partner normally or Work package leaders. Such meetings are normally held adjacent to Management Board meetings. The Technical Director would also sit on the Management Board ex officio and the Project Manager on the Technical Board.

It is normal to have a structure as shown above under B.5.2 (note the Technical Board could be combined into the Management board).

I am trying here to give a flavour of the type of words and content to use. It is not exhaustive. ***Do not copy them verbatim.***

A Management Board will be created that will be responsible for the successful completion of the project and the exploitation of its result. It will be chaired by the appointed Project Manager and will consist of a senior representative of each partner.

Decisions regarding the project will be made by vote with each partner having a single vote. In cases of a tie, the project manager will have a casting vote.

The role of the Management Board will include the following -

- Management of resources in order to meet schedules and goals
- To ensure the quality management of the project
- Tracking of costs related to budget
- Resolution of conflicts
- Creation of technology implementation plan and its updating
- Ensuring compliance with legal and ethical obligations

Explain the role/responsibilities of Technical Board if constituted and state that it reports to the Management Board.

B.5.4 Project Meetings

The Management Board will meet at the start of the project and (2/3/4) times per year or on an ad hoc basis as requested. The meetings will normally be scheduled to rotate between the principal contractors home base.

Add info on Technical meetings as required.

B.5.5 Quality procedures

The project manager will circulate a draft Quality Management plan for the project prior to first Project Meeting and then present it for approval at the first Meeting.

It will contain as a minimum, procedures for:

- Document procedures, standards and control
- Issue control for documents
- Reporting procedures, frequency and format
- Communication procedures
- Corrective actions
- Exception control
- Conflict resolution
- Meeting draft agenda
- Format of meeting minutes
- Tracking system for actions
- Specific responsibilities within the project

B.5.6 Communication and Reporting.

Amplify here specific policies on this subject i.e. use of email or communication via web site management page, telephones, video conferencing, frequency etc

B.5.7 Consortium Agreement

A Consortium Agreement between the partners is now mandatory and must be signed before any participant start work on the project. The Project Manager must be responsible for this activity.

B.5.8 Management of Knowledge and Intellectual Property

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

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

See also comments under B.3.3.1 and B.3.3.2 and address here.

B.6 Detailed Implementation Plan

This section describes in detail the work planned to achieve the objectives for the full duration of the of the proposed project. **It is the most important section in the proposal.**

The recommended length, excluding the forms specified below, is up to 15 pages.

Probably half the failing proposals I see count the forms and charts as part of the 15 pages and merely give in addition a description of the work packages – that is not what is required! These 15 pages should be the detailed technical description of what you are going to do and how you are going to do it, including system diagrams and illustrations as well as alternatives considered and why you have a good chance of succeeding where others have failed.

i.e. Sections B.6.1, B.6.2 and B.6.3 as described below should be 15 pages or so. I cannot make it clearer.

An introduction should explain the structure of this work plan and how the plan will lead the participants to achieve the objectives. The work plan should be broken down according to types of activities: Research, technological development and innovation related activities, demonstration activities and project management activities.

I strongly suggest you do not identify any "demonstration activities". Do not use the word "demonstration" anywhere. Anything you consider may fall under this heading refer to as "trial", "validation" or "system test" or something similar. This simplifies the proposal and more importantly avoids, or at least may mitigate against, being reduced to 35% funding.

It should identify significant risks, and contingency plans for these. The plan must for each type of activity be broken down into work packages (WPs) which should follow the logical phases of the project, and include management of the project and assessment of progress and results.

