



THE FIFTH FRAMEWORK PROGRAMME

The Fifth Framework Programme focuses on Community activities in the field of research, technological development and demonstration (RTD) for the period 1998 to 2002

GUIDELINES FOR CONTRACT PREPARATION

for
Coordinators of IST projects



(User-friendly Information Society)

This document can be downloaded from
URL: <http://www.cordis.lu/ist/cont-prep.htm>

Version 2, 5 April 2000
Ref. No. b_gcp_en_200001

Contents

1. INTRODUCTION	3
2. OVERVIEW OF CONTRACT PREPARATION	4
2.1 INVITATION TO NEGOTIATIONS	4
2.2 CONTRACT PREPARATION FORMS (CPFs).....	4
2.3 FIRST DRAFT OF ANNEX 1 AND CPFS.....	5
2.4 CONSORTIUM COORDINATOR	5
2.5 CONSORTIUM AGREEMENTS	6
2.6 STAGES OF NEGOTIATION	6
2.7 CONTRACT SIGNATURE	8
2.8 START OF CONTRACT	8
2.9 ADVANCE PAYMENTS	8
2.10 FREQUENTLY ASKED QUESTIONS	9
3. CONTRACT PREPARATION FORMS (CPF)	10
3.1 COMPLETION OF CPFS	10
3.2 FUNCTION OF CPFS	10
4. ANNEX 1 “DESCRIPTION OF WORK”	11
4.1 OVERVIEW	11
4.2 STRUCTURE OF ANNEX 1.....	12
4.3 DOCUMENTS ASSOCIATED WITH ANNEX 1.....	16
5. CONTRACT MANAGEMENT	17
5.1 PROJECT FACTS SHEET	17
5.2 PERIODIC REPORTS	17
5.3 PROJECT REVIEW	17
5.4 CONTINUOUS PROJECT MONITORING.....	17
5.5 FINAL REPORT.....	18
5.6 TECHNOLOGY IMPLEMENTATION PLAN.....	18
5.7 COST CLAIMS	18
5.8 ACTIONS AGAINST FRAUD	18
APPENDIX 1 - TEMPLATES	19
APPENDIX 2 - PROJECT PRESENTATION	23
APPENDIX 3 - DISSEMINATION AND USE PLAN	24
APPENDIX 4 - NEGOTIATION CHECKLIST	25
ANNEX 5 - FREQUENTLY ASKED QUESTIONS	27

1. Introduction

This document is provided for proposers who have been invited for negotiation following the evaluation of proposals for the second Call of the Information Society Technologies (IST) Programme within the EC's Fifth Framework programme of research, technological development and demonstration for the period 1998-2002. It outlines the work necessary in the preparation of a contract under this programme for Shared-cost RTD projects, Demonstration projects, Concerted Actions/Thematic Networks and various forms of Accompanying Measure.

This document continues in Section 2 with an overview of the process whereby a Commission contract is negotiated and signed.

Section 3 briefly describes the completion of the Contract Preparation Forms.

Section 4 covers the preparation of the Annex 1 "Description of Work" of the Commission contract, this latter being the part of the contract which documents in detail the work which will be carried out.

Section 5 then details some relevant elements concerning the later management of the contract.

An invitation to commence negotiation does not under any circumstance guarantee funding of a project. Among the problems which commonly arise:

- The high ranking of the proposal may be dependant on changes requested by the independent external evaluators, to improve it or its "fit" into the rest of the programme. These changes may be unacceptable to the proposers.
- The amount of Commission funding contribution for a project is approximately fixed, it will not normally be possible to increase it. The level of funding which the Commission is able to offer may be unacceptable to the proposers.
- Funding is offered under very specific conditions of reporting, dissemination, sharing of intellectual property rights etc. These are fixed for the programme and are non-negotiable. Any of these conditions may be unacceptable to the proposers.
- Individual participants within a proposing consortium may wish to drop out in the course of negotiations (because of the budget distribution between participants or the IPR arrangements, for example). If the Commission judges that this has removed a significant justification for doing the work, or a vital necessary resource, it may withdraw the offer of negotiation, or suspend it, giving the proposers a fixed time limit to find an acceptable substitute.
- All potential signatories to a Commission contract are subject to a financial background check by Commission services. In some cases the Commission may choose not to offer a contract to certain organisations or individuals.
- Funding must be committed promptly. If negotiations are too lengthy, the Commission will terminate negotiations and commit the money elsewhere. Your letter of invitation to negotiations will have specified the time limit in your case.

2. Overview of contract preparation

2.1 Invitation to negotiations

Following selection by the Commission of a proposal for negotiation, and the definition of an appropriate budget for the work, the contact person for the proposing consortium is invited to commence negotiations with the Commission for a project contract.

