EUROPEAN COMMISSION
Community Research

SEVENTH FRAMEWORK PROGRAMME

NEGOTIATION GUIDANCE NOTES for COFUND

FP7 Marie Curie Actions – People
Co-funding of Regional, National and International Programmes (COFUND)

MARIE CURIE ACTIONS

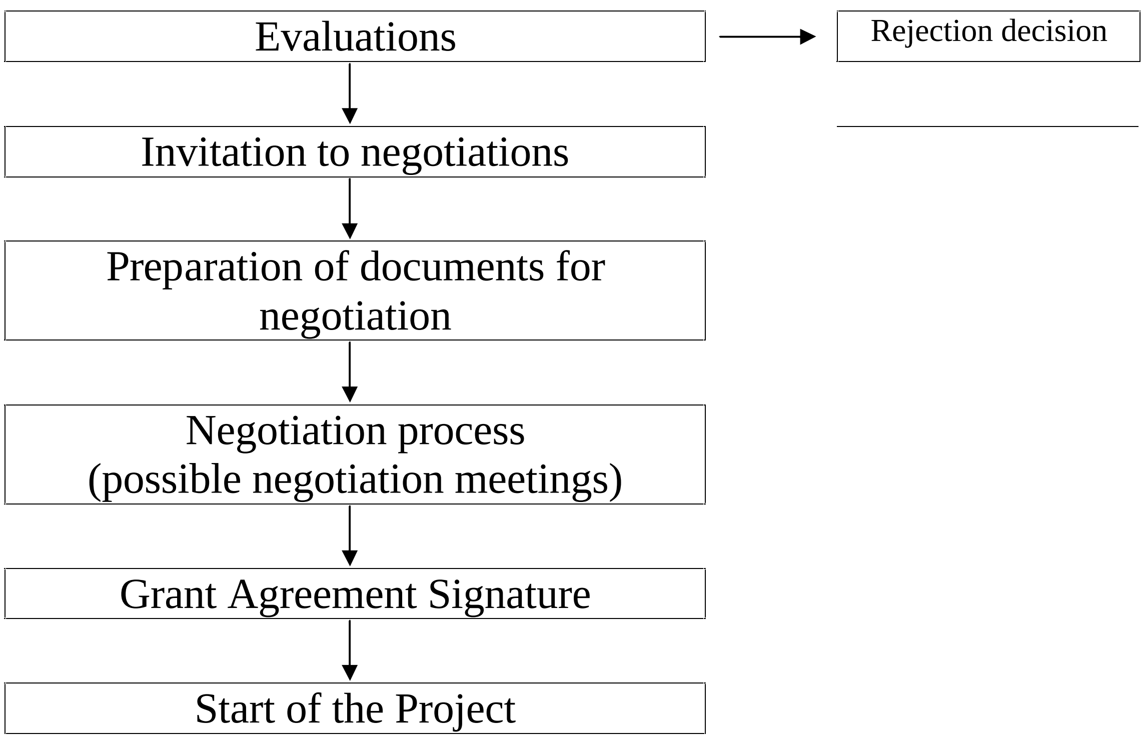
Version 22/07/2010

Disclaimer
These guidance notes are aimed at assisting participants who are invited for project negotiation following the evaluation of their proposal. It outlines the information and procedures in the negotiation process. It is provided for information purposes only and its contents are not intended to replace consultation of any applicable legal sources or the necessary advice of a legal expert, where appropriate. Neither the Commission nor the Research Executive Agency (REA) nor any person acting on its behalf can be held responsible for the use made of these guidance notes.

1. INTRODUCTION

These guidance notes are provided for applicants who have been invited for project negotiation following the evaluation of proposals for Marie Curie Actions, COFUND under the 7th RTD Framework Programme of the European Community[1].

The document outlines the information and procedures in the negotiation process. The specific documents will be mentioned in the relevant paragraph, but a useful website with main reference documents is http://cordis.europa.eu/fp7/find-doc_en.html .



[1] Decision No 1982/2006/EC of the European Parliament and of the Council of 18 December 2006 concerning the Seventh Framework Programme of the European Community for research, technological development and demonstration activities (2007-2013), OJ L412 of 30.12.2006, p.1, *and* Council Decision 2006/973/EC of 19 December 2006 concerning the specific programme People implementing the Seventh Framework Programme of the European Community for research, technological development and demonstration activities (2007 to 2013), OJ L400 of 31.12.2006, p.272.

2. PREPARATION OF NEGOTIATIONS

3. INVITATION TO NEGOTIATIONS

Following the positive evaluation of a proposal and the Commission/Research Executive Agency's (REA) definition of a maximum EU financial contribution for the project, the beneficiary is invited by letter to begin negotiations with the REA with a view to preparing a grant agreement.

The letter of invitation to negotiations provides details on the results of the evaluation and any aspects to be reviewed during negotiation and a copy of the Negotiation Mandate (the layout of the Negotiation Mandate can be found in Appendix 1).

The Negotiation Mandate may indicate requests for clarification and changes to the proposed technical content that need to be addressed during the negotiations. It also mentions the maximum EU contribution available for the project and its suggested duration.

The name and contact details of the REA Project Officer and Administrative Officer will also be indicated in the Negotiation Mandate. The Project Officer may request one or more negotiation meetings to be held (normally in Brussels). If any meetings are scheduled, then the Negotiation Mandate indicates their time schedule and location.

Verification by the REA of legal status and existence of beneficiaries is one of the prerequisites for signing a grant agreement. For this purpose, the REA Validation Services has been created as part of the Unique Registration Facility and contacts with potential beneficiaries will be made by the services in order to establish their legal existence and status.

The letter of invitation and/or the Negotiation Mandate will indicate:

- The deadline by which the beneficiary must provide the first drafts of Annex I (description of work) of the Grant Agreement (GA) and the Grant Agreement Preparation Forms (GPFs) including all supporting documents.
- The deadline by which negotiations must be completed.

The letter of invitation also points to web addresses for:

- The Model Grant Agreement and its annexes and any special conditions that could apply (http://cordis.europa.eu/fp7/calls-grant-agreement_en.html #people_ga)
- Research Participants Portal, http://ec.europa.eu/research/participants/portal/appmanager/participants/portal
- The Marie Curie COFUND project management site http://cordis.europa.eu/fp7/mariecurieactions/cofund-manage_en.html
- The Guide to Financial Issues relating to FP7 indirect actions (ftp://ftp.cordis.europa.eu/pub/fp7/docs/financialguide_en.pdf)
- The Rules to ensure consistent verification of the existence and legal status of participants, as well as their operational and financial capacities, in FP7 indirect actions (ftp://ftp.cordis.europa.eu/pub/fp7/docs/rules-verif_en.pdf)
- The Guide to Intellectual Property Rules for FP7 projects (ftp://ftp.cordis.europa.eu/pub/fp7/docs/ipr_en.pdf)

The Model Grant Agreement

Before beginning negotiation, beneficiaries are invited to read carefully the Model Grant Agreement and its Annexes (http://cordis.europa.eu/fp7/calls-grant-agreement_en.html#people_ga), which establish the legal framework for the project's funding and administration.

The Beneficiary

Once the grant agreement enters into force the beneficiary will act as the interface between the REA services and the host organisations. The beneficiary submits all documents to the REA. The beneficiary will also be responsible for submitting the project's financial statements, will receive all payments from the REA and will distribute them, as applicable, to the other host organisations and to the fellows.

The Project Officer (PO)

The PO (identified in the letter of invitation) leads and represents the REA in the negotiations with the beneficiary. He/she carries out the negotiations with the beneficiary, being responsible for all contacts between the REA and the beneficiary. Thus the PO will be the sole recipient of all correspondence related to the negotiations.

Preparation of documents for negotiations

At the beginning of negotiations, beneficiaries are invited to submit a draft Annex I (description of work) to the Grant Agreement (GA). This is largely an updated version of part B of the proposal, taking account of the comments made by the REA in the Negotiation Mandate. Likewise the Grant Agreement Preparation Forms (GPFs) need to be provided.

Grant Agreement Preparation Forms (GPFs)

The GPFs are standard forms that collect the information that the REA needs in order to prepare the grant agreement and gather programme-wide statistical information. These forms are compatible with the forms used in the proposal submission, so that much of the proposal information is directly transferred into the GPFs that are made available via the on-line tool NEF.

While the submission of interim versions of the GPFs during the negotiation is done completely electronically via NEF, the beneficiary must sign the final version of the GPFs, on a paper version printed from NEF.

Annex I to the GA

Annex I to the GA is the reference document for the work and the effort to be executed under the project. It forms part of the Grant Agreement, and must facilitate the implementation and meaningful monitoring of the project for both the beneficiary and the REA. The concrete goals and expected results must be clearly described (in a measurable way).

The first drafts of Annex I to the GA (by e-mail) and of the GPFs (via NEF) are submitted to the REA PO within the deadline indicated in the letter of invitation to negotiations. Upon receipt, the REA PO will indicate changes or improvements which are required to which the beneficiary responds in an iterative process until agreement is reached. The entire process should be concluded before the deadline for completion of negotiations.

If not already registered in the Unique Registration Facility, the beneficiaries have to provide supporting documents to enable the REA validation services to verify their legal existence and status.

In addition, beneficiaries requesting more than € 500,000 EU contribution have to provide financial documents for financial viability checking (except public bodies and entities whose participation is guaranteed by a Member State or Associated Country).

The Guide to Financial Issues relating to indirect FP7 actions

Before beginning negotiation, beneficiaries are also invited to read carefully the Guide for Financial Issues relating to indirect FP7 actions, whose purpose is to help them to understand the financial provisions of the grant agreement that they will have to sign (ftp://ftp.cordis.europa.eu/pub/fp7/docs/financialguide_en.pdf).

