

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 6th 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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This document provides a description of the general concept of integrated projects and how they may be implemented in the Sixth Framework Programme. It should be noted, however, that the principles underpinning the implementation of this instrument may still be modified in the light of the ongoing legislative process concerning the Framework Programme and its Rules of Participation.

1. GENERAL ASPECTS

1.1. Purpose

Integrated Projects are designed to give increased impetus to the Community's competitiveness or to address major societal needs by mobilising a critical mass of research and technological development resources and competence. Each Integrated Project should be assigned clearly defined ambitious scientific and technological objectives and should be directed at obtaining specific results applicable in terms of, for instance, products, processes or services. Under these objectives they may include more long-term or "risky" research.

Integrated projects are to be used in implementing the priority thematic areas of the Sixth Framework Programme. They may also be used, in certain duly justified cases, in other research areas supporting policies and anticipating scientific and technological needs (the so called "8th priority), when the objective in question can be better achieved by these 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, the objectives 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.

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 preferably be carried out on the basis of overall financing plans involving a significant mobilisation of public and private sector funding schemes, including funding from the European Investment Bank and collaboration with Euréka.

1.3. Size and Critical Mass

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

The combined activities of an integrated project may represent a financial size ranging from several millions of euros to several tens of millions of euros. Integrated projects may also be of a somewhat smaller size, provided they have the required ambition and achieve the necessary critical mass.

1.4. Duration

The duration of the project will be determined by the time necessary to obtain its research objectives. Typically, duration might be expected to be 3-5 years, but could be longer if needed.

1.5. Participants

A **participant** means a legal entity contributing to an integrated project and having rights and obligations with regard to the Community under the terms of the contract.

As an absolute minimum, the number of participants shall not be less than three independent legal entities established in three different Member States or Associated States, of which at least two shall be Member States or Associated candidate countries. International European Interest Organisations (IEIO) and the JRC participate under the same conditions as legal entities from Member States. The work programme of the relevant specific programme may specify a higher minimum number of participants. It is expected that in practice the number of participants will be higher, but the size of the consortium will depend on the nature of the project.

Legal entities participating in integrated projects will be primarily organisations active in the **research** field: enterprises, whichever their size, research institutes, 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 (EEIG) (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.

Integrated projects will be open to 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 below).

Participation and financing possibilities by country of establishment of participant

Participant's country of establishment	Participation	Financing
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 (other such foreseen previously)	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

2. ACTIVITIES

By their nature, integrated projects require the concurrent and closely co-ordinated execution of various categories of activity, notably:

- **Research and technological development, and innovation-related activities**
- **Demonstration activities**
- **Training activities**
- **Consortium management**

The presence of a research component and innovation-related activities is mandatory.

International co-operation with entities from third countries is potentially an important aspect of integrated projects and can be incorporated in practically all the project activities.

Each project should contribute to the **promotion of gender equality** through the mainstreaming of the gender dimension in its activities, where relevant.

2.1. Research and technological development, and innovation-related activities

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

- have **measurable outcomes**: integrated projects have well-defined research objectives, aiming at achieving significant impact in terms of applicable knowledge;
- have a **multidisciplinary** character: all relevant research aspects of an ambitious objective have to be covered.

Integrated projects will be found across the whole research spectrum, from the more basic research required by the priority thematic areas through applied research to technological development.

Innovation-related activities

Integrated projects should normally include activities relating to the protection and dissemination of knowledge, socio-economic studies, activities to promote the exploitation of the results, and, possibly, "take-up" actions. These activities are inter-related and should be conceived and implemented in a coherent way.

- **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 or 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, easier access to and the transfer of best practices for the early use and exploitation of technologies. They will target, in particular, SMEs.

2.2. Demonstration activities

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

2.3. Training activities

Certain activities within integrated projects are likely to provide a suitable vehicle for the **training of researchers, students, engineers and industrial executives (in particular for SMEs), and of other potential users** of the knowledge produced within the project. Such clearly identified training activities should contribute to the professional development of the persons concerned and incorporate a **mobility** aspect.

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 central management structure with dedicated staff may need to be set up.