Essential elements of the plan are:

- *a) Detailed Implementation plan introduction – explaining the structure of this plan and the overall methodology used to achieve the objectives.*
- *b) Work planning, showing the timing of the different WPs and their components (Gantt chart or similar). Ensure that the work plan is appropriate, clear, consistent, and efficient without serious omissions. Ensure a clear working schedule is laid out, with clearly identified review points.*
- *c) Graphical presentation of the components showing their interdependencies (Pert diagram or similar)*
- *d) Detailed work description broken down into work packages:*
  - *Work package list (use Work package list form below);*
  - *Deliverables list (use Deliverables list form below);*
  - *Description of <u>each</u> work package (use Work package description form below, one per work package):*

Note: The number of work packages used must be appropriate to the complexity of the work and the overall value of the proposed project. Each work package should be a major sub-division of the proposed project and should also have a verifiable end-point (normally a deliverable or an important milestone in the overall project). The planning should be sufficiently detailed to justify the proposed effort and allow progress monitoring by the Commission – the day-to-day management of the project by the consortium may require a more detailed plan.

Ensure the manpower effort for each partner and work package is credible, without seriously under/over estimating. Ensure the other resources required are also credible. Make sure there are no resources required which appear not to be foreseen.

It is normal to assign WP1 to Project Management. This would include all general activities such as Board Meetings etc. It is normal for the Coordinator to have the majority of this with small amounts for each of the partners to cover their participation in the general meetings.

A useful metric is that Project Management is usually expected to average around 10% of the project effort. Any significant deviation should be justified.

Allow the evaluators to make an overall assessment of the quality of the research proposed to be carried out, from a scientific and technical point of view.

Don't forget to have a Work package or Task related to disseminating and exploiting the results (make it WP2).

B.6.1 Introduction

Explain the structure of the work plan and the overall methodology used to achieve the objectives

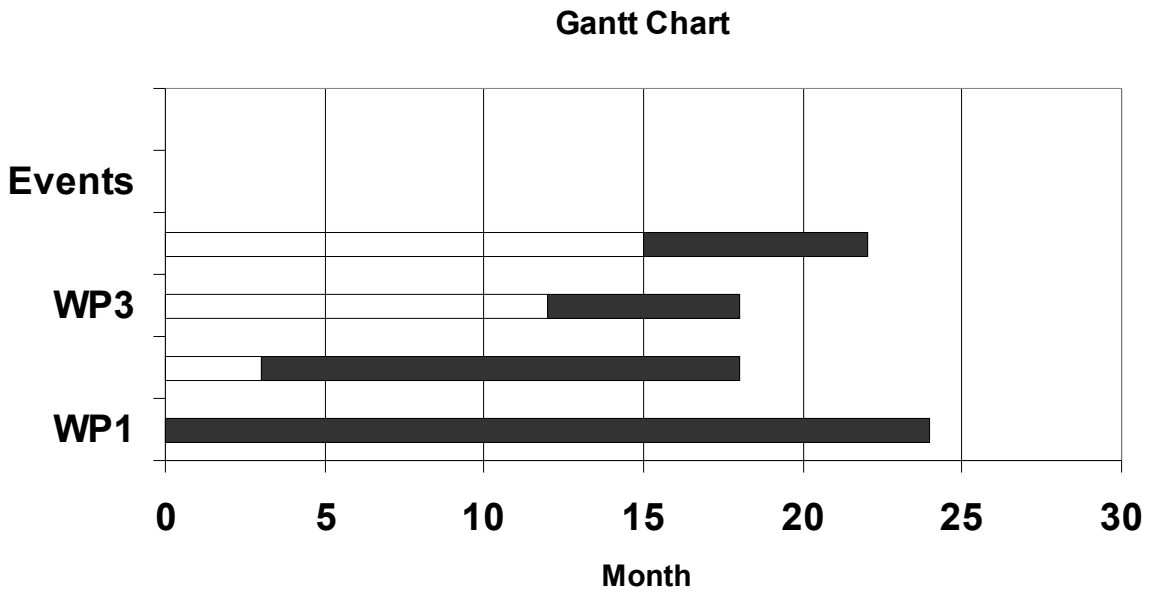
B.6.2 Research and Technological Aspects and Options

Explain the adequacy of the chosen approach, methodology and work plan for achieving the objective(s). As appropriate, you may describe overall systems design. Schematics can help to illustrate this section.