Validation of existence and legal status of participating legal entities

Before signing grant agreements in FP7, participants have to be validated by the REA for their existence as legal entities and their legal status. The principle in FP7 is that this validation will only be done once for each entity. Once an entity carries the label "FP7 validated" it can participate in subsequent grants without repeated validation.

To implement this principle, a facility called PDM-URF (Participant Data Management – Unique Registration Facility) is available.

The signed and stamped financial identification form (form A4 of the GPFs) should also be sent to the REA PO for validation before the end of the negotiations.

Support during Negotiations

Assistance with legal and financial issues

The letter of invitation to negotiations may specify the name and contact details of the REA official in charge of the negotiations. This person will be able to assist with specific questions on the technical, legal and financial issues. If beneficiaries have general questions relating to the FP7 Model Grant Agreement, or to general legal and financial issues, they are advised to submit these by following the link http://ec.europa.eu/research/enquiries/ and selecting the option *'Legal/Financial aspects of the Framework Programme'*.

A technical guide for using NEF is provided to beneficiaries at the start of negotiation.

Intellectual property (IPR) issues and IPR helpdesk

Beneficiaries will find an overview of the FP7 intellectual property (IPR) provisions in the Guide to Intellectual Property Rules for FP7 projects. That document is intended to act as a guide to the various issues and pitfalls that participants may encounter.

The IPR-Helpdesk is available to assist potential and current beneficiaries taking part in EU funded projects on intellectual property rights (IPR) issues. It operates a free helpline offering a first line assistance on IPR related issues. The helpline is run in English, French, Italian, German, Spanish and Polish. It can be contacted at: http://www.iprhelpdesk.org/
Telephone +34 96 590 97 18
Telefax +34 96 590 97 15
E-mail ipr-helpdesk@ua.es

Gender Issues

The detailed information on the gender mainstreaming in research and FP7 projects is provided on the Commission's webpage:
http://ec.europa.eu/research/science-society/index.cfm?fuseaction=public.topic&id=37

4. The Negotiation Process

The overall purpose of negotiations is to finalise the details of the work to be carried out under the grant agreement within the associated budget, as well as to verify the legal and financial information needed to establish the grant agreement.

The project negotiation process comprises two main aspects:

(i) Technical (scientific) negotiations

(ii) Financial and legal negotiations.

Depending on the size and nature of the project, meetings between the beneficiary and the REA may be required. This will be decided by the REA PO in charge of the project negotiation and will be communicated to the beneficiary in the letter of invitation to negotiations.

The REA may be assisted by external experts. This may be one or more of the experts who assisted in the evaluation of the proposal.

Please note that the REA does not fund costs related to the effort ofthe beneficiary in preparing the proposal or conducting the negotiations. The cost of travel and subsistence of the beneficiary for negotiation meetings is not reimbursed.

Technical negotiations

The aim of the technical negotiations is to agree on the final content of Annex I (description of work) to the GA.

Based upon the Evaluation Summary Report, the Negotiation Mandate and any further discussion with the REA PO, the beneficiary should make a first draft of the Annex I. The final version of this document will form an integral part of the Grant Agreement.

During this part of the negotiation process:

- The proposal may need to be adapted to meet the recommendations of the evaluation, as described in the Negotiation Mandate, including the outcome of the Ethics Review.
- The work plan to be carried out under the project will need to be defined in sufficient detail.
- Agreement will need to be reached on the overall number of researchers, timing and implementation modalities (see box below for examples).
- Agreement will have to be reached on how the assessment of research proposals that raise ethical issues will be dealt with. The beneficiary will be asked to undertake the task of assessing whether any proposal to be co-funded complies with FP7 ethical requirements and notify the REA in due time in order that appropriate follow-up can be carried out by the REA services (e.g. Ethics Review, including specific procedures to be followed when research using hESCs is planned see also Appendix 2.) This assessment could be done in different ways, such as by involving one or more ethicists in the management board, by creating a separate management board for the ethical issues, by adding a work package to analyse in depth the important ethical issues involved or by working on an ethical impact assessment of the project.

- Agreement will need to be reached on work packages, deliverables, milestones and their assessment criteria. Milestones are key points in the life of the COFUND project that determine the success of the programme itself, e.g. publication of a call, selection of fellows, evaluation of the fellowship programme.
- An indicative time schedule needs to be established for the project reviews (if not predefined in the special conditions of the grant agreement) – which ideally should be synchronised with the reporting periods.
- **Projects that consist of several partners contributing to the budget must conclude a partnership agreement before the signature of the GA.**

Implementation modalities include:

- Publication of the call in local, regional, national and European journals and on Euraxess
- Dedicated website;
- Production of a leaflet presenting the COFUND scheme to be distributed at conferences, meetings;
- Production of any other dissemination means, e.g. video, poster, DVD.

5. Revision of Annex I (Description of Work)

Annex I should give a clear, detailed and coherent description of the programme and the planned work. Certain information, which was in the proposal (mainly to convince evaluators that the beneficiary has the necessary experience to run a fellowship programme), can be deleted. Instead, Annex I should focus on the description of the tasks to be carried out during the project.

Please re-phrase sentences like "it is proposed to…" into "will be done, will become…;" etc.
Annex I will become part of your Grant Agreement (GA), and changes in Annex I after the signature of the GA will require an amendment. Therefore please avoid mentioning names (e.g. of experts in your evaluation or selection committee) that might change frequently. When mentioning staff involved in the project, try to use their job titles instead of names.

When filling in the Deliverables list, do not mention dates (e.g. 01.12.2010) but the month, when the respective deliverable is due after the start of the project (e.g. Month 3, Month 7)

Issues mentioned in the negotiation mandate must be taken into account when drafting Annex I; experts' comments in the evaluation summary report (ESR) should be considered, where appropriate.

Ethical issues

Ethics in FP7 is founded on the following legal base:

Decision No 1982/2006/EC, Article 6(1)
All the research activities carried out under the Seventh Framework Programme must be carried out in compliance with fundamental ethical principles."

Rules for Participation, Article 14(2):
"A proposal […] which contravenes ethical principles […] shall not be selected. Such a proposal may be excluded from the evaluation and selection procedure at any time."

For COFUND, the responsibility for compliance with these ethical rules is delegated to the institution/organisation running a fellowship programme. Beneficiaries have the responsibility to apply all necessary checks to avoid funding any research proposal which is against ethical rules (FP7 **and** relevant national legislation).

During the negotiation process, the PO will make sure that Annex I contains a clear description of the beneficiary's procedures to check ethical issues during the evaluation/selection process **and** during the implementation of selected fellows' research.

If a COFUND project intends to fund a proposal using Human Embryonic Stem Cells (hESC), the beneficiary must immediately contact the REA PO.

- **The beneficiary must provide a document explaining why hESC are needed, their origin and quantity to be used.**

- **The REA will forward such requests to the People Programme Committee for approval.**
- **Without the prior agreement of the Programme Committee, the fellowship can not be awarded.**

Further details on FP7 ethical rules, (issues that must be addressed and issues excluded from funding) are provided in Appendix 2 of this guide.

Work packages, deliverables and milestones

Annex I should contain the following Work packages: Dissemination, Evaluation and Selection, Ethical issues, Management.

The following Deliverables are compulsory: Report on evaluation and selection, mid-term reports (M 12 and 36), Periodic reports (M 24 and 48), final report (M48), Report on ethical issues (yearly).

6. Financial and legal negotiations

2.1. Financial negotiations

Financial negotiations focus mainly on reaching agreement on the indicative budget breakdown for the different reporting periods and on the full fellowship costs for eligible researchers (see Tables 1, 2 and 3 of Appendix 4).

According to the Financial Regulation[2] (FR), the REA needs to ensure that the EU contribution does not have the purpose or effect of producing a profit for the beneficiary. Therefore the REA will request detailed information on the beneficiary's method for estimating the full fellowship costs for each type of mobility. Background material such as statistics, cost studies, keys to calculate overheads and management costs will provide the evidence that the estimated costs are based on realistic grounds.

Once agreement on the full fellowship costs is reached, this amount will be used to calculate the scale of unit costs for each category of proposed fellowships, which will be used as the basis for the EU contribution. The amounts of the cost table should represent average costs over the life-time of the programme and should therefore include provision for planned adjustments for fellowships e.g. for salary increases due to inflation.

It is essential that the estimated full fellowship costs for each type of mobility are as close to real costs as possible. The amount which is agreed upon during the financial negotiations will be part of Annex I of the Grant Agreement and the beneficiary will have the contractual obligation to report to the REA on the basis of this amount.

During this part of the negotiation process:

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[2] 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* Commission Regulation (EC, Euratom) No 2342/2002 of 23 December 2002 laying down detailed rules for the implementation of the Financial Regulation. The latest versions of the documents are available under http://europa.eu/legislation_summaries/budget/l34015_en.htm

- The scale of unit costs will be determined for each type of mobility, based on evidence on how each cost category including management and overheads (average costs) has been estimated
- The maximum EU contribution will be fixed, based on the number of researcher-years valued at the scale of unit costs per fellowship category
- The amount of pre-financing is established.
- The start date and the duration of the project are agreed upon.
- The REA will verify the management capacity of the beneficiary
- Any third-party issues will be clarified.
- The need for the inclusion in the GA of any special clauses will be established.
- The timing of the financial and technical reporting periods will be established.
- For existing programmes, detailed information on additional cost categories estimated will be requested in order to avoid double financing (e.g. costs of management and overheads).

Additional financial information/documentation may be required if deemed necessary by the REA.

