

# **PROVISIONS FOR IMPLEMENTING INTEGRATED PROJECTS**

**Working document**

**This document is being widely circulated in order to generate an open discussion  
on the provisions for implementing integrated projects in the  
Sixth Framework Programme.**

**It is available on the DG Research web-site:**

*<http://europa.eu.int/comm/research/nfp/networks-ip.html>*

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European Commission**

**Third edition: 7 May 2002**

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### Standard Disclaimer

*This document expresses solely the current views of unit RTD-B.2 of the European Commission's services. Readers should not regard these views as a statement of the official position of the European Commission nor indeed of its Directorate-General for Research.*

Other documents on issues related to the instruments available for implementing the thematic priorities of the 6<sup>th</sup> Framework Programme are available on the DG Research web-site:

<http://europa.eu.int/comm/research/nfp/networks-ip.html>

*This document is a practical guide to the integrated projects of the Sixth Framework Programme. It should be noted, however, that the principles underpinning the implementation of this instrument are still evolving and, in particular, may be modified in the light of the ongoing legislative process concerning the Framework Programme and its Rules of Participation. The document, therefore, will be regularly updated.*

## 1. GENERAL ASPECTS

### 1.1. Purpose

The integrated project is the instrument being designed to generate the knowledge required to implement the priority themes. It will do that by integrating together the critical mass of activities and resources needed to achieve ambitious clearly defined scientific and technological objectives. Each integrated project should be aimed either at increasing the Europe's competitiveness or at addressing major societal needs. Its objectives may include more long-term or "risky" research.

The integrated project is thus an instrument to support objective-driven research, where the primary deliverable is new knowledge. Of course, by mobilising a critical mass of resources, integrated projects can also be expected to have a structuring effect on the fabric of European research.

Integrated projects will be used throughout the priority themes. They may also be used, in certain duly justified cases, in other research areas supporting Community policies and anticipating scientific and technological needs (the so called 8<sup>th</sup> priority), when the objective in question can be better achieved by this means.

### 1.2. Meaning of integration

The detailed **internal architecture** of an integrated project will depend on the complexity and scope of the project, the topic it addresses, and the managerial approach taken. It should comprise **a coherent set of component parts**, often in the form of sub-projects implemented in close co-ordination, which may vary in size and structure according to the tasks to be carried out, each dealing with different aspects of the overall project implementation plan needed to achieve its agreed objectives.

Integration may take several forms:

Vertical integration: encompassing the "value-chain" from knowledge production and technology development to their transfer. Principal stakeholders, including users, should be involved and help gear the project towards attaining the expected impact.

Horizontal integration: referring primarily to the multidisciplinary nature of the project, with regard to its scientific and technological component.

Activities integration: integrating various research activities with each other and with other types of needed activities, including demonstration and take-up activities, protection and dissemination of knowledge, training, etc, as appropriate.

Inter-sectoral integration: referring to a partnership between private and public sector research organisations, and in particular between academia and industry, including SMEs.

Financial integration: projects will be carried out on the basis of overall financing plans preferably involving a significant mobilisation of public and private sector funding schemes, including perhaps funding from the European Investment Bank and co-operation with Eurêka.

### 1.3. Scale of the critical mass

Integrated projects are distinguished by the scale of ambition in terms of their research objectives and their expected impact. Each is expected to assemble the necessary critical mass of activities, expertise and resources to achieve its ambitious objectives.

Critical mass could differ widely in scale from field to field, for example from the social sciences to aeronautics research, and possibly also from topic to topic inside a field. The over-riding criterion for judging critical mass will therefore simply be the qualitative one that an integrated project must have ambitious objectives and must mobilise whatever activities and resources are needed to achieve those objectives.

The value of the activities integrated by a project is expected to range up to many tens of millions of euros. However, there will be no minimum threshold, provided of course that the necessary ambition and critical mass are there.

#### **1.4. Size of the consortium**

There must be a minimum of three participants from three different Member States or Associated States, of which at least two shall be Member States or Associated candidate countries. However, in practice, there are likely to be substantially more participants and probably, on average, somewhat more than the figure of nine seen in the RTD projects of FP5. The work programme of the relevant specific programme may specify a higher minimum number of participants.

It should be noted however that not all future members of the consortium need be identified at the time the proposal is made. (It may, however, damage the evaluation prospects of a proposal if key members of the proposed consortium are missing). The agreed budget for a project may therefore contain a part set aside for a participant or participants that have not been identified when the contract is concluded.

#### **1.5. Duration**

Integrated projects are expected to have a duration of typically three to five years. However, there will be no maximum, so a longer duration could be accepted if it is necessary to deliver the objectives of a project.

#### **1.6. Participants**

A **participant** means a legal entity contributing to the project and having rights and obligations with regard to the Community under the terms of the contract. Legal entities participating in integrated projects will be primarily organisations active in the research field: enterprises, whatever their size, research institutes and universities.

The following may also participate in integrated projects:

- organisations that possess specific competence in management, dissemination and transfer of knowledge;
- potential users and other stakeholders.