B.6.3 Risks in the Project and Steps to Minimise

Be frank about potential risks. They may be technical, organisational, business related etc. For each risk say how you will monitor it, minimise it or even what the contingency or backup plan is.

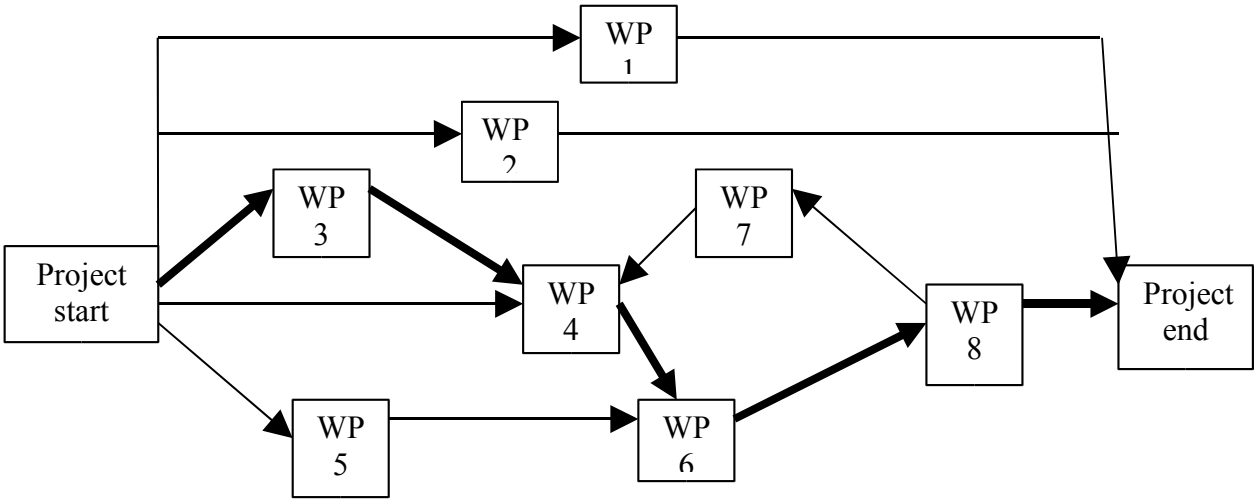
B.6.4 Project planning and time table; (Gantt chart)



It is normal to identify key events on the Gantt chart such as Board Meetings (Bx) and /or other specific events (Evx, MTR = Mid term Report, etc)

B.6.5 Graphical presentation of the project's components; (PERT diagram)

Broken down into work packages and showing constraints and events with the critical path identified:



It is usually a good idea to identify major milestones on this PERT diagram as appropriate.

In this example PERT WP 1 is Project Management and WP2 is Dissemination and Exploitation. Please note that I have indicated some iteration around WP4, 6, 8 and 7. As there is a research component in STREPs it would seem natural to have some allowance for iteration in the process – beware of having the

project look like a product development – the research aspect must be emphasised.

It would also seem correct to show a gradual ramp up and phase down – as inevitably this is what happens in real life. Even in the rare cases where this may not be the intent – show it in the traditional manner and then modify it in contract negotiations.

B.6.4 Work package list (full duration of project)

Work-package No	Work package title	Lead contractor No	Person-months	Start month	End month	Deliverable No
	TOTAL					

B.6.5 Deliverables list (full duration of project)

Deliverable No	Deliverable title	Delivery date	Nature	Dissemination level

B.6.6 Work package description (full duration of project)

One page description of <u>each</u> work package (use form below):

Note: The number of work packages used must be appropriate to the complexity of the work and the overall value of the proposed project. Each work package should be a major sub-division of the proposed project and should also have a verifiable end-point (normally a deliverable or an important milestone in the overall work plan).

In medium to large projects it is also good practice to further divide each Work package into Tasks. Each with a leader and each ending in deliverable.

Do not plan long running activities (i.e. more than a year) without an interim deliverable.