Beneficiaries also have the opportunity during negotiations to consider any gender aspects that might be relevant to the project. Projects should ensure an open and impartial selection procedure, as well as fair working conditions, to researchers recruited on projects funded under FP7. The Commission Recommendation of 11 March 2005 on the European Charter for Researchers and a Code of Conduct for the Recruitment of Researchers should be applied as a reference framework for recruitment (http://ec.europa.eu/eracareers/index_en.cfm).

The negotiation of the fixed amount

The maximum budget available for your project is mentioned in the negotiation mandate. During the negotiation process, this amount can be reduced due to changes in the calculation of the fellowship costs. However, **this amount can never be increased**.

The figures provided in your proposal will be verified and the PO will request supporting documents for each of the cost categories.

Supporting documents are e.g.

- copies of pay scales/ fellowship rates usually paid by a programme
- legal documents identifying social security costs
- documents explaining the calculation of average costs
- …

To simplify the process, the PO will first ask the beneficiary to provide explanations regarding the cost calculation in a separate document. Once an agreement has been reached, the explanations will be included in Annex I; they will in addition be part of the "Declaration by the applicant at the end of the negotiation phase" (see also below).

The calculation of average costs

LIVING ALLOWANCE:

For each mobility scheme, the programme should specify the expected amounts paid to the fellows, taking into account different levels of experience, where applicable. If there are very big differences in the salaries, the programme should indicate separate fellowship schemes.

Example 1: L

A fellowship programme, which intends to fund 35 researchers per year, calculates an average living allowance of € 78.550. The average is explained as follows:

researcher	
level 1	56.000
level 2	101.100
Total	157.100
average	78.550

The PO asks for explanations and supporting documents and it turns out that the programme intends to fund two different categories of researchers, experienced researcher and senior researchers, and that the host institution applies three different salary levels within each category, depending on the years of professional experience.

Asked about the expected number of fellows in each category, the programme intends to employ 25 experienced and 10 senior researchers.

Even if formally the salary is an average between the lowest and the highest salary, this can not be accepted because

a) the difference between the two amounts is too big and

b) the number of researchers to be funded is much lower for senior researchers.

Therefore, the averages should be calculated as in example 2 below.

Example 2: J

experienced researcher (4-10 years)	
level 1	56.000
level 2	56.900
level 3	57.400
Total	170.300
average	56.767

senior researcher (> 10 years)	
level 1	84.500
level 2	90.800
level 3	101.100
Total	276.400
average	92.133

Explanation (example):

"According to the pay scales of our institution, experienced researchers and senior researchers are hired in different categories divided in three different levels, depending on the years of experience. For COFUND, we calculated an average amount of the three steps within each category. The average salary for an experienced researcher is 56.767 € per year; the average salary for a senior researcher is 92.133 € per year (both including full social security costs according to national legislation)."

TRAVEL/MOBILITY ALLOWANCE:

The travel allowance covers the fellow's travel expenses from the place of origin to the host organisation; this amount is usually paid once a year.

The mobility allowance covers the expenses linked to the relocation of the researcher (and his/her family) in the host country. This amount is usually paid monthly. Researchers might also receive a

single payment at the beginning of their fellowship to cover their relocation costs. In this case the amount has to be calculated as a pro-rata yearly amount over the whole duration of the fellowship.

A monthly family allowance is usually paid to researchers with children and/or legal partner.

During negotiations the different amounts included in this category should be specified and it should be explained how each amount was calculated.

Example 1: J
Travel/mobility allowance: € 9.570 /year

Explanation (example):
"Travel allowance: € 1.000 per year. This amount is based on current Marie Curie rates, assuming that most of our fellows will come from a distance of 1.500 -2.500 km."

"Mobility allowance: € 8.570 /year
Based on the MC rates: € 500 /month for fellows without family, € 800 /month for fellows with family. Experience from past years shows that the majority of the researchers will have family. We calculated using a ratio of 10 unmarried/ 25 married fellows, which leads to an average amount of € 8.570 per year."

Example 2: J
Travel/mobility allowance: € 3.000 per year

Explanation (example):
"Travel allowance: € 1.000 per year. This amount is based on current Marie Curie rates, assuming that most of our fellows will come from a distance of 1.500 -2.500 km."

"Mobility allowance: At the beginning of the fellowship the researcher receives a single payment of € 6.000 to cover the relocation costs. As the duration of our fellowships is 36-months this corresponds to a yearly cost of € 2.000."

RESEARCH COST CONTRIBUTION:

This amount is provided for the benefit of the fellow. It usually includes a monthly rate for consumables and other material needed to carry out the project; it also includes money to participate in training activities, conferences etc. that help the fellow to develop his/her skills.

Research costs **must not**

- include any other personnel costs, e.g. for PhD students or technical staff assisting the researcher
- be used to buy equipment for the host organisation.

Example: J
Research cost contribution: € 6.514 /year

Explanation (example):
"Our programme pays € 7.200 per year (€ 600 per month) for lab based research and € 4.800 /year (€ 400 per month) for non lab based research. For COFUND we calculated an average amount assuming that the majority of researchers (25) will carry out lab-based research and 10 researchers non lab-based research."

Research costs			
	amount/year	researchers	Total
lab based	7.200	25	180.000
non lab based	4.800	10	48.000
Total		35	228.000
average			**6.514**

MANAGEMENT COSTS:

Management costs can be claimed up to 7% of the direct total fellowship costs. They include usually: costs for personnel managing the programme, advertising costs of the programme (Website, flyers, etc.), evaluation costs (expert fees, experts' travel costs). The total expected management costs have to be divided by the total number of fellow-years to be funded by the programme. If the result is below the 7% limit, this "actual" amount has to be claimed; if it is higher, the maximum of 7% of the total fellowship costs can be claimed.

Example:

Management costs			
	Explanation	**Per year**	**Total duration**
Personnel	1 assistant half-time	25.000	100.000
Web page	design and maintenance	3.000	12.000
Experts fees	expected proposals: 150; expected experts: 60; 5 days at € 300; in total 3 Calls	90.000	270.000
Total costs			**382.000**

HOW TO CALCULATE THE TOTAL NUMBER OF FELLOW-YEARS?

The programme intends to fund 25 experienced researchers for 24 months and 10 senior researchers for 18 months. The fellow-years can be calculated in two different ways:

Possibility A	Number of fellows	Duration in months	Fellow-years
Experienced	25	24	= (25*24)/12 = **50**
Senior	10	18	=(10*18)/12 = **15**

Possibility B	Number of fellows	Duration in years	Fellow-years
Experienced	25	2	= 25*2=**50**
Senior	10	1.5	=10*1,5=**15**

The total number of fellow-years of the programme is 50+15 = **65**.

For the calculation of the management costs the total costs have to be divided by the total fellow-years, so: € 382,000 / 65 = **€ 5,877 per fellow**.

Now you need to check, if this amount is below or above the maximum ceiling of 7% of the direct total fellowship costs. The total direct fellowship costs comprise living allowance,

travel/mobility allowance and research costs (for calculation see table "Cost per fellow and year" below).

	Experienced researcher (4-10 years)	Senior researcher (> 10 years)
Fellowship costs (calculated as in Table "Cost per fellow and year" below)	72.851	108.217
7%	**5.100**	**7.575**

For experienced researchers, the amount exceeds the 7% limit, therefore the programme can only claim € 5.100. For the senior researchers, the amount is below the 7% ceiling, but as these are the "real" expected costs, the programme can only charge management costs of € 5,877 per fellow.

HOW TO CALCULATE THE TOTAL COST OF A FELLOWSHIP?

Start calculating the costs of a fellowship **per fellow and year**.

Cost per fellow and year		
	Experienced researcher (4-10 years)	Senior researcher (> 10 years)
Living allowance	56.767	92.133
Travel /Mobility	9.570	9.570
Research Costs	6.514	6.514
Fellowship costs	**72.851**	**108.217**
Management (max. 7%)	5.100	5.877
Sub-total	77.950	115.793
Overheads (max 10%)	7.795	11.579
Total cost	**85.745**	**127.372**
EU contribution	34.298	50.949

Then you calculate the total cost of the fellowship by multiplying the annual cost per fellow by the total number of fellow-years.

Total Fellowship costs			
	Experienced researcher (4-10 years)	Senior researcher (> 10 years)	
Total cost per year	**85.745**	**127.372**	
Number of fellows	25	10	
Duration (months)	24	18	
Fellow-years	50	15	
Total Cost	**4.287.262**	**1.910.577**	6.197.839
EU contribution	1.714.905	764.231	**2.479.136**

- Once an agreement has been reached about the total cost of the programme (including the calculations and explanations of the different cost categories), the PO will prepare the "Declaration by the Applicant at the End of the Negotiation Phase". This declaration contains a table of the negotiated amounts per fellowship type, an explanation of the calculation of the amounts and references to supporting documents (pay scales, legal documents, tables submitted during negotiations, etc.). The declaration has to be signed by the legal representative authorised to sign GAs on behalf of the beneficiary. With his/her signature the legal representative certifies e.g. that the costs of the fellowship correspond to the information provided in the table

- the beneficiary will apply FP7 ethical rules
- the EU contribution will be placed on an interest bearing bank account.

In accordance with the Guide to Financial Issues (ftp://ftp.cordis.europa.eu/pub/fp7/docs/financialguide_en.pdf), the beneficiary should receive and manage the EU funding in an interest-yielding bank account. The beneficiary must be able to identify dates and figures related to any payment received or made in relation to any EU Grant Agreement. The beneficiary is required to identify the interest generated by the EU contribution and this requirement is necessary for the identification of the interest that has to be recovered (or offset against payments).