The proposers will have received beforehand the Evaluation Summary Report (ESR), which informed them of the external evaluators view of their proposal. The “Framework for Negotiation” which is included in the letter of invitation to negotiations indicates the time schedule and the location for the negotiation meetings (normally in Brussels or Luxembourg¹). It identifies one of the Commission’s staff as “Project Officer” on the Commission side. He/she is assisted by other colleagues who also attend negotiations. It may include brief comments on changes required in the original proposal arising from the evaluation and selection process.

The letter may indicate a deadline by which negotiations must be completed. **In the event of negotiations not being satisfactorily completed by that time, the Commission will terminate the process.**

In all cases, the Commission reserves the right to terminate negotiations at any time, in the event of inadequate progress in negotiations.

The letter also encloses:

- A copy of the present document
- A model contract² appropriate to the type of action
- Contract Annex III (special provisions for the IST Programme)
- The Contract Preparation Forms and supporting notes
- Guidelines on major financial provisions and Guidelines on choice of funding model³

The model contract

Before commencing negotiation, proposers must carefully read the model contract, contract Annex III and the financial guidelines which are supplied to them; they describe in detail the way the project will be funded and administered.

2.2 Contract Preparation Forms (CPFs)

These forms collect the information that the Commission needs to prepare the administrative and budgetary parts of the contract, to check the financial and legal viability of participants, and to gather certain programme-wide statistical information which is required by Council and Parliament.

¹ It may propose another location, for example if the Commission negotiator wishes to inspect the proposers’ facilities or review a demonstration as part of the negotiation process

² In some cases the proposed project may require two different types of contract e.g. separating research and demonstration elements

³ In case of proposals for RTD, demonstration and combined projects only

The forms are to the fullest extent possible made compatible with the forms used in the proposal, so that information from this may be directly taken over into the CPFs - though of course proposers have a duty to check for changes since the proposal was prepared (e.g. changes of address, contact names, phone numbers etc.) or of course any changes they need to make consequent on recommendations from the evaluators or the requirements of the Commission.

The CPFs also require the proposers to assemble a number of supporting documents giving details of their companies/organisations, which must be submitted to the Commission with the forms. Note that the Commission can only negotiate with and offer contracts to currently existing entities: **the legal existence of your organisation must pre-date the contract signature.**

The Commission Project Officer may request further information later on in the course of negotiations, particularly for the organisation proposing to act as financial/administrative coordinator for the consortium (see below), and in some cases may request a form of financial guarantee.

(Note: Proposers who have already supplied legal and financial information in CPFs prepared in connection with successful proposals in the first IST call will be issued beforehand with a registration number by the programme, and a detailed note of the legal and financial data already recorded for them.)

2.3 First draft of Annex 1 and CPFs

Based on the information received, the proposers should make a first draft of the Annex 1 "Description of Work" (which in its final version will be annexed to their contract) and its associated documents. The layout of this Annex is described in detail later in this document.

They should also complete a first draft of the Contract Preparation Forms.

Their first draft of Annex 1 and supporting documents, and of the Contract Preparation Forms and supporting documents, is sent by the proposers to be received by the Commission Project Officer **at least five working days** prior to the first negotiation meeting. This permits the Project Officer to review the information in detail so that an effective and constructive meeting can take place.

If this material is not available by the deadline of five working days prior to the meeting, the Commission Project Officer will cancel the meeting and will only reschedule it when the material is in his/her hands. **Any deadline for completion of negotiations remains unchanged, however.**

(Note: While the final version of the CPFs are required to be signed by the project participants, formal signatures are not required on this first or other subsequent draft versions which may be produced during the negotiation process, as these are not yet formal contract documents)

2.4 Consortium Coordinator

The proposers will identify from amongst themselves their coordinator. He/she leads the negotiation on the proposers' side. Most often this role is taken by the person who co-

ordinated the proposal writing and submission, but another participant may of course take on the role if the proposers wish.

There is normally a single coordinator for the consortium though the title in fact covers two distinct roles.

- A “financial/administrative coordinator” submits all documents and is responsible for general liaison between the contractors and the Commission. He/she also submits cost claims, normally receives in trust for the contractors all payments from the Commission and distributes them among the contractors according to the finance plan⁴.
- A “scientific/technical coordinator” is in charge of the day to day management of the scientific/technical aspects of the project. It is the responsibility of the scientific and technical coordinator to see that all necessary technical information is delivered to the Commission.

If these two roles are combined, as is most often the case, the coordinator attends all meetings and leads the proposers’ negotiation team. If the two roles are split however, it will be necessary for both to attend, with the scientific/technical coordinator taking the lead during the first (technical) stage of the negotiation and the financial/administrative coordinator leading the second (financial) stage.