The scope of **Consortium management** will be defined in the model contract. It may include:

- collective technical co-ordination;
- activities linked to overall financial and accounting management;
- internal and external administrative co-ordination activities, including communication with the Commission and all reporting;
- management of consortium-level legal and ethical issues;
- conflict resolution;
- co-ordination of the innovation-related activities;
- the launching of competitive calls by the consortium and subsequent evaluation and selection processes (see sections 6.3 and 6.4);
- dialogue with the citizen (organised at consortium level) on **science and society issues** related to the research activities conducted within the project.

3. FINANCIAL REGIME

The Community contribution to the project shall take the form of a grant to the budget, paid as a percentage of actual costs up to a financial ceiling specified in the contract.

3.1. Costs chargeable to the contract

To be chargeable to the contract, costs must be **actual** and simultaneously fulfil the following requirements:

- be costs **necessary** for the project and economical;
- be incurred during the lifetime of the project;
- be determined on a historic cost basis in accordance with the **normal accounting practices of the participant**;
- be recorded in the accounts or in other relevant legal or financial documents or in tax documents;
- exclude any other non-chargeable costs specified in the contract (Section 3.2).

There are no predefined chargeable cost categories.

3.2. Costs that are not chargeable to the contract

Categories of cost that are not chargeable will be specified in the model contract which will be developed specifically for FP6. For the sake of illustration, the following costs were deemed ineligible in the FP5 model RTD contract:

- “- costs related to return on capital employed;
- provisions for possible future losses or charges;
- interest owed;
- provisions for doubtful debts;
- resources made available to a participant free of charge;
- value of contributions in kind;
- unnecessary or ill-considered expenses;
- marketing, sales and distribution costs for products and services;

- indirect taxes and duties, including VAT;
- entertainment or hospitality expenses, except such reasonable expenses accepted by the Commission as being absolutely necessary for carrying out the project;
- any cost incurred or reimbursed, in particular in respect of another Community, international or national project.”

3.3. Methodologies for the calculation of costs

One possibility would be to continue with the same three methodologies for the calculation of costs used in FP5:

- **“Full cost methodology” (FC):** based on the actual direct and actual indirect costs of the participant concerned.
- **“Full cost methodology with a flat rate for overheads” (FF):** based on the actual direct costs of the participant concerned plus an allowance for overheads of 80% of the direct costs on personnel.
- **“Additional cost methodology” (AC):** based on those direct costs that are additional to the recurrent costs of the participant plus an allowance of 20 % of the direct costs (excluding subcontracting) for overheads.

If the FP5 provisions are carried over, the AC methodology would again be applicable only in cases where the contractor cannot identify precisely their full costs related to the project. The cost methodology applicable to each participant will be specified in the contract.

[Note: Another approach being considered would be to make apply cost methodologies according to the type of participant, and not on the basis of their accounting capabilities. In this spirit, one option would be to make the AC methodology mandatory for all non-commercial public sector entities. All others would have to use the FC methodology, with the exception of SMEs, which may opt for the FF methodology. Within this option, the possibility for entities under the AC methodology to charge actual overheads could be envisaged.]

3.4. Rates of Community support

The maximum rates of Community support will be the following:

- For the research and technological development component and innovation-related activities: 50 % of actual direct and indirect costs for FC participants, 50% of actual direct costs plus flat rate overheads for FF participants, and 100% of additional direct costs plus flat rate overheads for AC participants;
- For any demonstration component: 35% of actual direct and indirect costs for FC participants, 35 % of full direct costs plus flat rate overheads for FF participants, and 100% of additional direct costs plus flat rate overheads for AC participants;
- For consortium management and training activities¹: 100% of full direct costs for FC and FF participants and 100% of additional direct costs (excluding subcontracting) plus flat rate overhead for AC participants. The model contract will specify precisely which management and which training activities are covered at these rates.

¹ And including the costs of obtaining the audit certificates required from each participant.

[Note: The possibility of placing a ceiling in the contract for the proportion of the Community support to be used for consortium management activities is being considered.]

4. THE PROPOSAL STAGE

4.1. Calls for proposals

Calls for proposals 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 schedule of the calls will be set out in the form of a “road map” in the work programme of the specific programme.

Calls for expressions of interest may be issued prior to calls for project proposals.

4.1.1. Expressions of interest

Calls for expression of interest could be used, if judged necessary, in order to better identify specific objectives and/or themes to be addressed by integrated project proposals. This would enable calls for project proposals to be more tightly focused, hence reducing over-subscription.