A European Economic Interest Grouping (or any legal entity established in a Member State or Associated State made up of independent legal entities) may be the sole participant provided its composition is in accordance with the conditions fixing the minimum number of participants.

International European Interest Organisations (IEIO) and the JRC participate under the same conditions as legal entities from Member States.

Integrated projects will be open to the participation of entities from non-associated third countries, with special provisions for possible Community financial support for entities belonging to certain groups of countries (see Annex I).

#### **1.7. SME participation**

Small and medium-sized enterprises are an important target group, whose participation in the instruments used for the implementation of the priority thematic areas of FP6 is strongly encouraged. Certain specific features of integrated projects, coupled with certain general dispositions of FP6, are intended to facilitate SME participation in such projects.

The flexibility that integrated projects will enjoy in their ability to modify the consortium composition during their implementation will allow the “tailor-made” participation of SMEs at any time in the lifetime of the project. For example, SMEs interested in using technologies developed in an integrated project may join at a later stage, when the conditions are ripe to launch take-up, demonstration and technology transfer actions. (See sections 6.4 and 6.5.)

Furthermore, the rules of participation allow the collective participation of SMEs through appropriate groupings.

The role of the SME National Contact Points will be enlarged in FP6 to include assistance to SMEs for participation not only in CRAFT-like actions (as is the case under FP5), but in all the instruments of FP6, notably in integrated projects.

A document concerning the participation of SMEs in the new instruments is being prepared and will be published on the Internet as soon as it is available.

## 2. ACTIVITIES

Each project should contain a coherent set of component activities, including a research component and, as appropriate, technological development and/or demonstration components, activities to promote innovation, and any other type of activity directly relevant to the objectives of the integrated project, for example training.

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

A project may be at any point in the research spectrum. A single project may indeed span large parts of the spectrum, i.e. from basic to applied research. Most projects are expected to be multidisciplinary in nature.

Each project should also contribute to the **promotion of gender equality** through the mainstreaming of the gender dimension in its activities. In addition, it should ensure **respect of basic ethical principles**, when relevant.

### 2.1. Research and technological development (RTD) and innovation-related activities

The research and technological development activities conducted within an integrated project should present the following characteristics:

- be **objective-driven**: integrated projects must have clearly defined scientific and technological objectives, aiming at a significant advance in the established state-of-the-art;
- have a **multidisciplinary** character: the activities being integrated into the project will tend to draw on a range of different disciplines.

#### Innovation-related activities

Many integrated projects will have an exploitation potential. In that case, they should include activities relating to the protection and dissemination of knowledge, socio-economic studies of the impact of that knowledge, activities to promote the exploitation of the results, and, when relevant, "take-up" actions. These activities are inter-related and should be conceived and implemented in a coherent way:

- **intellectual property protection**: protection of the knowledge resulting from the project (including patent searches, filing of patent (or other IPR) applications, etc.);
- **dissemination activities** beyond the consortium: publications, conferences, workshops and Web-based activities aiming at disseminating the knowledge and technology produced;
- **studies on socio-economic aspects**: assessment of the expected socio-economic impact of the knowledge and technology generated, as well as analysis of the factors that would influence their exploitation (e.g. standardisation, ethical and regulatory aspects, etc.);

- **activities promoting the exploitation of the results:** development of the plan for the use and dissemination of the knowledge produced, feasibility studies for the creation of spin-offs, etc, "take-up" activities to promote the early or broad application of state-of-the-art technologies. Take-up activities include the assessment, trial and validation of promising, but not fully established, technologies and solutions, and easier access to and the transfer of best practices for the early use and exploitation of technologies. In particular, they will be expected to target SMEs.

## 2.2. Demonstration activities

Integrated projects may also contain a demonstration component designed to prove the viability of new technologies that offer a potential economic advantage, but which cannot be commercialised directly (e.g. testing of product-like prototypes).

## 2.3. Training activities

Integrated projects are likely to provide an excellent vehicle for the advanced **training of researchers and other key staff, industrial executives (in particular for SMEs), and potential users** of the knowledge produced within the project. Such training activities should contribute to the professional development of the persons concerned.

## 2.4. Consortium management

Integrated projects will require particular attention by the consortium to overall management and co-ordination issues. Over and above the technical management of individual work packages, an appropriate management structure linking together all the project components and maintaining communications with the Commission will be needed. Depending on the size and scope of an integrated project, a specially constituted management team with dedicated staff covering a range of skills may need to be set up.

The tasks of this management team may include:

- overall co-ordination of the research activities of the project;
- overall financial and administrative management of the consortium;
- communication with the Commission and co-ordinating all reporting required under the contract;
- management of consortium-level legal and ethical issues;
- co-ordination of knowledge management activities (protection, transfer, dissemination, etc. of knowledge) and of other innovation-related activities;
- the launching of competitive calls by the consortium and managing its subsequent evaluation and selection processes (see section 6.4);
- overseeing the promotion of gender equality in the project;
- overseeing **science and society issues** related to the research activities conducted within the project.

## 3. AN ILLUSTRATIVE FINANCIAL REGIME

The financial regime for integrated projects will be built on the following concepts:

- a "grant to the budget", acting as a ceiling for the support of the Community;
- where the support will be paid as a contribution to actual costs;
- according to maximum rates of support specified in the contract for different types of activity within the project.