Because the coordinator (or financial/administrative coordinator) receives in trust all payments from the Commission, the Commission reserves the right to examine and may veto the proposers’ choice of coordinator, or may require a division in the role, as described above.

2.5 Consortium agreements

At as early a stage as possible, consortia are strongly recommended to formulate amongst themselves appropriate **Consortium agreements** to place on a legal basis their relationship and responsibilities for the duration of the work. This is particularly important to settle such matters as the sharing of intellectual property rights, for example. Such agreements complement but do not conflict with the specific contractual requirements in the applicable model contract, which in all cases take precedence.

Information and guidance on this is available from the Commission IPR help-desk, which may be consulted on the following address: <http://www.cordis.lu/ipr-helpdesk>. The site contains various useful information, including a “checklist for a Consortium Agreement”.

2.6 Stages of negotiation

In principle, there are two stages of negotiation and therefore normally two meetings must be foreseen; though of course in some cases it may be possible to achieve both stages in a single session⁵. Equally, a stage may not be completed in a single meeting, in which case additional meetings can be arranged, but, if one has been applied the overall deadline for completion of negotiations remains unchanged.

⁴ The financial/administrative coordinator’s organisation must be a signatory to the eventual contract (the role cannot be allocated to a non-signing subcontractor) and must be located in an EU Member State or Associated State.

⁵ The Commission Project Officer will alert you in advance, if he/she judges this may be possible in your case

The coordinator attends all meetings⁶, but it is not necessary that all other consortium members attend; indeed experience shows that it is beneficial if the consortium empowers a smaller delegation to negotiate on its behalf.

(Note: For certain actions, e.g. in the area of Future and Emerging Technologies (FET), an abbreviated negotiation process with a larger element of telecommunications rather than face-to-face meetings may be applied.)

Consortium resources

In the course of the negotiations, the Commission seeks to be assured that the project participants do indeed have the necessary financial and human resources to carry out the proposed work. If the Commission cannot have reasonable guarantees on these points, no contract will be offered.

Stage 1 (Technical agreement)

The main purpose of the first stage is to identify and solve any problems with respect to the draft of Annex 1 which the consortium has prepared and sent in advance. The Commission Project Officer will indicate changes or improvements which are required, the consortium will explore how this could be accommodated in their workplan, and the Commission Project Officer will in the first meeting be able to give a reaction to their suggestions.

At the end of this stage, agreement should be reached on the contents of Annex 1 and the consortium should be in a position to prepare and send a final version for review by the PO. Approval by the PO of this final draft of Annex 1 permits progress to the second stage of negotiation.

Stage 2 (Financial agreement)

The second stage will focus mainly on reaching agreement on budgetary matters i.e. on the CPFs. When Annex 1 has been approved, the proposers should revise their earlier draft of the CPFs if necessary, to bring them into line with the work described in Annex 1, and supply a copy to the PO prior to the meeting.

During this stage of negotiation all other major contractual (technical, administrative and financial) issues should be resolved, including the provision of an acceptable project timetable and a set of deliverables which reflect the work in the project.

Final submission

When final agreement has been reached, the consortium should provide to the Commission Project Officer for the purposes of contract preparation two copies of the final Annex 1, two copies of the final CPFs (both Annex 1 and CPFs unbound, on white paper, with original signatures) and also an electronic version of each.

The proposers and the Commission Project Officer will throughout negotiations be in contact by phone, fax or email, to ensure the proper preparation for the face-to-face meetings and to answer any questions, which may arise. A negotiation checklist is appended to this document, to assist proposers' preparations for the negotiation process (Appendix 4).

⁶ In an emergency he/she may send a deputy

2.7 Contract signature

When agreement has been reached on Annex 1, all necessary administrative information on the CPFs has been received, and the Commission has validated it, Commission services will draw up a contract which is sent for signature to the principal and assistant contractors via the coordinator.

The Commission contract is for the project as a whole, for which all principal contractors are jointly and severally responsible together with their assistant contractors (i.e. the Commission does not make separate contracts with the individual members of a consortium). This has a number of important consequences:

- All principal and assistant contractors must sign - if one fails to sign then the contract is not concluded.⁷
- If an assistant contractor withdraws from the contract, the principal contractor to which it was associated remains responsible for the completion of its work.
- If a principal contractor subsequently withdraws from the contract, either voluntarily or involuntarily, the others remain responsible for the completion of the work, including the part allotted to the withdrawn contractor.

The contract offered may be for the full duration of the foreseen work or only for an initial part of it. In the latter case the continuation of the work will, assuming satisfactory performance by the contractors, be assured by contract amendments offered at a later date.