Certain bodies or international organisations may be legally prohibited from opening such an interest-yielding bank account – in accordance with their national law or an international treaty or statutes – or would have to undertake heavy administrative procedures in order to do so. In these exceptional cases, the legal entities concerned may apply for an exemption from the obligation to open an interest-yielding bank account. Institutions concerned may request further information from their responsible PO.

Legal negotiations

Legal negotiations include the review and analysis of the beneficiary's legal status, and the determination of the start date. The appropriateness of inclusion of any special clauses will also be discussed during this part of the negotiations. The list of special clauses applicable to the Marie Curie Model GA is provided at ftp://ftp.cordis.lu/pub/fp7/docs/fp7-mga-clauses_en.pdf

Several supporting legal documents are required in order to prepare the GA and provide the necessary security for the REA Services. If these documents have been provided for previous contracts, they should not be provided again.

These include the following:

- Legal status: copy of any official document proving the legal existence of the contracting organisation (e.g. Charter/Act of foundation/law extract; official registration number with national authority; registered statutes; extracts from the Official Journal; VAT registration, etc.) will be requested. These documents must be provided along with a translation if the original document is not in an official language of the EU.
- A Legal Entity Appointed Representative (LEAR) (see Cordis website http://cordis.europa.eu/fp7/urf-lear_en.html)
- A Participant Identification Code (PIC) (see Cordis website http://cordis.europa.eu/fp7/urf-pic_en.html)
- Banking information: form A4 must be filled and signed by the beneficiary, stamped and countersigned by the bank. An exception is made however in the following cases: the bank stamp and signature are not requested for accounts at the Bank of England, Central Bank of Ireland and Trésor Public ACCT (France).

- If needed, the REA will ask for a copy of the (audited) annual accounts (financial statements).

Completion of negotiations

At the end of the negotiations, agreement should be reached on all technical, financial and legal issues related to the GA and the beneficiary should be in the position to prepare and send a final version of the relevant documents to the REA PO.

Where paper copies are requested as is the case for the GPFs (to be printed from NEF), these should be unbound, on white paper, with original signatures.

The REA should receive a declaration signed by the legal representative stating that there is no double financing from any other sources (costs cannot be covered twice) and that no other EU funding is going to be used for the same project.
The beneficiary must provide information on the expected sources of funding for the action and declare any other than EU funding that s/hereceives for carrying out the project.

When all the necessary legal and financial information required has been received and validated by the REA, a GA is drafted and sent to the beneficiary for signature. A negotiation checklist is provided in Appendix 3 in order to assist beneficiaries in the negotiation process.

Applicable law

The EU financial contribution is a contribution from the Union research budget aimed at implementing the 7th Research Framework Programme (FP7) and it is incumbent on the REA to execute the FP7 budget. Accordingly, the GA will be governed by the terms of the GA, the Community and Union acts related to FP7, the FR applicable to the general budget and its implementing rules and other Community and Union law and, on a subsidiary basis, by the law of Belgium, unless special clauses 2bis and 3bis have been inserted in the GA.

Furthermore, the REA may take a decision to impose pecuniary obligations, which will be enforceable in accordance with Article 299 of the Treaty on the Functioning of the European Union.

Notwithstanding the REA's right to adopt the recovery decisions referred to in the previous paragraph directly, the Tribunal, or on appeal, the Court of Justice of the European Union, shall have sole jurisdiction to hear any dispute between the Union and any beneficiary concerning the interpretation, application or validity of the GA and the validity of the decision mentioned in the second paragraph.

Some important points to remember

- An invitation to start negotiation does not, under any circumstances, guarantee the funding of a project or the offer of a GA.
- The funding of the proposal may depend on the beneficiary's acceptance of changes requested by the REA services in the Negotiation Mandate.

- The maximum amount of funding for a project is fixed in the negotiation mandate.
- Funding is conditional upon compliance with the Model GA.
- In some cases the REA may not be able to enter into a GA with certain legal entities because of financial insecurity, other limitations imposed by the FR (Articles 93, 94 95, 96 and Article 133, 133aa, 134b of the IR) or for reasons of irregularity or violation of fundamental ethical principles.
- If the REA cannot obtain reasonable assurance that the beneficiary has the necessary financial, operational and human resources to carry out the proposed work, it is always possible that the negotiation will be terminated.
- The REA aims at shortening the time to grant (i.e. the time between deadline of the call for proposals and the signature of the GA). As a result, the letter of invitation to a negotiation specifies a time limit for negotiations. If negotiations are not completed within the given time limit, the REA may terminate negotiations.
-

7. GRANT AGREEMENT PREPARATION FORMS (GPFs)

Why GPFs?

The GPFs have been designed to facilitate the project negotiations and the production of the Grant Agreement (GA). Essentially the forms contain the details on the beneficiary that will sign the grant agreement and determine the eligible costs and EU contribution. The forms also include a standard declaration to be signed by the beneficiary.
Certain details, principally from forms A1 and A2, are used to generate a Project Fact Sheet (see following Chapter). The budget forms and the project summary form are included as part of Annex I to the GA. The GPFs may also be used as a reference base by the REA when receiving financial statements during the lifetime of the project.
Thus, although the GPFs are not part of the GA (except for the budget forms and the project summary form, as mentioned above), it is important that the information in the forms is correct.

Completing the GPFs

The GPFs have to be completed using an on-line IT tool called NEF (Negotiation Facility). The details of access to the tool will be given in the letter of invitation to negotiations. The paper versions of GPFs are provided in the document called "Grant Agreement Preparation Forms – FP7 COFUND".
The forms in NEF are an extension of the proposal submission forms. They are pre-filled with the available information from the proposal. The beneficiary should update and complete the information for all beneficiaries (including those not requesting any funding).

Where to send the GPFs?

A first draft of the GPFs must be completed in NEF and submitted electronically (by closing a negotiation session in NEF) to the REA PO before the first negotiation round or meeting. The final agreed version of the GPFs should be printed from NEF and submitted to the PO as soon as agreement is achieved, in one unbound copy on white paper with original signatures. Any required supporting documentation should be provided in one copy, if not requested differently by the PO.

8. GRANT AGREEMENT (GA)

Grant agreement signature

Upon receipt of the GA, the authorised representative of the beneficiary signs two originals of the GA on behalf of his/her organisation and returns them to the REA. The REA will sign these once all its internal validation procedures have been successfully completed and will return one duly signed original to the beneficiary.

The beneficiary signs all the A Forms and he/she sends one original of the A-1 Form to the REA, keeping one for his/her records.

Start of the project

The GA will enter into force after its signature by the beneficiary and the REA, on the day of the last signature.

However, the relevant provisions of the GA will determine the start date of the project. This may be the first day of the month following the entry into force of the GA, or a specific fixed date as negotiated or the effective starting date notified by the beneficiary. Where the beneficiary requires a specific fixed start date for the project that precedes the entry into force of the GA, full details regarding the justification for the request should be made in writing to the PO prior to the finalisation of Annex 1 to GA and of the GPFs. The REA may refuse this request if no sufficient and acceptable justification is provided. In other words, the beneficiary must demonstrate the need to start the action before the GA is signed. In no case can this date be prior to the submission of the proposal.

Only those costs incurred from the start date of the project (but not before) can be considered as eligible. Where the start date of the project precedes the entry into force of the GA, the future beneficiary takes the risk that the GA might not be signed. In such a case costs will not be reimbursed by the REA.

Pre-financing

The REA will make the pre-financing to the beneficiary within 45 days from the entry into force of the GA or from the start date of the project. Where applicable, the percentage for the pre-financing payment may be adjusted in function of the negotiated start date of the project. The amount will be established during the negotiations and is intended to provide the beneficiaries with sufficient cash flow to carry out the first part of the project.

For COFUND, the pre-financing will be 60% of the total EU contribution.

The pre-financing amount specified in the GA includes the beneficiaries' contribution to the Participants' Guarantee Fund (PGF). This represents 5% of the requested total EU contribution and is transferred directly to the PGF by the REA.

What is the Participants' Guarantee Fund (PGF)?

The Participants' Guarantee Fund (PGF) is a mutual benefit instrument establishing solidarity among beneficiaries in indirect actions at the level of the Framework Programme. It aims primarily at covering the financial risks incurred by the EU and the beneficiaries during the implementation of the indirect actions of FP7. The PGF's capital and interests constitute a performance security.

In addition, it allows the EU to exempt beneficiaries from ex-ante financial viability controls (except in a limited number of cases - please refer to "Rules to ensure consistent verification of the existence and legal status of participants, as well as their operational and financial capabilities, in FP7 indirect action" – ftp://ftp.cordis.europa.eu/pub/fp7/docs/rules-verif_en.pdf) and from the imposition of any additional financial guarantees or securities such as reduction of pre-financing.

It will therefore ease the implementation of FP7 actions for both the REA and participants, by reducing the time needed to sign the GA and by allowing small actors such as SMEs to benefit from EU funding under the same conditions as major research stakeholders.

All beneficiaries in indirect actions taking the form of a grant must contribute to the PGF for the duration of the action. When transferring the initial pre-financing to a beneficiary, the REA will deduct the relevant PGF contribution and transfer it to the holding bank.

This deduction will be equal to 5% of the total EU financial contribution provided for in Article 5 of the GA. At the time of the final payment, beneficiaries will recover their capital unless the PGF has incurred losses. In such a case, the REA will deduct a maximum of 1% of the grant owed to them, with the exception of public bodies, legal entities whose participation in the GA is guaranteed by a Member State or an associated country, and higher and secondary education establishments.

More information is provided in the Guide to Financial issues (ftp://ftp.cordis.europa.eu/pub/fp7/docs/financialguide_en.pdf).