The precise content of an expression of interest will be specified in the relevant information package. Expressions of interest may be asked to include information/motivation on the objective/theme proposed, the rationale of such choice, the possible composition of consortia, and an estimate of the resources required by a potential integrated project.

The expressions of interest received will be evaluated by the Commission services, with the possible assistance of external experts, according to criteria that will be specified in the call. The outcome of the evaluation will be the identification of **objectives/themes** (and **not** of consortia) to be included in the coming call for project proposals. Organisations that did not submit expressions of interest may of course participate in the subsequent call for project proposals.

The results of the call will be published, as well as contact information of entities proposing the identified themes, so as to facilitate broad and effective consortium formation. A “partner search facility” may be introduced on the Cordis web site to further assist the constitution of partnerships on the themes.

4.1.2. Project proposals

The information package relevant to the call for proposals will describe the content of a proposal. Applicants may be asked to include the following elements in their proposals:

- 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;
- an outline implementation plan for the whole duration of the project, highlighting the articulation of the various components and their expected deliverables;
- a detailed implementation plan for the first 18 months of the project;
- the role of the participants and the specific skills of each of them (including the role of the participants who are not yet identified by name);
- the organisational, management and governance structure of the project;

- the plan for the use or dissemination of knowledge and other innovation-related activities;
- the description of foreseen training activities;
- 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.
- 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.

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.

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 a “value for money” appreciation. Further details may then be requested as necessary, during the evaluation and negotiation phases.

[Note: The Commission may choose to arrange proposal evaluation 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 consortia retained after that initial evaluation.]

4.2 Evaluation of proposals

The fundamental principles governing the evaluation process will be:

- **Transparency:** provide a clear framework 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 or 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.

4.2.1. Evaluation criteria

The following criteria, set out in the rules for participation, will be applied:

- 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;
- quality of the plan for the use or 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.

4.2.2. Peer review

Evaluation will be conducted according to the “peer review”, which may take place in stages: first assessment by individual experts (which would be conducted “off-site”) and then by a panel, which may include hearings of project representatives. Given the increased ambition of integrated projects compared to most RTD projects in FP5, it is clear that the peer review process will have to be strengthened. The evaluation procedure will be further described in the Commission’s evaluation manual and in the work programme of the specific programme.

During the peer review, experts will be asked to comment on the adequacy of resources and the reasonableness of the budget from a value-for-money point of view. They may also propose negotiation recommendations for the Commission, where relevant.

4.3. The negotiation process

The negotiation conducted between the Commission services, possibly with the help of external experts, and the participants will deal with the following aspects:

- to finalise the objectives and deliverables of the project;
- to agree an outline implementation plan and an associated financial plan for the whole duration of the project;
- to agree a financial ceiling for the Community contribution;
- to agree principles for changing the outline implementation plan and the consortium;
- to agree a detailed implementation plan and associated budget for the first 18 months of the project.

A thorough financial review of the project will be an essential component of the negotiation process. 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 negotiation phases will be spelled out in **publicly available guidelines**.

5. THE CONTRACT

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 include, among others:

- the scope, duration, maximum Community contribution, payment modalities and the list of initial participants;
- a **technical annex** containing: 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 management and governance structure;
- **conditions specific to integrated projects**, notably; the maximum rates of Community support as described in Section 3.4; the mechanisms for updating its outline plan and for approving detailed periodic implementation plans;
- **general conditions**, for all FP6 instruments, covering the IPR regime, eligibility of costs, etc.

Subcontracts whose cost exceeds a certain limit (to be specified by the model contract) will have to be identified and, if necessary, receive Commission approval, before conclusion of the sub-contract.

The Community contribution will not be broken down in the contract either by activity or by participant. This will give to the consortium a degree of flexibility on the distribution of the Community contribution.

5.2. Contracting parties

The contract between the consortium and the Commission may be concluded:

- Either with one of the participants designated by the consortium. In such a case, the advance payment can be initiated immediately after signature of the contract by the two parties, thus eliminating lengthy periods awaiting signature by all participants, as is the case in FP5. The participant which signs the contract with the Commission will be obliged, according to the contract, to assemble within a “reasonable” time the signature of the other participants linking them to the Commission and to each other with the same rights and obligations. *[Note: A similar solution could also be envisaged with some of the participants (“core group”), rather than a sole participant, signing the contract. All initial participants will be listed in the contract.]*
- Or with a single **common legal structure** having its own legal personality, different from that of the partners, and representing them from the legal point of view.