Numbering scheme:
In the past it was normal to adopt the following type of scheme (note this is an illustration only) -

WP
Task Deliverables

WP1
T1.1 D1.1.1, D1.1.2
T1.2 D1.2.1
WP2
T2.1 D2.1.1
T2.2 D2.2.1, D2.2.2
T2.3 D2.3.1
WP3
T3.1 D3.1.1, D3.1.2, D3.1.3
WP4
T4.1 D4.1.1
T4.2 D4.2.1, D4.2.2
T4.3 D4.3.1
T4.4 D4.4.1, D4.4.2, D4.4.3, D4.4.4

This type of numbering allows deliverables to be related to Work packages and Tasks and thus permits simpler tracking.

Also note that I suggest adding the work package name at the top of each form – this will make it easier for the evaluators.

Project Management

Work package number	WP1	**Start date or starting event:**
Participant id		
Person-months per participant:		

Objectives

Description of work

Deliverables

Milestones and expected result

Dissemination and Exploitation

Work package number	WP2	**Start date or starting event:**
Participant id		
Person-months per participant:		

Objectives

Description of work

Deliverables

Milestones and expected result

Work package number	WP3	**Start date or starting event:**
Participant id		
Person-months per participant:		

Objectives

Description of work

Deliverables

Milestones and expected result

Work package number	WP4	**Start date or starting event:**
Participant id		
Person-months per participant:		

Objectives

Description of work

Deliverables

Milestones and expected result

B.7 Other issues

If there are ethical or gender issues associated with the subject of the proposal, show they have been adequately taken into account - indicate which national and international regulations are applicable and explain how they will be respected. Explore potential ethical aspects of the implementation of project results. Include the Ethical issues form given below. See Annexes 3 and four of Proposers Guide for more information on Ethical Rules and Gender Dimension.

Are there other EC-policy related issues, and are they taken into account? Show a readiness to engage with actors beyond the research to help spread awareness and knowledge and to explore the wider societal implications of the proposed work; if relevant set out synergies with education at all levels.

(No recommended length – depends on the number of such other issues which the project involves).

B.7.1 Ethical Considerations

Normally there is only one of significant impact here and that is data protection acts, both at European and at National level. You should state that the project will comply and it is the responsibility of say the project manager to ensure compliance and mention this in his responsibilities under B5.

A. Proposers are requested to fill in the following table

Does your proposed research raise sensitive ethical questions related to:	**YES**	**NO**
Human beings		
Human biological samples		
Personal data (whether identified by name or not)		
Genetic information		
Animals		

B. Proposers are requested to confirm that the proposed research does not involve:

- Research activity aimed at human cloning for reproductive purposes,
- Research activity intended to modify the genetic heritage of human beings which could make such changes heritable
- Research activity 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;
- Research involving the use of human embryos or embryonic stem cells with the exception of banked or isolated human embryonic stem cells in culture

	YES	NO
Confirmation : the proposed research involves none of the issues listed in section B		

Further information on ethics requirements and rules are given at the science and ethics website at http://europa.eu.int/comm/research/science-society/ethics/ethics_en.html.

B.7.2 Gender Issues

Start by mentioning how many women you expect to be assigned to the project, assuming there will be some. I would also assign responsibility of this aspect to the project manager and mention it in B5 under his responsibilities. I believe some words along the following lines would be appropriate –

"We understand that promoting women does not mean treating them in the same way as men. Men's characteristics, situations and needs are often taken as the norm, and – to have the same opportunities - women are expected to behave like them. Ensuring gender equality means giving equal consideration to the life patterns, needs and interests of both women and men. Gender mainstreaming thus includes also changing the working culture. In information technologies, gender disparities exist at user level and in the labour market. By assuming that information technology is neutral, biases can enter into technological research and development that can have a negative impact on gender equality."

B.7.3 Safety Issues

Address any conceivable safety issue here, either during project execution or exploitation of the results.

B.7.4 Conservation Regulations

Address any conceivable conservation issue here either during project execution or exploitation of the results including in particular environmental, especially of by products or manufacturing processes.