The grant to the budget will be negotiated on the basis of (a) the estimated actual costs of carrying out the various activities in the project, and, (b) the rates of Community support for each activity. The maximum amount of the grant will be fixed in the contract.

Such a regime will have many similarities to the current financial regime for RTD projects in FP5, though with several marked simplifications and increased autonomy for the consortium.

### **3.1. Methodologies for the calculation of costs**

There will be two cost methodologies for integrated projects based on experience with the cost methodologies now being used for RTD projects in FP5, namely:

- a **full-cost** methodology, incorporating a flat-rate component;
- an **additional-cost** methodology, covering costs that are additional to the recurring costs of a participant and incorporating a flat-rate component.

Ways are being examined to enable these two cost methodologies to evolve in order to make them simpler to implement, to reduce levels of micro-management, to reduce the risk of error and to generate greater legal and financial security for all concerned.

*[Note: It is intended that the same two basic cost methodologies will be used for all FP6 instruments implemented through grants to the budget. This will create a significant simplification for contractors when compared to FP5, where different instruments sometimes used fundamentally different cost methodologies.]*

### **3.2. Costs chargeable to the contract**

To be chargeable to the contract, costs will need simultaneously to fulfil the following conditions:

- be actual, economic and necessary for the project;
- be incurred during the duration of the project, except when otherwise provided for in the contract;
- be determined in accordance with the normal accounting conventions of each participant, except when otherwise provided for in the contract;
- be recorded in the accounts of the participants or, when provided for in the contract, in the accounts of third parties;
- exclude indirect taxes, duties, interest and contribution to profit.

In addition, participants will be expected to adhere to financial guidelines published by the Commission.

### **3.3. Rates of Community support**

For full cost participants, the maximum rates of Community contribution to a participant's costs will be:

- 50% for the research and technological development and innovation-related activities in the project;
- 35% for any demonstration activities; and
- 100% (*of direct costs only*) for certain project management and training activities.

The model contract will specify which management costs will be eligible for support at the 100% rate. Such costs will include the costs of obtaining audit certificates and of making competitive calls. The model contract may also fix a maximum percentage of the Community grant (perhaps 6%) that can be used to support management costs at 100%. Any management costs exceeding that ceiling would be chargeable at the 50% rate.

Additional cost participants would continue to be supported at up to 100% of additional costs for all components of the project.

## **4. THE PROPOSAL STAGE**

### **4.1. Calls for proposals**

Calls for proposals for integrated projects will be published in the Official Journal of the European Communities and widely published by other means, including the Cordis web-site and through the

National Contact Point network. A forward-looking schedule of the calls will be set out in the form of a “road map” in the work programme of the specific programme.

### **Invitations to submit expressions of interest**

Invitations to submit expressions of interest are likely to be issued prior to calls for project proposals. The first such invitation was published on 20 March 2002, with a deadline of 7 June 2002. Details can be found at: [www.cordis.lu/fp6/eoi-instruments](http://www.cordis.lu/fp6/eoi-instruments)

The expressions of interest phase will enable the Commission to better identify specific topics to be addressed by integrated projects in the subsequent calls for proposals. This will enable the calls to be more tightly focused, hence reducing over-subscription. Expressions of interest will also help in proposal making and consortium building.

Expressions of interest should include a rationale for proposing the topic suitable for an integrated project, a description of the potential expertise, skills and resources available to implement it and a demonstration of the readiness to submit a proposal to the subsequent call for proposals.

Where appropriate, the Commission may modify, merge or subdivide the topics submitted. However, any topic not submitted as an expression of interest risks being excluded from the subsequent call.

### **Project proposals**

The information package relevant to the call for proposals will describe the content of a proposal. Annex II contains the elements applicants may be asked to include in their proposals.

In order to help simplify proposal making, the information provided should be only of sufficient “management-level” detail as to allow an objective evaluation of the scientific/technical merit of the proposal and of the resources that will be employed. Further details may then be requested as necessary, during the evaluation and negotiation phases.

Furthermore, applicants will be asked to provide only an outline implementation plan for the full duration of the project. A detailed implementation plan will be required only for the first 18 months.

The fact that all participants do not need to be identified when the proposal is made is another potential source of simplification.

At the time they present their proposal, the participants should have collectively at least the potential resources (financial and material ones) needed to carry out the project, should it be supported by the Community

### **Two-step process for proposals**

The Commission may also choose to arrange its calls for proposals as a two-step process, whereby in the first step an outline proposal providing the essential aspects of the proposed project is submitted and evaluated with the help of external experts, and a full proposal is submitted in a second step by those retained after that initial evaluation. When a two-step approach is to be followed, it will be specified in the relevant work programme, and its road-map.