The 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:

- management of the Community contribution according to the decisions taken by the partners regarding its distribution among them;
- overall management of the project;
- consortium “interface” regarding all contacts with Commission and external world.

5.3 Responsibility and liability of participants

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

At technical level:

All participants share **joint and several responsibility** regarding the technical 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:

As a rule, each participant shall bear **unlimited joint and several liability** for the use made of the Community financial contribution except for the part allocated to participants who cannot for legal reasons be held jointly and severally liable. Such participants shall be liable only for that part of the Community financial contribution allocated by the consortium specifically to them.

This type of liability is a necessary complement to the increased flexibility and autonomy enjoyed by integrated project consortia in the allocation of the Community contribution among participants, in the modification of the consortium composition and in the evolution of the implementation plan. In addition, it dispenses the partners of the necessity to furnish bank guarantees to the Commission and helps reduce the time from evaluation to contract.

The Commission shall have recourse to the above liability only if the damage incurred by the Community has not been rectified either by the participant at fault or by the consortium, on its own initiative, within a reasonable period of time.

It must also be noted that the joint and several liability towards the Commission is without any prejudice to the internal distribution of responsibility among the consortium. A participant whose joint and several liability has been invoked by the Commission may always seek reimbursement from the defaulting party. Moreover, notwithstanding the fact that the financial contribution was reimbursed on the basis of the joint and several liability, the Commission will apply sanctions and may initiate prosecution procedures should the defaulting participant have committed a financial irregularity.

As foreseen in the rules of participation, these general rules concerning liability may be subject to specific arrangements provided for in the model contract, based on the specific features of integrated projects and on the extent of the contribution made by the participants.

5.4. Consortium agreement

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

- their **governance and decision-making processes**;
- 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, 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. The Commission may produce a “check-list” aimed to help

project participants identify certain 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. 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. The composition of the consortium may also be modified.

6.1 Reporting schedule

Each twelve months following the start of the project, 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

Within two months of the completion of each twelve-month period, the consortium will 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 scientific and technological objectives and associated innovation-related activities;
 - a description of progress toward the milestones and deliverables foreseen;
 - a description of training activities;
 - identification of problems encountered and corrective action taken.
- A **summary financial report** for the period, which contains:
 - an **audit certificate** per participant, furnished by an **independent auditor** (external auditor or, in the case of public legal entities, competent public officer), showing the overall costs incurred by the participant, per activity with a distinct rate of support;
 - a **financial summary sheet** bringing together the incurred costs of all the participants in an aggregate form by cost methodology (**Note: detailed costs statements are not requested**);
 - a management-level justification of the costs incurred.
- An **updated implementation plan**, including a detailed description of the activity 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**, which contains a description of the resources foreseen to be used in this next 18-month period. The associated budget will be requested per type of activity and per participant. As a basic principle, the financial details provided should be no more than a co-ordinator would require in order to ensure an effective management of the project.

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.

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.

6.2. Payments schedule

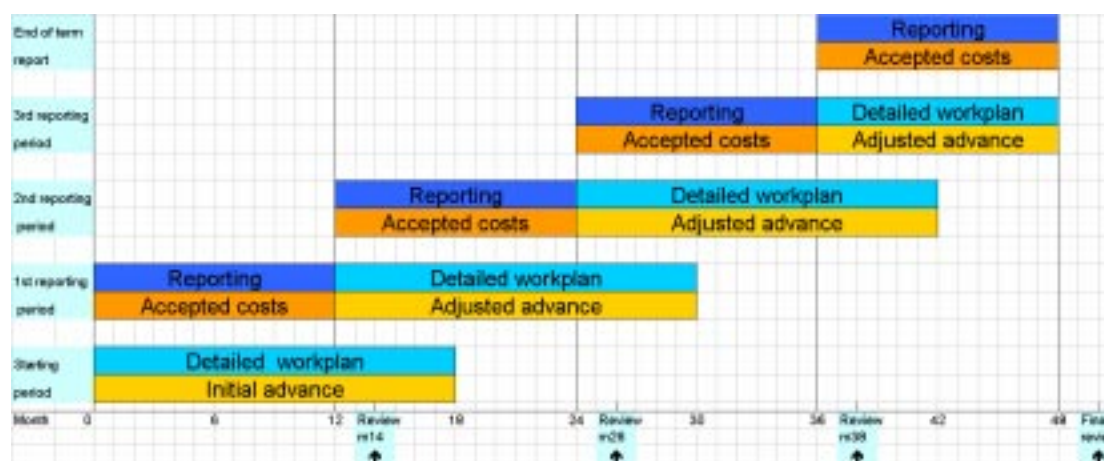
The Community contribution to the project will be paid to the participant so designated in the contract.