Project monitoring and follow-up

For the follow-up and monitoring of a project, the REA will, if possible, appoint the same staff who acted as PO during the negotiation also as PO for the project, so as to take advantage of their in-depth knowledge of the project's work gained during the negotiation phase. He/she is the project's key link to the REA throughout the execution of the work.

Certain tasks concerning project management, financial statements or legal and financial matters may be handled by specialist staff within the REA who communicate directly with the PO or the beneficiary.

Project Fact Sheet

As the FP7 programmes are funded with public funds, a public database of basic information concerning the projects is maintained. Information for this database is captured principally from forms A1 and A2 of the final GPFs, forming part of a Project Fact Sheet of non confidential information such as project acronym, objectives, project summary, project beneficiaries, EU funding etc. It also includes contact details for the beneficiary.

As this Project Fact Sheet is prepared by the REA, no additional input is required from the project participants, though by arrangement with the negotiating PO the project may substitute a revised version of their A1 and A2 text specifically for the Project Fact Sheet.

Reports and Deliverables

According to the GA the beneficiary is obliged to submit periodic reports, as well as a final report to the REA.

The reporting includes the submission of financial statements (cost claims) during the course of the work. The frequency and format of these (and the cases where they need to be certified by an independent auditor) are defined in the GA. The financial statements form the basis for any payments made by the REA.

Considering that COFUND projects will be entirely financed on the basis of flat rates, and in accordance with Article 34.2 of the *Rules for participation*[3], participants do not need to submit certificates on the financial statements.

Moreover, under this action the beneficiary must report at the end of each reporting period on some concrete information regarding each experienced researcher indicated in Annex III of the GA. In addition, the beneficiary must submit for each reporting period a mid-term progress report.

The beneficiary must report on horizontal project related issues (including gender and science & society related aspects) at the end of the project.

The beneficiary is requested to include in their deliverables list, if appropriate, the setting up of a project webpage which they will update on a regular basis.

Technical audits and reviews

Based on the project reports and deliverables, the REA with the assistance of independent experts may conduct technical audits or reviews (including ethical audits) of the project at any time during the implementation of the project and up to 5 years after the end of the project in accordance with Article II.21 of the GA. These are used by the REA to assess the project progress and to decide the most appropriate action.

The review may also lead the beneficiary, or the REA, to require changes to the work plan (to reflect evolving circumstances in the marketplace, for example). In these cases, the beneficiaries will be required to revise Annex I.

A schedule for any planned reviews may be included in Annex I to the GA (description of work).

9. FREQUENTLY ASKED QUESTIONS (FAQs)

[3] Regulation (EC) No 1908/2006 of the European Parliament and of the Council of 18 December 2006 laying down the rules for the participation of undertakings, research centres and universities in actions under the Seventh Framework Programme and for the dissemination of research results (2007-2013) – OJ L 54 of 22.02.2007, p.4.

A regularly updated list of FAQs on participation and GA issues is available and beneficiaries should consult this periodically, as this will assist them in their negotiations (http://ec.europa.eu/research/faq).
A list of commonly-occurring issues which may arise during the negotiations is described below.

Project preparation/negotiation costs: The REA does not fund costs related to proposal preparation or to conducting negotiations, even if the fixed start date of the project is prior to the date that the GA enters into force. This also means that the REA will not reimburse the cost of travel and subsistence of the beneficiary for negotiation meetings.

Bank account: The beneficiary must establish an interest-yielding bank account in EUR to allow that the EU financial contribution and related interest are identified. Any interest yielded by the pre-financing exceeding €50 000 will remain the property of the EU and will have to be declared with each reporting period. This amount will be off-set against the subsequent payment.

Legal establishment prerequisite for GA: The REA can only negotiate with, and offer GAs to, existing entities and the legal existence of a participant must pre-date the GA signature or accession to the GA.
This implies that beneficiaries should be legally established by the time of the signature of the GA.

Changes in work plan: During the negotiation, the beneficiary may find it necessary to propose changes in the work plan as a consequence of events which have occurred since he/she prepared the proposal. Changes may also be required as a consequence of the evaluation results. The REA will consider these, but the evaluation results must be respected. If the work-plan is revised to such an extent that the evaluation might have yielded a different result, the REA will refuse the changes, or, ultimately, terminate negotiations.

Reduction of human resources: The evaluation result of the proposal is based on a certain level of human resources and the level of funding is essentially linked to this. If during the negotiations the beneficiary changes the human resources requirements (or any other significant cost), the REA funding offer may change but will not be increased.

Estimation of cost categories: The GPFs and Annex I to the GA require the beneficiaries to estimate essential details of costs over the lifetime of the project in order for the REA to establish the maximum EU financial contribution and calculate its pre-financing.

Subcontracts: The beneficiary should have the capacity to perform the tasks required by the project. Exceptionally, some limited tasks may be carried out by third parties. The beneficiary must ensure that work subcontracted does not affect its rights with regard to the use and dissemination of knowledge that are the beneficiary's property and the rights of the beneficiary. In addition, the beneficiary must ensure that work is performed at a reasonable cost and justify the reasons for subcontracting. Based on these elements, the REA might require that a proposed subcontractor becomes a beneficiary. In addition, the need for the continued presence of a beneficiary – who intends to subcontract significant parts of the work – may be questioned by the REA, since this puts into question the beneficiary's capacity to perform the tasks required by the project. Subcontracts must be awarded according to the principles of best value for money, transparency and equal treatment. More details on subcontracting under FP7 are available in Appendix 7 to these guidance notes and the Guide to Financial Issues

Grant Agreement – Pre-financing: The REA will make a pre-financing payment within 45 days following the date of entry into force of the GA or following the start date of the project. When the beneficiary chooses the option of fixed start date that occurs before the signature of the GA, he/she should demonstrate why he/she needs to start on this specific date.

Grant Agreement – Amendments: The REA (with the possible assistance of external experts, e.g. in the case of significant changes, such as a change of entities involved) will consider requests for reasonable amendments to the GA, provided they do not change the essential character of the project. Significant changes to the technical content of the work require the approval of the REA.
Amendments at the request of the beneficiary must be made in writing and signed by the authorised representative.

10. APPENDICES

Appendix 1– Layout of Negotiation Mandate

1. **Proposal No …………** <funding scheme>

2. **Theme**: Marie Curie Actions, Co-funding of Regional, National and International Programmes, Call FP7-PEOPLE-COFUND-2008

3. **Project Officer** (to whom all documents must be returned):
…………………………. Tel: 32-2 29……
Research Executive Agency (REA) Fax: 32-2 29……..
Unit …..-… ……….. E-mail: …………
Office …
B - 1049 Brussels
[Administrative Officer (from whom clarifications on GA preparation forms should be requested):
…………………….. Tel: +32-2-29………..
Research Executive Agency (REA) Fax: +32-2-29………
Unit …….-………… E-mail: ……………
Office …
B - 1049 Brussels]

4. **Date and time of first negotiation meeting**

5. **EU Financial contribution**:

6. **Duration of the project**

7. **Changes in technical content** (please redraft the description of work on the basis of the specifications provided in the *Negotiation Guidance Notes for coordinators.* If applicable, please take into consideration the recommendations contained in the evaluation summary report and the following additional comments):

8. **Timetable for negotiation**

Appendix 2 – Negotiation of ethical issues

Ethics is central to scientific integrity, honesty and clarity of science. It is considered essential by the European Union in the research activities that it funds or carries out itself. This means that in any proposal submitted to the 7th Framework Programme, ethics issues must be identified and addressed. **For COFUND, the responsibility to carry out the necessary controls of ethical issues is delegated to the beneficiary. The beneficiary has to make sure that ethical issues comply with FP7 rules during the evaluation and selection of fellows and during the implementation of its research projects.**

If a proposal submitted to a COFUND project contravenes the fundamental ethical rules of FP7 and this is unable to be resolved, the beneficiary has the obligation to exclude this project from funding[4].

Reporting

The annual report should devote a section to describing the handling of the ethical aspects of the project.

To ensure compliance with ethical principles, the REA will undertake ethics audit(s) of selected projects at its discretion.
A dedicated website that aims to provide clear, helpful information on ethical issues is now available at: http://cordis.europa.eu/fp7/ethics_en.html

When setting up their procedures to check ethical issues, COFUND programmes should take into account the following special issues:

ETHICS REVIEW IS AUTOMATIC IF A PROPOSAL INCLUDES:

- Interventions on human beings (except if covered by Directive 2001/20/EC);
- The use of human embryonic stem cells (hESC); and/or
- The use of non-human primates and/or
- The use of human embryos.

Ethics Review may be necessary if the proposal is flagged by the scientific expert as raising specific ethics issues.

HUMAN EMBRYONIC STEM CELL RESEARCH (HESC)

Each proposal using hESC is assessed by at least two independent ethics reviews: one in the country where the research is carried out and one at EU level. No system in the world offers a higher guarantee regarding the respect of fundamental ethical principles.
When involving the use of hESC in their research project, researchers should take into account and specify:

- if it does not destroy embryos (including to procure stem cells);
- if the partnership has taken into account the legislation, regulations, ethical rules and/or codes of conduct in place in the countries where the research using the hESC will take place, including the procedures for obtaining informed consent;
- the source of the hESC;

[4] Regulation as last amended by Corrigendum OJ L54 of 22.02.2007, p.4 – Art 14.2

- the protection of personal data (genetic data and privacy);
- the nature of financial inducements, if any;
- **positive opinion from a Committee constituted by Member States representatives;**
- **approval of the relevant national or local ethics committee prior to the start of the research activities.**

MAIN ETHICS ISSUES THAT MUST BE ADDRESSED

- Informed consent
- Human embryonic stem cells
- Privacy and data protection
- Use of human biological samples and data
- Research on animals
- Research in developing countries
- Dual use

AREAS EXCLUDED FROM FUNDING

- Research activity aiming at human cloning for reproductive purposes.
- Research activity intended to modify the genetic heritage of human beings which could make such changes heritable (research related to cancer treatment of the gonads can be financed).
- Research activities intended to create human embryos solely for the purpose of research or for the purpose of stem cell procurement, including by means of somatic cell nuclear transfer.