In the course of your meetings, the Commission Project Officer will discuss with you many of the important terms and conditions of your contract. He/she cannot however mention them all. Review the offered contract thoroughly. You are bound by what you sign.

2.8 Start of contract

When the contractors return the signed contract pages⁸, the responsible Commission official signs the contract. The contract will come into force on the first day of the month after this last signature.

Normally the work would also start at this time, though in exceptional cases another date may be agreed. According to the General Conditions, the contractors must within three months of the contract coming into force formally inform the Commission (via the Project Officer) of the actual date of effective commencement of the work.

2.9 Advance payments

An advance payment will be made to the consortium in accordance with the conditions stated in the contract Art. 4. If the work of the project has not effectively commenced within three months of the payment of this advance, the Commission will take appropriate measures according to the rules set out in Annex II to the contract.

⁷ The Commission may choose to draw up and offer another contract to the remaining contractors if, in the opinion of the Commission Project Officer, the project remains viable despite the missing participant and the deadline for signature, if any, has not passed.

⁸ A mandate included in the Contract Preparation Forms permits principal contractors to delegate their signatures to the coordinator, if they wish.

2.10 Frequently asked questions

A list of frequently asked questions is appended to this document. A regularly updated list of FAQs will be available at <http://www.cordis.lu/ist/cont-prep.htm>. You should consult this periodically, as this will assist you in your negotiations.

3. Contract Preparation Forms (CPF)

3.1 Completion of CPFs

The Contract Preparation Forms are available in PDF or Word format and also, for most types of project, as an Excel application known as “Electra”. These are obtainable at <http://www.cordis.lu/fp5/cpf.htm>. The CPFs are supplied with a full set of explanatory notes.

The forms should be completed by **all** participants as described in the notes to the forms, even participants not being funded by the European Commission, since the Commission must assess the capacities and financial viability of all participants to assure the success of the project.

The CPFs have sections for each participant individually, and also a section to be completed by the coordinator for the project as a whole.

Estimation of costs: The CPFs require the proposers to estimate many details of costs over the lifetime of the project. Commission payments are however never based on estimates, but on the real costs actually incurred.

While the consortium may submit its CPFs on paper, use of the Electra tool if available is highly recommended. It allows the coordinator to establish an Excel workbook for the project with the number of sheets required holding the complete set of CPF forms for all contractors. It is then possible to generate copies for each partner, who can complete these electronically and return the resulting forms to the coordinator. The coordinator can then complete the exercise by importing the completed forms received from the partners into the master workbook, where the resulting summaries are generated automatically.

A first draft of the CPFs must be completed and supplied to the Commission Project Officer before the first negotiation meeting. After the negotiations has been successfully completed, the final agreed version of the CPFs should be submitted to the Project Officer, as mentioned above, in two unbound copies on white paper with original signatures, **and** in electronic format using either the Word version or (preferably) the Electra application. Any required supporting documentation should also be provided in two copies.

3.2 Function of CPFs

Information in the participants’ forms (with the relevant annexes) will be used to verify their legal and financial status. The banking information form will provide the information on the project’s bank account to be included in the contract. Certain details, principally from forms A1 and A2, will be used to generate a Project Facts Sheet (see section 5.1 below). The form “Cost Summary in Euro” will be included as part of the contract itself. The form “Project Summary” will be included in the Annex 1 to the contract. A description and budget information on subcontractors, travel outside the EU Member States and Associated States, protection of knowledge and other specific costs will also be included in Annex 1 to the contract.

The CPFs, although not a formal part of the contract, will be needed to verify and control the cost claims during the lifetime of the project. It is therefore important that the information in the forms is as precise as possible, since errors or omissions could lead to delays in project payments.

4. Annex 1 “Description of Work”

4.1 Overview

Annex 1 to the Commission contract describes the structure of the work to be done. The description covers the entire duration of the project. For this reason it should focus on goals and expected achievements, rather than methodological detail which will inevitably be subject to change during the lifetime of the contract, as work progresses and market conditions evolve. In this way, the need for a later contract modification should only be triggered by major changes in project strategy or consortium composition, and not by everyday minor adaptations to the workplan.

However the Description of Work should not be so vague and the goals so general that it becomes impossible to see what is being achieved as the project progresses, or to assess in the end whether the project has been successful or not. Goals and achievements must be capable of evaluation. The box below gives guidelines for this.

Six steps for building evaluation into the Description of Work

1. Identify the project’s goal in terms of the five key criteria used by the Commission for proposal evaluation and Annual Project Review:

- Scientific and technological quality and innovation.
- Community added value and contribution to EU policies
- Contribution to community social objectives.
- Economic development and scientific and technological prospects
- Management and resources.