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. The Commission will then also settle in full its contribution to the project for the previous twelve months.

Reporting and payments schedule for 48-month integrated project



6.3. Modification of the implementation plan

The overall implementation plan for the remaining life of the project may, also with the approval of the Commission, be updated yearly taking into consideration:

- progress achieved by the consortium in its various activities and principally research;
- global scientific and technological developments in the field;

- the need for re-orienting foreseen activities or introducing new ones as a consequence of evolutions of the project;
- other relevant factors (such as market evolution), where appropriate.

More specifically, this yearly update is an occasion for specifying the details of the work for the 18 months following the 12-month period reported upon, and the participants who will carry them out. (The model contract will also make provisions for intermediate updates should they be necessary).

6.4. Changes in consortium membership

The contract will specify the procedures to be followed for any modification to the membership of the consortium. 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).

Expansion of the consortium

For expansions of the consortium, the implementation plan will specify the cases that shall require the prior publication of a competitive call.

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 or any other consideration that would not have an adverse bearing on the scientific and technological objectives of the project.

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 financial precariousness or past frauds.

6.5. 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. The evaluation will be carried out in accordance with the normal 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 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 (PO) from among the Commission staff, or a team of POs, will be assigned to each project. The PO may be assisted by other persons, internal and external to the Commission, with the appropriate technical expertise. The PO 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. PO tasks include:

- serving as a permanent contact point for the project;
- responsibility for the follow-up of the project, including analysing 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**.

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**, technological (innovation impact) and **financial** 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, e.g. the volume of the resources dedicated to the implementation of the project by the participants. For each integrated project, it is expected that **at least one financial audit will be carried out**.
- **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.

Various audits can be undertaken simultaneously. In particular, parallel technical and financial audits of a given project could be opportune. The Commission itself will conduct them 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 or dissemination of the results;
- Participants may define among them the arrangements that fit them the best within the framework provided in the model contract.

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

Where appropriate, the owner of knowledge will provide adequate and effective protection for knowledge that is capable of industrial or commercial application.

The Commission may adopt protective measures:

- where it considers it necessary to protect knowledge in a particular country, and,
- where such protection has not been applied for or has been waived.

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

8.4. Use and dissemination of knowledge

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

If knowledge is suitable for dissemination or if it is not used, it shall be disseminated by the participants within a period laid down by the Community.

Should the participants fail to do so, the Commission may disseminate the knowledge, taking 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 X enjoys access rights to another participant's knowledge only if such access rights are necessary for X 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 such grant is not in accordance with:
 - the interests of developing the competitiveness of European industry, or,
 - ethical principles, in particular those described in the Charter of Fundamental Rights of the European Union.

Access rights for the execution of the project

All participants in the project **enjoy access rights** to:

- (1) the knowledge arising from work carried out under the project, and,
- (2) the pre-existing know-how of the other participants,

inasmuch as such access rights are needed to carry out their own work under the project.

Access rights **to knowledge** shall be granted **on a royalty-free basis**. Access rights **to pre-existing know-how** shall 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 indirect actions) to the other participants until the end of the project.

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

Participants in the project enjoy access rights to:

- (1) the knowledge arising from work carried out under the project, and,
- (2) the pre-existing know-how of the other participants,

inasmuch as such access rights are needed to use their own knowledge resulting from the project.

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 conditions** to be agreed.

Subject to the participants' legitimate interests, such 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

	Access rights to pre-existing know-how	Access rights to knowledge resulting from the project
For carrying out the project	Yes, if a participant needs them for carrying out his own work under the project	
	Royalty-free unless otherwise agreed before signing the contract	Royalty-free
For use purposes (exploitation + further research)	Yes, if a participant needs them for using his own knowledge	
	On non-discriminatory 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)	