B.7.5 Other Policy related Issues

You should also state you will comply with all relevant Community regulations and specifically address any conceivable impact on Safety or Conservation concerns.

Appendix 9 Example of STREP Spread Sheet

Download this example from http://www.efpconsulting.com/documents/STREP-Spread.xls

Project	WP1	WP2	WP3	WP4	WP5	WP6	WP7	WP8	WP9	WP10	Totals
Management											
Man months	19										19
Labour cost	95000										95000
Travel	15000										15000
Equipment	0										0
Materials	1000										1000
Other	0										0
Total	16000										16000
Overhead	32050										32050
Subtotal	143050										143050
Audit cert	8000										8000
Sub-contract	10000										10000
Subtotal	18000										18000
Total Management	161050										161050
RTD											
Man months	18	45	35	70	30	50	26	20	47	115	456
Labour cost	90000	225000	175000	350000	150000	250000	130000	100000	235000	575000	
2280000											
Travel	0	25000	0	7500	0	26000	2000	5000	6000	5000	76500
Equipment	0	15000	105000	25000	0	0	0	15000	0	0	160000
Materials	0	0	25000	23000	0	1000	0	1000	0	0	50000
Other	0	0	0	0	0	0	0	0	0	0	0
Total	0	40000	130000	55500	0	27000	2000	21000	6000	5000	286500
Overhead	29000	123250	61000	210800	97500	126650	55200	78650	95450	256750	
1134250											
Subtotal	119000	388250	366000	616300	247500	403650	187200	199650	336450	836750	
3700750											
Sub-contract	50000	0	0	25000	0	10000	5000	0	0	0	90000
Total RTD	169000	388250	366000	641300	247500	413650	192200	199650	336450	836750	
3790750											
Budget Total	330050	388250	366000	641300	247500	413650	192200	199650	336450	836750	
3951800											
Funding	280550	212125	213000	335650	123750	236825	114100	99825	192225	493375	
2301425											
7% management											
161099.7											

Detail for Partner 1 - also similar for each other partner

Project Management	WP1	WP2	WP3	WP4	WP5	WP6	WP7	WP8	WP9	WP10	Totals
Man months	19										19
Labour cost	95000										95000
Travel	15000										15000
Equipment	0										0
Materials	1000										1000
Other	0										0
Total	16000										16000
Overhead	32050										32050
Subtotal	143050										143050
Audit cert	8000										8000
Sub-contract	10000										10000
Subtotal	18000										18000
Total Management	161050										161050
RTD											
Man months	18	45	35	70	30	50	26	20	47	115	456
Labour cost	90000	225000	175000	350000	150000	250000	130000	100000	235000	575000	2280000
Travel	0	25000	0	7500	0	26000	2000	5000	6000	5000	76500
Equipment	0	15000	105000	25000	0	0	0	15000	0	0	160000
Materials	0	0	25000	23000	0	1000	0	1000	0	0	50000
Other	0	0	0	0	0	0	0	0	0	0	0
Total	0	40000	130000	55500	0	27000	2000	21000	6000	5000	286500
Overhead	29000	123250	61000	210800	97500	126650	55200	78650	95450	256750	1134250
Subtotal	119000	388250	366000	616300	247500	403650	187200	199650	336450	836750	3700750
Sub-contract	50000	0	0	25000	0	10000	5000	0	0	0	90000
Total RTD	169000	388250	366000	641300	247500	413650	192200	199650	336450	836750	3790750
Budget Total	330050	388250	366000	641300	247500	413650	192200	199650	336450	836750	3951800
Funding	280550	212125	213000	335650	123750	236825	114100	99825	192225	493375	2301425
7% management											161099.7

Appendix 10 IST Committee and the National Delegates

There is considerable confusion about the IST Committee, its function, composition and powers. The National Delegates are frequently confused with the National Contact Points (NCPs). For some reason, although there is information freely available about the IST Advisory Group (ISTAG) and the NCPs, there is virtually none on the ISTC and the delegates.

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