INFORMED CONSENT

When is it needed?

- When children are involved
- Healthy volunteers
- Human genetic material
- Human biological samples
- Human data collection

WHAT MUST BE IN A CONSENT FORM?

A statement that this is a research project.

- The purpose of the research, the duration, procedures to be used and identification of any experimental procedure.
- A description of the foreseen risks and benefits to be included.
- A statement describing the extent to which confidentiality of records identifying the subject will be maintained.
- A disclosure of any alternative procedures that might be beneficial.
- For research involving more than minimal risk, an explanation as to whether there are any treatments or compensation if injury occurs and if so what they consist of or where further information can be obtained.
- Identity the contact person for answers to questions about the research and research subject’s rights, and whom to contact in the event of injury to the subject.
- A statement that participation is voluntary, withdrawal from the research can be undertaken at any time without loss of benefits which the subject is otherwise entitled to.

HOW TO DEAL WITH INFORMED CONSENT IN PRACTICE?

Ensure that:

- it is understood. Explain how you check the critical part of the process;

- it excludes vulnerable persons, prisoners, mentally impaired persons, severely-injured patients, very young children, but avoid lost opportunities for these persons. The framework should guarantee their participation (notion of surrogate legal/ therapeutic representative);
- you address the fact that people rarely recall what they have agreed upon when signing an informed consent form.

PRIVACY AND DATA PROTECTION

Privacy problems exist wherever uniquely identifiable data relating to a person is collected or stored, in digital form or otherwise. Improper disclosure control can be the root cause for privacy issues.

Data affected by privacy issues

- Health Information
- Financial and Genetic information
- Criminal justice
- Location information
- Data privacy/sharing data while protecting identifiable information

How to address Data protection and Privacy?

- Describe the procedures for informed consent confidentiality.
- Inform consent for duration and limited purposes.
- Code or anonymise banked biomaterial, security for storage and handling and make sure it is lawfully processed.
- Check for accuracy, and security.
- Check for data transferred abroad unprotected.

DUAL USE

Dual use is a term used to refer to technology which can be used for both peaceful and military aims.

DOUBLE STANDARDS

The issues at stake when conducting research in Third Countries are linked with applying the same criteria to other cultures. This implies that you take into account the wide disparities in health systems, the burden of disease, the level of literacy and the scientific and ethics infrastructures.

ELEMENTS FOR A GOOD APPROACH

- Plan for Ethics Responsibility at the level of Work-Package Leadership.
- Include a flowchart of the Ethics review process within the partnership.
- Include an appropriate periodic report on ethics.
- Ethics consideration is reflected in the structure of the proposal.
- Include an Ethics Standing Committee or at least a periodic monitoring for ethics.
- Include a Work Package on Ethics (if relevant).
- Specifically include: Insurance of participants, Conflict of interest, Incidental findings.
- The content of the Ethics part of the proposal should reflect that the issue was thought of thoroughly.
- Address possible ethics issues, even if to justify that they are not applicable; give justification.
- Justify the choice of animals, estimate the numbers.
- Take into account data, data transfer, databanks, collecting samples, future clinical trials.

RESEARCH ON ANIMALS

- Address the question of animals by explaining your choices of species.

- Make a detailed and convincing explanation for the application of the 3Rs: Reduction, Replacement, Refinement.
- Justify species and give an estimate of numbers of animals you will use.
- Refer to humane end points and pain/suffering alleviation.
- Check for alternatives.

FOR MORE INFORMATION

- Guide for Applicants and Ethics Review guidance: http://cordis.europa.eu/fp7/dc/index.cfm
- Experts' registration: https://cordis.europa.eu/emmfp7/
- Ethics Review: http://cordis.europa.eu/fp7/ethics_en.html
- Research on Animals:
  http://www.nc3rs.org.uk/category.asp?catID=3
  http://www.vet.uu.nl/nca/links/databases_of_3r_models
- Ethics in EU Research Projects:
  http://ec.europa.eu/research/science-society/page_en.cfm?id=3198

Appendix 3 – Negotiation checklist template

The following template is designed to ensure that all information necessary to issue a grant agreement is discussed and delivered to the REA Services.

Although the first negotiation meeting (or contact by phone /email, if no meeting is planned) will mainly concentrate on the Annex I to the GA (Description of Work) it will also touch financial and legal issues. The beneficiary should therefore have prepared for discussion all the issues in the checklist for the first meeting. Indeed in some cases the REA PO will indicate in advance that he/she would like to tackle both aspects of discussion in a single meeting / contact.

CHECK LIST FOR PROJECT NEGOTIATIONS

Prior to first contact	
Agree beneficiary's roles	
(If not already done) Confirm need for subcontracting, or any other third party, competitive calls, etc	
Complete first draft of Annex I and any appendices	
Complete first draft of GPFs, including bank account information	
Collect necessary supporting information / documents for GPFs (financial and legal information)	
Dispatch Annex I and GPFs to REA Project Officer	

Discuss issues in draft Annex I	
Those addressed by ESR	
Those indicated by 'Negotiation Mandate' and arising during meeting/contact	
Those related to individual headings in Annex I 'table of contents'	

Meeting / Contact	
Set/agree date for submission of revised/final Annex I and GPFs	

Clarify financial/grant agreement issues	
Acceptability of form of grant used	
Confirm agreement on management costs	
Confirm agreement on Budget breakdown summaries (including receipts)	

Confirm direct/indirect costs	

Final submission	
Submit agreed final Annex I	
Submit agreed final GPFs	
Submit any annexes	

Appendix 4 – Guidelines for the preparation of the description of work - Annex I to the Grant Agreement-

The following sections provide the structure of Annex I to the grant agreement (description of work) for the COFUND scheme. The Annex I is an integral part of the grant agreement. Non-compliance or non-fulfilment of its content will have the same legal consequences as for any default on the other contractual conditions. It should be negotiated between the beneficiary and the PO.

It should be written in a clear, precise and concise manner. It should specify all the tasks to be undertaken and the corresponding deliverables, but with sufficient flexibility in order to be able to modify the work arrangements so as to achieve the stated objectives, should this be necessary, without the need for a formal modification of the text (i.e. Grant Agreement amendment). This flexibility is required both for the REA as well as for the beneficiary.

Annotated Structure of Annex I to grant agreement

Annex I to the grant agreement consists of four parts: Part A (list of beneficiaries and project summary), Part B (Description of the fellowship programme), Part C (Overall Indicative Project Deliverables) and Part D (Overall Maximum EU Contribution).

All pages must be numbered and each page should be headed with the project acronym, proposal number and actual drafting date.
Part A of Annex I is comprised of the list of beneficiaries and pre-defined host organisations and of a summary of the proposal.

Part B of Annex I is based on information from Part B of the proposal, on any information contained in the Evaluation Summary Report and in the Negotiation Mandate. It should also take into consideration any financial and technical issues that may arise during negotiation.

However, during the negotiation stage several sections of the original proposal need to be updated and the beneficiary may be requested to shorten certain sections of the proposal and elaborate on others. The Part B of Annex I should exclude all background material in support of the selection of the proposal, and not essential for the implementation of the selected project. For example, references to publications or previous work undertaken and future intentions of the beneficiary should be excluded. Any reference to “the proposal” should be omitted.

Part C of Annex I is based on information from A3.1 form of the GPF.

Part D of Annex I is based on information from A3.2 form of the GPF.
The structure of Annex I to GA (description of work) is similar for all funding schemes; however, in certain parts it is funding scheme specific. The following sections provide an annotated structure of Annex I for Marie Curie Actions, COFUND.

Structure of Annex I to GA for Marie Curie Actions

PART A

A.1 List of beneficiary and pre-defined host organisations
A.2 Project summary

PART B

B.1 Selection process for the fellows under the programme

1.1 Transparency of the selection process for the fellows under the programme
1.2 Composition and organisation of selection committees
1.3 Criteria and method of judging merit

B.2 Management of programme

2.1 Appointment conditions of selected fellows
2.2 Quality of the programme management
2.3 Client-friendliness towards applicant researchers
2.4 Administrative capacity to implement the programme
2.5 Appropriateness of the scale of the programme
2.6 Future development of the programme

B.3 Relevance and Impact on "Life-long training and Career development"

3.1 Openness of the programme to trans-national mobility
3.2 Contribution to diverse career development of researchers (broadening and deepening)
3.3 Career development support to fellows
3.4 Equal opportunities including for resuming a research career after a break
3.5 Relevance for the European research Area (ERA) of the scientific field covered by the programme's calls
3.6 Impact of the programme to the development of researchers' careers in the ERA

PART C

C.1 Overall expected researchers *(table A3.1 from the GPFs)*
C.2 Overall Maximum EU Contribution *(table A3.2 from the GPFs)*

Templates for Annex I

All sentences in Italics are "explanatory notes" and should be deleted from the final version of the document

Cover Page

The cover page of Annex I to the Grant Agreement is based on proposal information and the project acronym used in the proposal should not be changed

SEVENTH FRAMEWORK PROGRAMME

FP7 Marie Curie Actions – People

Co-funding of Regional, National and International Programmes

Grant agreement for: **COFUND**

Annex I - "Description of Work"

Project acronym: *(same as proposal acronym)*
Project full title:
Grant agreement no.: *(same as proposal no)*

Date of preparation of Annex I (latest version):
Date of approval of Annex I by REA: *(to be completed by REA)*

PART A

A.1: List of Beneficiary and host organisations (where applicable)

Beneficiary/ Host organisation Number *	**Beneficiary/ Host organisation name**	**Beneficiary /Host organisation short name**	**Country**	**Date enter project****	**Date exit project****
1*(beneficiary)*					
2					
3					
4					

* Please use n° 1 for beneficiary and subsequent numbers, where applicable, for pre-identified host organisations actively involved in the programme
** Normally insert “month 1 (start of project)” and “month n (end of project)”

A.2: Project Summary

The information in this section is directly taken from the A1 form of the Proposal Submission Forms (PSFs) and incorporated into the GPFs. It should not be modified for the preparation of the Annex I.