## **4.2 Evaluation of proposals**

The fundamental principles governing the evaluation of proposals are:

- **transparency:** a clear framework will be provided for researchers preparing proposals, for experts evaluating proposals, and for the Commission services themselves;
- **fair treatment:** all proposals will be treated alike, irrespective of where they originate, of the identity of the applicants and of previous connections;
- **impartiality:** all eligible proposals will be treated impartially on their merits, subject to an independent peer review;

- **efficiency and speed:** the procedures must be designed to be as rapid as possible, commensurate with maintaining the quality of the evaluation and respecting the legal framework within which the specific programme is managed;
- **ethical considerations:** any proposal which contravenes fundamental ethical principles (particularly those set out in the Charter of Fundamental Rights of the Union), or which does not fulfil the conditions set out in the work programme or in the call for proposals, may be excluded from the evaluation and selection process at any time.

### **Evaluation criteria**

The following evaluation criteria are set out in the Commission’s proposal on the rules for participation of FP6:

- relevance to the objectives of the specific programme;
- scientific and technological excellence;
- added value to the Community, including the critical mass of resources mobilised, the scale of ambition of the objectives and the expected impact or contribution to Community policies; the scale of ambition of the objectives and the capacity of the resources to make a significant contribution to reinforcing competitiveness or solving societal problems;
- quality of the plan for the use and dissemination of the knowledge, potential for promoting innovation, and ability to manage intellectual property;
- ability to successfully carry out the project, assessed in terms of resources, competencies and organisation.

Work programmes of the specific programme may clarify or complement the criteria listed above. The relevant information package will suggest questions that successful proposals will need to have satisfactorily addressed. (See Annex III.)

### **Peer review**

Evaluation will be conducted by the Commission services with the assistance of independent experts according to the principles of “**peer review**”. However the system used for the evaluation of RTD projects in the Fifth Framework Programme will need to be strengthened in order to reflect the more ambitious goals and scale of integrated projects.

The system may possibly be strengthened through the more systematic use of a two-step proposal procedure, as well as through hearings of applicants by a panel of experts, in particular to allow the applicants to answer questions not covered by the proposal itself. Such hearings will act as an additional means of simplifying proposal-making, since proposals would no longer have to foresee answers to every possible question that the experts may wish to ask.

### **4.3. The negotiation process**

For proposals that are successfully evaluated, the negotiation process between the Commission services, possibly with the assistance of external experts, and the participants, will deal with the following aspects:

- to finalise the objectives of the project, which should then be considered fixed for the life of the project;
- to agree an outline implementation plan for the full duration of the contract, which in most respects should be considered fixed, but may be revised, if necessary, particularly after the mid-term review;
- to agree a global budget for the project and a financial ceiling for the Community contribution;
- to agree a detailed implementation plan (and associated financial plan) for the first 18 months, which will subsequently roll forward every 12 months;
- to agree principles for modifying the composition of the consortium.

A thorough financial review of the project will be an essential component of the negotiation process. In it, the consortium will be expected to demonstrate that they potentially have the resources to carry out the project and that there is a sound basis for their collaboration.

The principles applicable in the evaluation and negotiation phases will be detailed in publicly available guidelines.

## **5. THE CONTRACT**

Work has started on the model contract for integrated projects. More information will be found at <http://europa.eu.int/comm/research/nfp/model-contract-group>

### **5.1. Content of the contract**

The contract with the Commission will establish the rights and obligations of participants and in particular the arrangements for the technical, technological, financial and, where appropriate, ethical monitoring of the project, the updating of its implementation plan, changes in consortium membership, eligibility of expenditure, as well as rules regarding intellectual property rights.

The contract may be structured along the following lines:

- a **core** text containing: the scope, duration, maximum Community contribution, deliverables, payment modalities and the list of initial participants;
- a **technical annex** containing: a) the objectives of the project, the outline implementation plan for the whole duration; an outline description of the role of the participants; a description of the deliverables; ethical provisions; a description of the organisation and management structure; the circumstances under which a competitive call will be needed; b) a detailed implementation plan for the first 18 months together with its associated financial plan;
- **general conditions** common to all FP6 instruments, covering standard legal and administrative provisions, the IPR regime and standard financial provisions among others;
- **conditions specific to integrated projects**, for example, the maximum rates of Community support as described in Section 3.4; reporting schedule and detailed payment conditions; the mechanisms for updating its outline implementation plan and detailed periodic implementation plans.

The breakdown of the Community contribution **will not be fixed in the contract either by activity or by participant**. This will give a degree of flexibility to the consortium on the distribution of the Community contribution and will also eliminate much of its micromanagement associated with FP5 contracts.

**Subcontracts** whose cost exceeds a certain limit (to be specified by the model contract) should also be identified in the contract. Any that are not will require subsequent Commission approval before conclusion of the sub-contract.

### **5.2. Contracting parties**

The contract between the consortium and the Commission may be concluded either with all the participants or with a common legal structure that represents them from the legal point of view.

A common legal structure may take various forms, for example that of a European Economic Interest Grouping (EEIG) or a non-profit association. It could assume the following tasks: the management of the Community contribution according to the decisions taken by the partners regarding its distribution among them; the overall management of the project; and the consortium “interface” regarding all contacts with Commission and external world.