Example: This project aims to contribute to the economic development of the Community by ensuring its SMEs are exploiting the potential of electronic commerce.

2. Translate the goal into a project objective:

Example: The objective of the project is to exploit embedded training applications to train the managers of very small SMEs in remote areas in Europe about the potential e-commerce offers to improve their business opportunities and make their firm more competitive.

3. Translate the objectives into operational goals and identify the means to achieve them.

Example: By the end of this project, the project will have developed an e-commerce training package and service incorporating (secure electronic payment mechanisms, stock management,...), tested it with 50 SMEs and carried out a large scale demonstration with 5000 SMEs in remote areas.

4. Describe the baseline data against which the project will measure its progress.

Example: The current situation is that x% of SMEs in remote areas in Europe (defined at those areas where population density is x and which are more than x Km for a town/city) are not using e-commerce in their day to day business.

5. Describe what measure of ‘success’ you will use

Example: As a result of project’s activity, by the end of the project, y% of SMEs in remote areas in Europe should be aware of the potential offered by e-commerce to improve their business opportunities and z% should be using e-commerce in their day to day business activities.

6. Make it happen by:

- allocating a **specific Workpackage to assessment and evaluation**⁹. This Workpackage should have appropriate resources allocated to it (guideline 5-10% of total project resources) and a professional evaluator should be associated with the Workpackage.
- and describing how the output of the on-going evaluation will feed into the project management, as evaluation is only useful when it informs management in a timely fashion.

⁹ or assessment and evaluation elements may be explicitly included in the project-specific Workpackages

4.2 Structure of Annex 1

The contents of Annex 1 is based on information from Parts B and C of the Proposal Submission Forms that was submitted to the Call for Proposals, with of course any necessary amendments arising from the comments of the evaluators or the requirements of the Commission as discussed in the negotiation phase, and also updating to take into account any significant developments that have taken place since the submission of the proposal.

Of course, in the case of shared-cost RTD and demonstration projects, the actual names of participants should now used, not the codes previously applied because of the anonymity requirement in proposals.

- All pages must be numbered.
- Each page should be headed with the project acronym, proposal number¹⁰ and drafting date.

Title page

A template for the title page is appended (Appendix 1). The sections “Contract no.” “Related to other Contract no.” and “Operative commencement date of contract” will be completed by the Commission. Do not change the acronym used at proposal submission unless specifically requested to do so by the Commission Project Officer.

Contents page

1. Project summary

Insert here Contract Preparation Form A2.

2. Project objective(s)

This section should describe the objectives of the project in a **measurable** and **verifiable** form. Follow the guidelines of the “Six steps” in the box above. The progress of the project work will be measured against these criteria in later reviews and assessments. The material should be based on section B3 of the original proposal.

3. Participant list

A table listing participant (principal and assistant contractors) name, participant short name, country, participant status, date of entry to contract, date of exit from contract. A template for this table is appended (Appendix 1).

4. Contribution to programme/key action objectives

This section describes how the project will contribute to the objectives of the programme and/or key action. It is based on section B4 of the original proposal.

5. (For RTD, demonstration or combined projects) Innovation

This section should describe the state of the art in the area of research of the project, and how the project will advance the state of the art. The material should be based on section B5 of the original proposal.

5. (For Accompanying Measures) Relations to Programme

¹⁰ This normally becomes also the contract number

This section should describe how the Accompanying Measure will relate to projects/actions etc. which the measure accompanies, or the programme as a whole, what co-operation will be required and how it will be achieved. The material should be based on section B5 of the original proposal.

5. (For Take-up actions) Needs and Benefits

In the case of Trails, First user, Assessment, Access and Best Practice actions, (which are also classified as Accompanying Measures), the text should describe the circumstances of, the need for and the potential benefits of the action. The material should be based on section B5 of the original proposal.

5. (For Concerted Actions/Thematic Networks) Membership

This section should describe the individuals/organisations/projects etc. who will be invited to take part in the Concerted Action/Thematic Network, how they will be recruited and how their co-operation will be assured. Any special terms or conditions to which they are expected to conform should be described. The material should be based on section B5 of the original proposal.

6. Community added value and contribution to EU policies.

This section describes the European dimension of the problem to be solved. It should identify which problem at European level the project is addressing and how the project will contribute to the implementation or evolution of one or more of the EU policies. It should also describe why the project should be carried out at European level instead of national level. It is based on section C3 of the original proposal.

7. Contribution to Community social objectives.

This section should describe how the project will contribute to improve social objectives of the Community such as: the quality of life and health and safety (including working conditions) and/or how the project will contribute to improve employment, and/or to preserve or enhance the environment and natural resources. It is based on section C4 of the original proposal.