- Free Keywords: (*as reported on A1 form of the PSFs and GPFs)*
- Abstract: (*taken from A1 form of the PSFs and GPFs)*

PART B

Part B of Annex I to GA is based on Part B of the proposal.

B.1 Selection process for the fellows under the programme

This section should be based on Part B.1 of the original proposal.

1.1 Transparency of the selection process for the fellows under the programme

- Describe the efforts made to promote the programme and its calls, both nationally and abroad, in order to reach the target audience.
- Describe how applicants are informed about the evaluation and the selection process, in particular about the evaluation criteria used to grade applications.
- Describe how and at what stage applicants are informed about the evaluation results.

1.2 Composition and organisation of selection committees

- Describe your criteria for the selection and balance of experts on the selection committee(s).
- Describe how these criteria for selecting experts follow the "Code of Conduct for the Recruitment of Researchers"[12](e.g. is the gender balance adequate, are different disciplines and sectors (private and public) represented, are there experts from other countries)?
- Explain how your selection progress is organised (e.g. how many experts read a proposal, who takes the final decision about the selection/rejection of a proposal, etc.)
- How do you handle potential and actual conflicts of interest of the experts?

1.3 Criteria and method of judging merit

- Describe the criteria for the selection of fellows. Explain how they allow the identification of the scientific capability of the applicants. Do they take into account diverse knowledge and qualifications (e.g. scientific/practical/ management experience, trans-national mobility, inter-sectoral mobility, etc.)
- Explain how your ethical rules align with the ethical principles for FP7.
- If relevant, describe how you treat ethical issues that might appear in an applicant's research.
- Explain how the merit of returnees from a career break is valued, if relevant.

B.2 Management of programme

This section should be based on Part B.2 of the original proposal. This section describes the project's organisational structure and high-level decision-making mechanisms. It should describe how the project management will enable the project to achieve its goals. If the addition of a beneficiary during the lifetime of the project is planned, describe how the management structure will adapt for this.

2.1 Appointment conditions of selected fellows

- Describe how you assure that appropriate technical conditions are provided for the selected fellows in terms of office/lab space, access to appropriate equipment and material etc.

- Describe the employment conditions provided to the fellows, including statutory working practices, social security coverage and social benefits (contribution to pension funds, health and accident insurance, parental leave etc.)
- Explain how these conditions align with regional, national or sectoral conditions, as specified in the "European Charter for Researchers and The Code of Conduct for the Recruitment of Researchers".

2.2 Quality of the programme management

- Describe the management plan of the programme and the resources; include a chart giving an overview of the researchers to be recruited, the milestones of the programme and its implementation[5].
- If several organisations (e.g. beneficiary and host organisations) propose a joint programme, please describe the responsibilities of each partner organisation.
- Describe any review process that is associated with the programme, and which may have already been carried out for existing programmes.
- Give an overview over the qualifications and experience of the senior staff responsible for the management of the programme.
- Give an overview of the estimated programme budget including the requested co-funding contribution (use table as appropriate). Demonstrate that you will use the EU contribution in line with the objectives and scope of the COFUND action as described in the Work Programme of the People Programme.

2.3 Client-friendliness towards applicant researchers

- Describe your application documentation, with particular view to accessibility and usability.
- Do you offer support to applicants? If so, describe the individual functions (e.g. help-desk, FAQs, Quality assurance)?
- Describe the information to applicants about the expected time to receive evaluation results and to start fellowships
- Illustrate the feed-back given to the applicants about the evaluation results (e.g. are the reasons for rejection explained in detail? Are strengths and weaknesses of the proposal mentioned?).

2.4 Administrative capacity to implement the programme

- Show that your organisation/institution has the necessary infrastructure to carry out the administrative tasks of the proposed fellowship programme.
- Show that your organisation has the required financial expertise and audit function for the programme.
- Give an overview of the qualifications and experience of the general staff responsible for the execution of the programme.

2.5 Appropriateness of the scale of the programme

- Demonstrate that the number of fellowships suggested in your programme is appropriate in terms of achieving a strategic impact.
- Describe the programme design elements that give it the capacity to adapt or expand easily

[5] Milestones are points where major results have been achieved as the basis for the next phase of work, or are control points at which decisions are needed; for example a milestone may occur when a major result has been achieved, if its successful attainment is a pre-requisite for the next phase of work.

2.6 Future development of the programme

- Describe the longer-term strategy of the programme and how you see its future development beyond the co-funded phase.
- Describe how foreseen impact assessment and key indicators may serve to improve the evolution of the programme.

B.3 Relevance and Impact to "Life-long training and Career development"

This section should be based on Part B.3 of the original proposal.

3.1 Openness of the programme to trans-national mobility

- Explain in detail the trans-national elements of your programme (e.g. the importance of incoming, outgoing, re-integration components as relevant).
- If applicable, describe the reasons for the chosen combination of transnational elements.
- What specific efforts are made to attract non-nationals?

3.2 Contribution to diverse career development of researchers (broadening and deepening)

- Explain how the programme helps the fellows to deepen the skills within their discipline and/or to gain new skills in other disciplines/sectors (private-public
- Does the programme also offer support or training in non-scientific skills (e.g. management, presenting and publishing research results etc.)?

3.3 Career development support to fellows

- Explain how the programme contributes to the career development of the fellows.
- Explain any specific mentoring or support schemes in place to support career development
- Describe any specific schemes to follow up career re-integration or return mechanisms if appropriate?
- Describe any post-scheme network support offered to maintain relationships established during the fellowship?

3.4 Equal opportunities, including for resuming a research career after a break

- Explain the measures the programme takes to ensure equal opportunities.
- Describe the monitoring of success ratios of men/women, and appropriate targeting of fellows in areas where they are imbalanced, etc.).
- Does the programme encourage applications from researchers after a career break?

3.5 Relevance for the European Research Area (ERA) of the scientific field covered by the programme's calls

- How does the programme proposed contribute to the general policy objectives of ERA?
- Demonstrate that your programme contributes to the overall objectives and expected impact of the COFUND action (developing of the trans-national dimension, increasing the number of trans-national fellows or improving the fellows' conditions)

- Indicate the evolution of own budget over time. If relevant, justify any reductions from previous years' budget.
- How does your programme contribute to specific ERA goals (e.g. efforts to overcome fragmentation and to contribute to long-lasting international cooperation, development of common research methods/approaches, etc.)?
- For fellowships awarded outside of ERA, is there a suitable return element planned?

3.6 Impact of the programme on the development of researchers' careers in the ERA

- Describe how the programme assures that the researchers can choose as freely as possible their research topics and research institutions/supervisors according to their individual career development needs
- Explain how and why the award of a fellowship under your programme will help to boost the researchers' careers after the end of the fellowship.

As in the proposal, the following tables must be provided for each type of mobility proposed by the beneficiary (Incoming, Outgoing, Re-integration)

Table 1: Indicative long-term strategic programming of the programme[6]

Proposal acronym:		**Type of mobility:**				
	Average 2007-2010[7]	**2011**	**2010**	**2012**	**2013**	**2014**
Own long-term indicative funding planned by the programme (MEUR)						
Year of start of the programme						

[6] Only for existing trans-national fellowship programmes.
[7] For years only where the programme was fully operational.

Table 2: Yearly breakdown of requested co-funding

Proposal acronym:			Type of mobility:				
		Year before COFUND Action	Year 1	Year 2	Year 3	Year 4	Total
Total budget of calls (committed as a result of calls under that year) (€ million)							
Of which	- own budget						
	- EU contribution						
Fellowship-years selected							
Fellowship-years executed under COFUND							

Table 3: Cost breakdown per fellowship type

Proposal acronym:			
Cost categories (average costs)	**Outgoing fellows**	**Incoming fellows**	**Re-integration phase**
Living allowance (€/year)			
Travel/mobility allowance (€/year)			
Research cost contribution (€/year)			
Overheads (€/year)			
Management costs (€/year)			
TOTAL (EUR/year)			
EU contribution (€/year)[8]			
Number of eligible fellows			
Average duration of fellowships (months)			
Number of eligible fellow-years			
Total budget (€)			
EU contribution (€)			

PART C

For this part of Annex I, tables A3.1 and A3.2 of GPFs have to be included.

[8] 40% of Total

Appendix 5 – Subcontracting in FP7

What subcontracting may be carried out under FP7 projects and when?

The Model Grant Agreement indicates that beneficiaries must ensure that the work to be performed, as identified in Annex I, can be carried out by them. However, where it is necessary to subcontract certain elements of the work to be carried out, this should be clearly identified in Annex I.

Subcontracting may concern only certain parts of the project, as the implementation of the project lies with the participants. Therefore, the subcontracted parts should in principle not be "core" parts of the project work. In cases where it is proposed to subcontract substantial/core parts of the work, this question should be carefully discussed with and approved by the REA and those tasks identified in this chapter of Annex I.