### **5.3. Role of the co-ordinator**

The consortium will designate one of its participants to act as the co-ordinator of the project. The following tasks of the co-ordinator will be specified in the contract:

- to act as the intermediary between all participants and the Commission. All information related to the project will be transmitted to the Commission through the co-ordinator;
- to receive all payments made by the Commission on behalf of the participants and, not being the beneficiary of payments intended for the other participants, to administer the Community contribution according to decisions taken by the consortium;
- to inform the Commission of the distribution of payments to the participants.

The consortium may, of course, agree to entrust other tasks to the co-ordinator, in particular under the terms of any consortium agreement between the participants.

#### 5.4. Responsibility and liability of participants

Participants must have the knowledge and technical competence to carry out the project. As work progresses, participants should have the resources as and when needed to carry out the project.

##### At technical level

All participants share **joint and several technical responsibility** regarding the implementation of the project. Subject to cases of force majeure, the participants are expected to use reasonable endeavours to achieve the objectives of the project.

##### At financial level

The principle of **joint and several financial liability** refers to a contractual arrangement whereby the partners in a consortium bear collectively the risks related to the work they agree to undertake as a team. It is the natural counterpart of the increased flexibility and autonomy enjoyed by integrated projects. Joint and several financial liability is limited to the Community contribution.

Those entities (including certain public universities), that are guaranteed by the state and which for legal reasons cannot be held jointly and severally liable, will be exempted and will be liable only for the part of the Community financial contribution allocated specifically to them. The remaining participants will not bear any liability over the obligations of exempted participants.

It should be understood that joint and several liability will only be invoked by the Commission as a **last resort measure**, if a whole range of other remedial actions fail.

A detailed explanation on the implementation of joint and several liability is available through: <http://europa.eu.uint/comm/research/nfp/networks-ip.html>

#### 5.5. Consortium agreement

As a consequence of the larger autonomy that consortia will benefit from and of the simplification of the contract with the Commission, for example with respect to the management of the Community contribution and to intellectual property, the participants will probably find it necessary to conclude a **consortium agreement** that may include:

- their **governance structure, decision-making processes and management arrangements**;
- arrangements for the distribution of the Community contribution among participants and among activities;
- provisions regarding **conflict resolution** within the partnership;
- **specific arrangements concerning intellectual property** rights to be applied among the participants and their affiliates, in compliance with the general arrangements stipulated in the contract;
- **any other provision** necessary to ensure a sound management of the project.

The conclusion of a consortium agreement is strongly recommended, but will not be a contractual obligation. It should be signed as early as possible and preferably no later than the date on which the contract with the Commission enters into force. The Commission will produce a “check-list” aimed at helping participants identify issues that may need to be covered by a consortium agreement.

## 6. IMPLEMENTATION OF THE PROJECT

At its outset, the project will have an agreed overall implementation plan for its full duration and a detailed plan for the period covered by the first advance period (18 months). With the agreement of the Commission, the overall implementation plan may be modified and the detailed plan will roll forward each year, as part of the reporting schedule. However, the overall objectives and principal deliverables, as set out in the contract, will not be expected to change during the lifetime of the project. With the agreement of the Commission, the composition of the consortium may also be modified as the project progresses.

### 6.1. Reporting schedule

Each year, the consortium will submit to the Commission **reports for the previous 12-month period**, as well as a **plan for the forthcoming 18-month period**. The simultaneous submission of these documents allows optimal monitoring of progress by the Commission services and furnishes a solid basis for the payment of the periodic advances.

#### Periodic reporting, including updating the implementation plan

Within two months of the completion of each twelve-month period, the consortium will be expected to submit:

- An **activity report** for the previous twelve months, which contains:
  - a management-level overview of the activities carried out by the project during the period;
  - a description of progress toward its scientific and technological objectives and associated innovation-related activities;
  - a description of progress toward the milestones and deliverables foreseen;
  - a description of training activities, if any;
  - identification of problems encountered and corrective action taken.
  
- A **financial report** for the period, which contains:
  - an **audit certificate** per participant, furnished by an **external auditor** (or, in the case of public legal entities, a competent public officer), showing the overall costs incurred by the participant for each of the four activities listed in Section 2;
  - a **financial summary sheet** bringing together the incurred costs of all the participants in an aggregate form by cost methodology ;
  - a management-level justification of the costs incurred.
  
- An **updated implementation plan**, including a detailed description of the implementation plan for the eighteen months following the twelve-month period covered by the reports above, and a revision of the overall implementation plan if needed.
  
- An associated **financial plan**, containing a description of the resources foreseen to be used in this next 18-month period together with an associated budget.

The Commission needs to review and approve all four of these documents. In doing so, the Commission may be assisted by external experts. Where appropriate, the Commission may also decide to carry out an ethical review of the project and its future plans.

*[Note: By way of illustration, in a pilot exercise under the current IST programme of FP5, audit certificates are to be based on audit work providing reasonable assurance that, subject to a confidence level of 95%, the total chargeable costs do not differ by more than 2.5% from the costs claimed. The audit is a financial audit and is not expected to reflect on the efficiency, effectiveness and economy in the allocation of resources, nor on the achievement of technical objectives. Where auditors qualify some or all of the costs claimed, only the costs without qualifications are accepted. The Community's financial contribution in respect of the costs incurred for audit certificates is limited in the contract to €4,000 per audit certificate.]*

## **Final report and plan for use and dissemination of knowledge**

At the completion of the project, a **final report** will assess the results of the project against its agreed objectives. The final report will also include, among others: an analysis and evaluation of the potential economic and social impact of the technologies concerned and the factors involved in their successful exploitation; a description of the project's activities and future plans regarding the use and dissemination of knowledge; an assessment of the equal opportunity promotion actions.