8. Economic development and S&T prospects

This section should describe how the project will contribute to growth, in particular the usefulness and range of applications The strategic impact of the project, its contribution to European technological progress and its potential to improve competitiveness and the development of applications markets should be explained. It is based on section C8 of the original proposal.

9. Workplan:

This section should concisely describe the work planned to achieve the objectives of the project. It is based on section B6 of the original proposal, though in a more detailed and expanded form. It should normally contain 10-20 pages and be organised as follows.

9.1 General description

The general description should explain how the workplan will lead the participants to achieve the objectives of the project.

9.2 Workpackage list

The total project effort should be divided into a number of discrete elements or “Workpackages”, which should follow the logic phases of a project’s life cycle. A Workpackage could only involve a single participant, but more usually several participants co-operate in the completion of the work, with one of them taking the lead role. Projects typically consist of four or five Workpackages though larger projects might contain more.

In addition to such project-specific Workpackages, three others are usually foreseen:

- A Project Management Workpackage.
- An Assessment and Evaluation Workpackage, as described in the “Six steps” above
- (for shared-cost RTD projects only) A Dissemination and Implementation Workpackage to support the preparation of the Dissemination and Use plan (see Appendix 3) and the Technology Implementation Plan (see below)

Projects should try to avoid large, long-duration Workpackages since these make more difficult the job of monitoring technical progress, money or manpower expenditure - experience shows that management is easier when a project is divided into “bite-size” pieces.

For the Workpackage list, use the format which was made for proposal submission: form B1.

9.3 Workpackage descriptions

Make one description per Workpackage. Be precise, clear and direct in these description, avoid vague and imprecise language. Use the format which was made for proposal submission: form B3

9.4 Deliverables list

Tabular listing of deliverables indicating deliverable number, deliverable title, Workpackage reference number, participant responsible for leading production of deliverable, estimated number of person-months attributed to the production of the deliverable, nature of deliverable, security rating of deliverable, date to be delivered to Commission. This is an extended version of the form B2 that was made for proposal submission. A template for this table is appended (Appendix 1).

Each significant element of the project should conclude with a “deliverable” which is the concrete output and evidence of the work. Lengthy or complex Workpackages may require the production of several deliverables over the duration of the Workpackage.

A deliverable may be a report, or an action such as the construction of a prototype, the holding of a conference or demonstration, the publication of a book, the completion of a specification etc. Where a deliverable is not a report, but is instead some form of action, nonetheless some written reporting is helpful to act as a record of the work (e.g. for a conference, a collection of papers presented; for a demonstrator, photographs and a brief technical description etc.).

All reports are sent to the Commission via the coordinator, who must exercise a quality control function. As deliverable provide to the Commission valuable

information on the progress of the work, a regular schedule should be planned (i.e. no lengthy gaps). As the IST Programme is publicly-funded, a reasonable number of non-confidential deliverables suitable for publication should be foreseen. Do not include in the list the periodic management reports which the Commission requires, since these are standard for all projects.

A review of your proposed deliverables list will be one of the key elements of the negotiation.

Optional/compulsory deliverables

All projects are encouraged to include in their deliverables list a Project Presentation, covering the items described in Appendix 2 of this document.

Shared-cost RTD projects are obliged to include in their deliverables list a Dissemination and Use plan, as described in Appendix 3 of this document.

9.5 Project planning and timetable

e.g. GANNT chart or similar. Timing should be relative, expressed in months (e.g. project month 3, project month 17 etc.). Month 1 is the operative commencement date of your contract

9.6 Graphical presentation of project components

e.g. PERT chart or similar

9.7 Project management

This section should describe how the project will be managed, the decision making structures, the communication flow within the consortium, the quality assurance measures which will be implemented, and the procedures for resolution of disagreements within the consortium. It is based on section C5 of the original proposal.

10. Clustering

Projects identified as participating in a cluster of research projects should detail their planned interactions with the other projects in the cluster, including a listing of these other projects, expected interactions/input/output, and detailed planning for the interaction including management plans/structure.

11. Other contractual conditions

As appropriate, insert here information from the Contract Preparation Forms on: subcontractors, travel outside the EU Member States and Associated States, protection of knowledge and other specific costs from the forms A7.2, A8.3, A.9.1 and A9.2. The forms for each of the subheadings is a short description and the related costs for each of these items.

12. (Optional) Supplementary reports and concertation activity: Other action-specific conditions

Individual Key Actions within the IST programme may require specific conditions of projects within the Key Action. Text concerning this will be supplied, and should be inserted at this point.