During the implementation of the project, beneficiaries may subcontract other minor support services, which do not represent core elements of the project work. Coordination tasks of the beneficiary such as the distribution of funds, the review and collection of reports and other tasks mentioned under Article II.2.3 cannot be subcontracted. Other project management activities could be subcontracted under the conditions established for subcontracting.
Tasks to be performed by a subcontractor including a financial estimation of the costs, should be identified in this part of Annex I. It is not necessary to identify the subcontractor, except where the subcontractor has already been identified following the procedures described below.
The monetary value of the services is normally not sufficient to determine whether these conditions are met. As a general rule, subcontracting does not occur between beneficiaries.

What are the conditions under which subcontracting may be carried out under FP7 projects?

Article II.7.2 of the model grant agreement requires beneficiaries to ensure that transparent bidding procedures are used before selecting a subcontractor.
"Any subcontract, the costs of which are to be claimed as an eligible cost, must be awarded to the bid offering best value for money (best price-quality ratio), under conditions of transparency and equal treatment."

However, this does not mean that a full tendering procedure has to be launched for every subcontract[9]. Many organisations have framework contracts with a third party to carry out routine and repetitive tasks. They have been established before the beginning of the project, and are the usual practice of the beneficiaries for a given type of task. These framework contracts can be used to carry out tasks necessary for implementing the project provided they have been established on the basis of the principles of best value for money and transparency mentioned above.

Public entities must follow the procurement principles established by their national authorities; however, they should in any case comply with the terms of the GA.

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[9] **For public entities**, the award procedure must comply with any national legislation applicable to them. For subcontracts exceeding certain amounts, the Directive on public procurement of services applies and the publication of a call for tenders is mandatory. For subcontracts below those thresholds, the beneficiary should follow internal procedures, assuming that they comply with the terms of the EC contract. However, they should in any case comply with the terms of the GA.
Private legal entities follow their internal rules which they apply for the normal selection of procurement contracts (typically a minimum of three offers). The publication of a call for tenders is normally not necessary for private legal entities. At the request of the Commission and especially in the event of an audit, beneficiaries must be able to demonstrate that they have respected the conditions of transparency and equal treatment in selecting a subcontractor. The selection criteria must be based on the best value for money given the quality of the service proposed (best price-quality ratio).

In addition, subcontracting cannot be used to avoid the rules for participation (i.e. to provide financing to a legal entity that would not otherwise have been eligible for funding under the Framework Programme).

What other conditions does the beneficiary have to meet when subcontracting?

The beneficiary remains responsible for all its rights and obligations under the grant agreement, also for the tasks carried out by a subcontractor. The beneficiary must ensure that the intellectual property that may be generated by a subcontractor reverts to the beneficiary so that it can meet its obligations under the grant agreement. In addition, the grant agreement requires that the beneficiary impose a certain number of conditions in its subcontract with the subcontractor, these include aspects relating to audits by the REA and the European Court of Auditors etc.

What rights and obligations does a subcontractor have?

A subcontractor is paid in full for the work carried out. The work that a subcontractor carries out under the project belongs to the beneficiary in the grant agreement. A subcontractor has no rights or obligations vis-à-vis the REA or the other beneficiaries to the grant agreement as it is a third party. However, as mentioned above, the beneficiary must ensure that the subcontractor can be audited by the REA or the European Court of Auditors.

Is a freelance expert a subcontractor or a temporary employee?

The use of freelance experts either as in-house consultants or as external consultants may be considered to be subcontracts or a form of personnel costs depending on the terms and conditions of the agreement between the expert and the beneficiary. For more information see Article II.15 in the Marie Curie Guide to Financial issues.

Other third parties

A third party, is, by definition, any legal entity which does not sign the GA. A subcontractor is a type of third party, but not the only one. As the implementation of the project is the responsibility of the beneficiaries (who do sign the GA), as a general rule beneficiaries should have the capacity to carry out the work themselves. Therefore the rule is that the costs eligible in a project must be incurred by the beneficiaries (the signatories to the GA).
However, in some circumstances the GA accepts some third parties whose costs may be eligible.

A third party may contribute to the project in two possible ways:

- making available its resources to a beneficiary (in order for the beneficiary to be able to carry our part of the work);
- carrying out part of the work themselves.

These costs may be eligible under certain conditions:
The third party, the tasks to be performed, and the resources allocated to the project by a third party must be identified during the negotiations and mentioned in this part of Annex I (and in some cases also in a special clause in the grant agreement).
In the case of third parties carrying out part of the work which are not subcontractors, the beneficiaries will be entitled to charge their costs only in the cases covered by a Special Clause. It is essential therefore to discuss these cases during the negotiations, and if they are accepted, to include the relevant special clause in the grant agreement. Third parties involved in a project in this way will have to undergo verification of their existence and legal status in the same way as the

beneficiaries, i.e. they also have to be registered in the Unique Registration Facility (see Chapter 1, heading "Validation of existence and legal status").

Appendix 6 – How to consider Gender Aspects in projects

The European Commission and the REA attach considerable importance to gender equality. Articles 19, 153 and 157 of the Treaty on the Functioning of the European Union endorse the principles of equal treatment in all activities including research and technological development. Furthermore, in April 2005, the Competitiveness Council invited the Commission to continue improving the participation of women in all areas of research and to further develop the Gender Watch System. The Commission and the REA have set targets to have a 40% representation of both sexes on all groups, panels and committees including those associated with the Research Framework programmes.

The lack of women's participation in scientific research, especially at high level, has been documented for many scientific fields. All projects are encouraged to have a balanced participation of women and men in their research activities and to raise awareness on combating gender prejudices and stereotypes.

Gender is a relevant variable in many research fields and generally referred to as the gender dimension of the research content. When human beings are involved as research subjects or users, and in training or dissemination activities, gender differences may exist.

These must be addressed as an integral part of the research to ensure the highest level of scientific quality. The Work Programmes of the different themes may indicate specific topics where gender aspects should be given specific attention. It is easy to understand that sex and gender are variables that must be addressed when considering health research but it might be less easy to understand that gender could also be an important factor in, for example, aeronautical or energy research. As a guideline, wherever human beings are involved in the research, for example as consumers, users and patients, or in trials, gender will be an issue and should be considered and addressed.

The REA will inform the beneficiary, during grant negotiations, of the importance of having a good gender balance within the project. The REA will also inform the beneficiary on whether it considers the gender dimension of the research content an area that should be addressed within the project.

Appendix 7 - Grant Agreement Preparation Forms (GPFs)

Grant Agreement Preparation Forms (GPFs) have been designed to facilitate the project negotiations and the production of the grant agreement. They are the main communication instruments between the Coordinator representing the Consortium and the REA's PO.

Essentially the forms are used to identify the beneficiaries that will sign/accede to the grant agreement, to determine the eligible costs and EU contribution and to electronically capture structured information on work packages, efforts, milestones and deliverables. The forms also include a standard declaration to be signed by each participating organisation.

To assist the filling in of the GPFs the following is made available:

- Annotations – these are attached to the standard forms and should be read carefully
- Pre-filled legal information (see below)
- A NEF-editor to be used by the Coordinator and the beneficiaries.

Legal information is held in the A2.1 form. This information is pre-filled by the REA using either information taken from the REA database or from the proposal. Depending on the validity of this information, the organisation concerned may have to supply the REA with a so called "identification fiche" and supporting legal documents. For instructions on this, see the annotations to the A2.1 form.

The Overall Indicative Project Deliverables table A3.1and the Overall Maximum Union Contribution table A3.1 of the GPFs are to be used in Part C and Part D respectively of Annex I of the grant agreement.

The B forms capture essential data to be used in Part B of Annex I of the grant agreement.

The GPFs also include simplified accounts that may be requested as part of the financial viability checking

NEF – explanatory note

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The NEF-Editor (Negotiation Facility) is the online tool used in the context of the 7th Framework Programme (FP7) to facilitate the exchange of information between the Coordinator and the PO during the negotiation process. Once the PO has opened the negotiations in NEF you will receive an automatic message with instructions how to access NEF.

The starting screen is divided into **four main sections**:

§ <u>The negotiation parameters</u> – that provides information about the contact persons in charge of the negotiation of your project and the deadlines for the delivery of the documents; Essentially, you are not allowed to modify these parameters;

§ <u>The project</u> section – provides links to the data at the project level;

§ <u>The Coordinator</u> section – provides links to the information on the organisation in charge of the coordination of the project

§ <u>The participants</u> section – provides a list of all organisations participating in the project.

If you are entering NEF for the first time, the best way to proceed at this point is to click on every link and check the electronic forms. Some of them are pre-filled with the information taken from the original proposal; others are empty or incomplete and must be completed by you and your partners.

During your subsequent visits to NEF, you may need to modify or update a limited set of data, e.g. the eligible costs, and go straight to a form without checking everything else.

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You must **save your changes** before you go to another form or close your web browser; otherwise, all changes you have made so far will be lost. Please note that there is no warning when closing your browser!

When you click on the "Save Changes" button, a confirmation message is displayed if your changes are saved successfully. If you get an error message instead, you will need to check the forms for validation errors and make the appropriate corrections.

*

When you have finished entering the data, you **submit** electronically your **changes back** to the REA PO by clicking on the "Submit" button on the project summary page. At this stage, the PO will review the forms, comment on them and invite you to a new negotiation session if updates are needed.

Please note that at the very moment you submit the changes, the data are available to you in read-only mode and cannot be corrected anymore. If a new negotiation session is needed, you will receive another access key for NEF.

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You can always obtain a **paper version of the GPF** (see print out example below) by clicking the "PDF preview" button in the top right area of the summary screen. The PDF file will contain all forms, both completed and incomplete. Once GPFs are accepted as final, you must print the final forms from the PDF file, sign and send them to the REA PO.