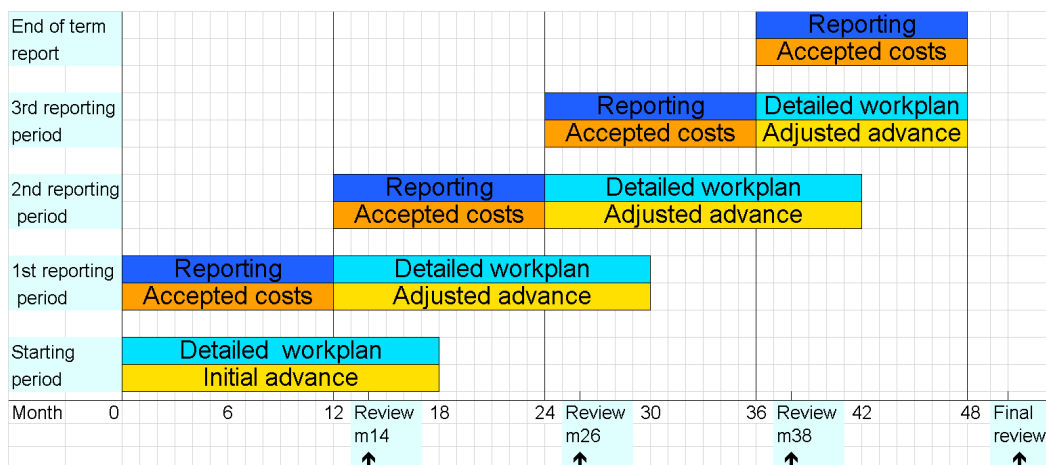
The final report should be accompanied by an activity report and an expenditure report for the final period.

### **6.2. Payments schedule**

The following payments schedule is being considered as a means of giving greater financial security to the project. At the start of the contract, the Commission will pay an advance equivalent to 85 % of its foreseen contribution for the first 18 months of the project based on the project's approved financial plan. The period covered by the advance may be adjusted for projects of a duration of less than three years.

After approving all four periodic reporting documents mentioned above, the Commission will initiate the payment of the advance for the following 18-month period and will also settle in full its contribution to the project for the previous twelve months (subject, of course, to ex-post audit).

**Reporting and payments schedule for 48-month integrated project**



### **6.3. Modification of the consortium membership without additional funding**

The contract will specify the procedures for modifying the membership of the consortium within the limits of the Community contribution. The following general cases can be envisaged.

#### **Replacement of a participant**

When the consortium is faced with the need to replace a participant, for example one that has withdrawn, the new participant may be selected without a competitive call, unless this is considered useful by the consortium itself (or specifically requested by the Commission). The Commission may object to the inclusion of particular selected new participants on grounds such as financial precariousness or past frauds.

### **Expansion of the consortium**

The consortium may itself decide to take in new participants as the project evolves, though without any additional financing from the Community. The contract will specify when the addition of a new participant will require the prior publication of a competitive call, for example in those cases where a proportion of the original budget was assigned to a participant that had yet to be identified.

### **Competitive calls launched by the consortium**

Competitive calls will comply with the following general principles:

- transparency of the procedures: appropriate publicity, clearly enunciated selection criteria;
- equal treatment;
- equal access granted to all potential participants: no exclusion on basis of geographical origin.

The consortium will publish the competitive call and advertise it widely using specific information support, particularly internet sites on the sixth Framework Programme, the specialist press, etc. The consortium will carry out the evaluation of the proposals with the assistance of independent experts. They should be individuals with internationally acknowledged expertise in the specialised area.

Two general cases may be envisaged:

#### **a) Calls for the selection of a new participant to join the consortium**

Here, candidates will be judged in their individual capacities to perform the required tasks on the basis of criteria that include scientific and technological excellence and the ability to successfully carry out the work required, assessed in terms of resources, competence and organisation.

#### **b) Calls for the selection of a group of new participants presenting a joint proposal for the execution of an entire task or sub-project**

Here, the proposals will have to be evaluated against the full set of criteria that governed the evaluation and selection of the project as a whole.

The consortium will not be obliged to select a new participant where it has objective grounds for objecting to the participant, for example commercial competition.

The consortium will inform the Commission of the process followed. The Commission may object to the result, if, for example, the specified modalities have not been properly applied. In all cases, the Commission may object to the inclusion of particular selected new participants on grounds such as past frauds.

### **6.4. Additional financial contribution to extend the project**

The Commission may decide to launch calls for proposals enabling the Community contribution to existing integrated projects to be increased, in order, for example, to cover new activities or to involve particular types of participants. This possibility may, for example, be a useful mechanism for stimulating take-up measures and enhancing the participation of SMEs. The evaluation will be carried out in accordance with the general principles used for the evaluation of integrated projects.