13. (Optional) Other considerations

If applicable: Any other considerations relevant to the execution of the work.

Other considerations “Staged” or related work

It may be that the work covered in this contract is to be funded in stages, for example when a research part and a demonstration part are executed subsequently with the latter fully dependent on the successful completion of the earlier stage; or if the work in this contract is related to work in another contract. In this case, the contract is signed initially as a whole, but with a financial commitment only for the first part, and a special clause will be included, **with a clear description of the criteria which will lead to a go/no go decision for the later stage.**

4.3 Documents associated with Annex 1

Appended to Annex 1 should be:

Appendix A - Consortium description

A short description, not exceeding one page, of the consortium stating who the participating organisations are, what their roles and functions in the consortium are, and how they complement each other. A short description the participating organisations, on no more than one page per organisation, showing the expertise of the organisation. Short (max. ten lines) CVs of the key persons to be involved, indicating relevant experience.

This section is based on section C6 and C7 of the original proposal. It is appended to the contract without forming a part of it. The reason for this is that if one of the named individuals leaves the participating organisation to take up employment elsewhere, a full contract revision is not forced on the consortium. (In such a case, the consortium should inform their Project Officer of the change by letter, identifying the replacement person and his/her qualifications for the task. The Project Officer will only object if the personnel change appears to significantly effect the technical quality of the work).

Of course, if it is found that named key persons do not in fact take part in the work, or other persons are substituted without the knowledge of the Commission, this could be seen as the contractors defaulting on the technical quality of the work, and could for example trigger an in-depth review of the project.

Appendix B - Contract Preparation forms

This section should contain the complete, final and signed version of the Contract Preparation Forms.

5. Contract management

For the management of your project, the Commission will (if personnel resources permit) appoint the same official who acted as Project Officer during the negotiation as Project Officer for the project, so as to take advantage of the in-depth knowledge of your work which he/she gained during the negotiation phase. He/she is the project's key link to the Commission throughout the execution of the work.

Certain tasks concerning contract management, cost claims or legal matters may be handled by specialist staff within the Commission, who communicate directly with the Project Officer or project.

5.1 Project Facts Sheet

As the IST programme is publicly-funded, it maintains a public database of basic information concerning the projects which it is funding. Information for this database is captured principally from forms A1 and A2 of the final CPFs, forming part of a "Project Facts Sheet" of non-confidential information such as project acronym, objectives, project summary, project participants, Commission funding etc. It also includes contact details for the project coordinator.

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

(Note: This Project Facts Sheet is distinct from the project's own optional Project Presentation described in Appendix 2).

5.2 Periodic Reports

The financial/administrative coordinator will be required to supply a full report on a regular basis, detailing the progress of the work, any problems encountered, actual expenditures (of money and manpower) versus plan, and plans for the coming period.

5.3 Project review

Using the above-mentioned reports, and possibly also with the support of presentations made by consortium members, the Commission will employ the services of independent external experts to conduct regular reviews of project progress, and to advise on whether Commission financial support for the project should be continued. In the event of a negative recommendation, the Commission may seek to terminate the contract.

These experts may also give advice on revision or redirection of the project's plan for the remaining contract duration. It may also be that the project wishes to make changes (to reflect evolving circumstances in the marketplace, for example) with which the experts agree. This could then lead to a revision of the contract, with the mutual agreement of Commission and consortium, to take such changes into account.

5.4 Continuous project monitoring

The project financial/administrative coordinator should be able to supply on reasonable notice a brief report detailing the progress of the work, any problems encountered and actual expenditures (of money and manpower) versus plan. The Action Line, Key Action or a broader component of the programme may from time to time convene meetings at locations in

the EU¹¹ for some or all of its participating projects. Relevant members of the consortium would be expected to attend.

Both of these arrangements may be formalised into a regular process of supplementary reports and concertation activity by the Key Action concerned, and text concerning this would be incorporated as part of Annex 1, as indicated above.

5.5 Final Report

The Final Report, covering all the work, objectives, results and conclusion, should be prepared in a form suitable for publication. It should include sufficient information on new developments to enable third parties in the Union and Associated States to become aware of opportunities to request a licence for the technology developed within the project. A detailed format for the Final Report will be provided at the conclusion of the project by the IST programme.

In case the consortium needs to provide confidential information so as to give a more complete picture of the work, this may by arrangement with the Project Officer be given in a confidential annex, or in a non-public version of the report.

5.6 Technology Implementation Plan

Shared-cost RTD projects should also provide with their Final Report a Technology Implementation Plan (TIP) which shall indicate all potential foreground rights and exploitation intentions, including a timetable for exploitation.