## **7. FOLLOW-UP AND MONITORING**

The Commission services will monitor the project so as to ensure proper work execution according to the terms of the contract, to protect the Community's financial interests, to reinforce public accountability and to ensure maximum synergy and coherence with other actions within the specific programme.

## 7.1. Regular follow-up by Commission services

A project officer from among the Commission staff, or a team of project officers, will be assigned to each project. The project officer may be assisted by other persons, internal and external to the Commission, with the appropriate technical expertise. The project officer maintains close contact with the project management team in order to ensure proper overall monitoring, as well as timely feed-back between the project and the Commission on developments needing particular attention. The tasks of a project officer include:

- serving as a permanent contact point for the project;
- arranging the follow-up of the project, including analysis of all project reports, both from the scientific/technical and financial/managerial points of view;
- attending all formal project reviews and any consortium meetings where this is deemed necessary.

The contract will foresee the following reviews by the Commission, each with the possible assistance of external experts:

- **yearly reviews**, which will coincide with the yearly reporting and approval schedule;
- a **mid-term** (or a **milestone**) **review**, at which overall project progress and prospects will be assessed and a go/no go decision as regards continuation of Community support will be taken;
- an **end-of-term review**, primarily to assess the impact of the project on enhancing the Community's competitiveness or on addressing major societal issues.

More specific technical audits, as well as financial and technological audits, may also be launched by the Commission (see next section).

## 7.2. Audits

The model contract will specify an audit regime to enable the Commission to proceed to audits, dealing with **technical, financial, technological** (innovation impact), and **ethical** aspects:

- **Technical audits** may be launched at any point during the implementation of the project in order to verify that the *project* is being or has been carried out in accordance with the conditions indicated by the participants. A yearly review would be considered a technical audit.
- **Financial audits** may be launched at any time, and may deal with any aspect of the financial implementation of the whole or a part of the project. For each integrated project, it is the Commission's intention that **at least one financial audit will be carried out** within the auditable period.
- **Technological audits** dealing with the use and dissemination of results may be launched at the end of all the projects, but may also be carried out earlier, if considered necessary by the Commission.
- **Ethical audits** may be launched at any time during the implementation of the project in order to verify that the project is respecting fundamental ethical principles and national regulations.

Various audits may be undertaken simultaneously. In particular, parallel technical and financial audits of a given project could be opportune. The Commission itself will conduct the audits or entitle another entity to do so.

## 8. INTELLECTUAL PROPERTY ASPECTS

### 8.1. General principles

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

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

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

## **8.2. Ownership of knowledge**

Since integrated projects are not funded 100% by the Community, participants will own the intellectual property of the knowledge resulting from the project.

## **8.3. Protection of knowledge**

The owner of knowledge should provide adequate and effective protection for knowledge that is capable of industrial or commercial application.

The Commission may adopt protective measures when it considers it necessary to protect knowledge in a particular country, and when such protection has not been applied for or has been waived.

Participants may publish information on the knowledge arising from the project, provided this does not affect the protection of that knowledge.

## **8.4. Use and dissemination of knowledge**

Participants shall use or cause the use of the knowledge, which they own arising from the project, in accordance with their interests and with the provisions agreed among them.

If dissemination of knowledge does not adversely affect its protection or its use, it should be disseminated by the participants within a period laid down by the Community. If the participants fail to do so, the Commission may disseminate the knowledge. In doing that, the Commission and the contractors should take into consideration the following elements:

- the benefits of swift dissemination (in order to avoid duplication of research efforts and create synergies between actions);
- the need to safeguard intellectual property rights;
- confidentiality;
- the legitimate interests of the participants.

## **8.5. Access rights**

### **Main principles**

The provisions relating to access rights **are the same for all participants** (contrary to the FP5 situation, providing for different access rights for principal/assistant contractors). As a consequence, the table summarising the access rights system is much simpler (see below).

The control of pre-existing know-how by its owner(s) has been improved by making it possible for a participant to exclude specific pre-existing know-how from the obligation to grant access rights to it to other participants, in agreement with all other participants before the start of the project.

The control of knowledge resulting from the project by its owner(s) has also been improved: a participant enjoys access rights to another participant's knowledge only if such access rights are necessary for the first participant to use its own knowledge.

Obligatory access rights between different projects have been suppressed. However, the participants may conclude any agreement aimed at granting additional or more favourable access rights (including to third parties, e.g. affiliates), or at specifying the requirements applicable to access rights (without restricting them). Such provisions may for instance be included in consortium agreements.

The Commission may object to the granting of access rights to third parties, in particular to those which are not established in a Member State or an Associated State, if granting such rights is not in accordance with the interests of developing the competitiveness of European industry, or with ethical principles, in particular those described in the Charter of Fundamental Rights of the European Union.

**Access rights for the execution of the project**

Inasmuch as such access rights are needed to carry out their own work under the project, **all participants** in the project **enjoy access rights** to: (a) the knowledge arising from work carried out under the project and, (b) the pre-existing know-how of the other participants.

Access rights **to knowledge** shall be granted **on a royalty-free basis**. Access rights **to pre-existing know-how** shall also be granted **on a royalty-free basis**, unless other conditions have been agreed before signature of the contract.

Subject to its legitimate interests, the termination of the participation of a participant shall in no way affect the obligation to grant such access rights for the execution of the project to the other participants until the end of the project.

**Access rights for use purposes** ("use" = exploitation + further research)

Inasmuch as such access rights are needed to use their own knowledge resulting from the project, participants in the project enjoy access rights to: (a) the knowledge arising from work carried out under the project and, (b) the pre-existing know-how of the other participants.

Access rights **to knowledge** shall be granted **on a royalty-free basis**, **unless** other conditions were agreed upon before signature of the contract. Access rights **to pre-existing know-how** shall be granted **on non-discriminatory and reasonable conditions** to be agreed.

Subject to the participants' legitimate interests, access rights for use purposes may be requested until two years after the end of the indirect action or after the termination of the participation of a participant, whichever falls earlier, unless the participants agree on a longer period.

**Summary**

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

**PARTICIPATION AND FINANCING POSSIBILITIES BY COUNTRY OF ESTABLISHMENT OF PARTICIPANT**

<b>Participant's country of establishment</b>	<b>Participation</b>	<b>Financing</b>
European Union Member States, JRC	Rightfully	Rightfully
Associated Candidate Countries	Rightfully	Rightfully
Other Associated Countries	Rightfully	Rightfully
International organisations of European interest	Rightfully	Rightfully
Russia, New Independent States, Mediterranean Countries, Developing countries (with or without a co-operation agreement)	Rightfully over and above the minimum threshold	Within the limits of the budget available for international co-operation activities in the context the thematic priorities
Third countries having a co-operation agreement	Rightfully over and above the minimum threshold	If Community contribution is necessary and foreseen by the Work Programme
Other third countries	If participation is foreseen or if it is necessary for carrying out the project	If Community contribution is foreseen or if it is essential for carrying out the project
Other international organisations	Rightfully over and above the minimum threshold	If Community contribution is foreseen in the work programme or if it is essential for carrying out the project

## **CONTENT OF INTEGRATED PROJECT PROPOSALS**

Applicants may be asked to include the following elements in their proposals:

### **Scientific and technological aspects**

- the scientific and technological objectives of the project and expected socio-economic impact;
- the relevance of the project to the objectives of the work programme of the specific programme concerned;
- a description of the international state of the art and of how the project intends to advance beyond;
- an outline implementation plan for the whole duration of the project, highlighting the articulation of the various components of the project and their expected deliverables;
- a detailed implementation plan for the first 18 months of the project.

### **Resources, partnership and management**

- the resources (human and material) that will be deployed for the implementation of the project;
- how critical mass is achieved;
- the role of the participants and the specific skills of each of them (including the role of any participant(s) which are not yet identified);
- the organisational, management and governance structure of the project;
- the identification of potential ethical and safety issues and the way they will be handled;
- an action plan through which gender equality will be promoted within the project.

### **Innovation, dissemination of knowledge, social impact**

- a description of innovation-related activities to be carried out in the duration of the project;
- the plan for the exploitation of results;
- the plan for the dissemination of knowledge beyond the consortium (including to policy makers, citizens, etc.);
- the description of any foreseen training activities;
- an assessment of the potential impact of the technology on society.

### **Financial issues**

- a global budget estimate broken down by activity (as defined in Section 2) and by participant, including a global financial plan identifying the various contributions to the budget and their origin, plus a precise budget for the first 18 months;
- a management-level justification for the resources and budget estimated to be needed.

## QUESTIONS TO ASSIST IN PROPOSAL MAKING

The relevant information package will suggest questions that successful applicants for integrated projects will need to have satisfactorily addressed. For example:

### Strategic impact

- Is the proposed project **suitably ambitious** in terms of its strategic impact on reinforcing competitiveness or on solving societal problems?
- Is the project likely to have a durable **structuring effect** on European research?
- Are the project's innovation-related activities and its exploitation plan adequate to ensure **optimal dissemination and use of the project results**?

### S&T excellence

- Does the project have **clearly defined objectives**?
- Do they represent **clear progress beyond the current state-of-the-art**?
- Is the **proposed S&T approach** likely to enable the project to achieve its objectives in research and innovation?

### Quality of the consortium

- Do the participants collectively constitute a **consortium of high quality**?
- Are the participants **well-suited to the tasks** assigned to them?
- Is there **good complementarity** between them?

### Quality of the management

- Is the **organisational structure** well-matched to the complexity of the project and to the degree of integration required?
- Is the **project management** demonstrably of high quality?
- Is there a satisfactory plan for the **management of knowledge**, of intellectual property and of other innovation-related activities?

### Mobilisation of resources

- Will the project contain the **critical mass of resources** (*personnel, equipment, finance...*) needed to carry out the project successfully?
- Are these **resources convincingly integrated** so as to create a coherent project?
- Is there a convincing **financial plan**, with the funding well-matched to the research and innovation ambitions of the project?