A detailed format for the Technology Implementation Plan will be provided at the conclusion of the project by the IST programme. It will consist of certain sections in the public domain, which will permit the Commission to show the positive results and Community added-value of the work funded, while other sections will be confidential and will be treated as such by the Commission.

5.7 Cost claims

Participants, via the financial/administrative coordinator, will be required to submit “interim” cost claims during the course of the work. The frequency and format of this will be supplied by the IST Programme. Against these claims the Commission will make interim payments. (Full, final and legally-binding cost claims and payments are made following the completion of the work).

5.8 Actions against fraud

The Commission is alert to fraudulent cost claims and, in the case of shared-cost actions, for failure on the consortium’s side to contribute matching funds.

The Commission is also concerned to verify accounting practices and methods for recording resource consumption and cost, and actual technical contributions and their conformity with the Annex 1 “Description of Work”

These matters will be the subject of regular checks, both in cases where suspicion is aroused and on a random basis. These checks may take any form, up to and including unannounced visits to contractors’ premises.

¹¹ Most frequently in Brussels/Luxembourg (depending on the location from which the Key Action is managed)

Appendix 1 - Templates

Title page

**INFORMATION SOCIETY TECHNOLOGIES
(IST)
PROGRAMME**



Contract for: *(select as appropriate)*

**Shared-cost RTD
Demonstration project
Combined RTD & Demonstration project
Accompanying Measure
Concerted Action/Thematic Network
Trial
First User Action
Best Practice Action
Access Action
Assessment Action**

Annex 1 - "Description of Work"

Project acronym:

Project full title:

Proposal/Contract no.:

Related to other Contract no.: *(to be completed by Commission)*

Date of preparation of Annex 1:

Operative commencement date of contract: *(to be completed by Commission)*

List of Participants

Partic. Role*	Partic. no.	Participant name	Participant short name	Country	Date enter project**	Date exit project**

*C = Coordinator (or use C-F and C-S if financial and scientific coordinator roles are separate)

P - Principal contractor

A - Assistant contractor

** Normally insert "Start of project" and "End of project". These columns are need for possible later contract revisions caused by joining/leaving participants

Deliverables list

Del. no.	Deliverable name	WP no.	Lead participant	Estimated person-months	Del. type*	Security**	Delivery (proj. month)

* A short, self-evident description e.g. report, demonstration, conference, specification, prototype...

**Int. Internal circulation within project (and Commission Project Officer if requested)

Rest. Restricted circulation list (specify in footnote) and Commission PO only

IST Circulation within IST Programme participants

FP5 Circulation within Framework Programme participants

Pub. Public document

Appendix 2 - Project Presentation

Optional deliverable for all projects

The project should prepare and publish a brief project presentation in English (and other language version if wished) of approximately two to three pages under the following headings:

- Contract number
- Project acronym
- Project name
- Key Action, Action line
- Project logo (if any)

- List of participants (organisation name, country)
- Total cost (€)
- Commission funding (€)

- Project main goal(s)
- Key issues
- Technical approach
- Expected achievements/impact

- Coordinator contact details

The description may freely re-use material included in Annex 1. It should be written in a style which is accessible to the non-specialist, avoiding technical language, mathematical formulae and acronyms as much as possible. The inclusion of photos, diagrams and other illustrative material is welcome. The text should always clearly indicate that the work takes place with the financial support of the IST Programme of the European Union.

Publication should be via the World Wide Web, additional media may be agreed with the Project Officer. The project should be able to supply a reasonable quantity of printed material for distribution by the Commission if requested.

The deliverable should normally be foreseen between project months 3-6.

This optional deliverable is distinct from the basic Project Facts Sheet, which the Commission will prepare for all projects based on data from the Contract Preparation Forms.

Note that Article 18 of the general conditions (Annex II) of the RTD contract - and equivalent articles for other types of contract - sets out the general rules concerning publicity and communications concerning a project which must be adhered to.

Appendix 3 - Dissemination and Use plan

Obligatory deliverable for Shared-cost RTD actions

This deliverable should describe plans for the dissemination of knowledge gained during the work, and (to the extent that this can be foreseen at the beginning of the project) the exploitation plans of the results for the consortium as a whole, or for individual participants or groups of participants. It should be expressed as much as possible in concrete terms, for example the dissemination strategies, the target groups and the strategic impact of the project in terms of improvement of competitiveness or creation of market opportunities for the participants.

The Dissemination and Use plan has as its counterpart the Technology Implementation Plan (TIP), which is written at the end of the project. The TIP will describe the participants' actual achievements in dissemination and their plans at that time for the exploitation of their results. The TIP will where appropriate refer back to the original Dissemination and Use plan, indicating how the foreseen activities actually took place, or were modified in the light of circumstances, or where indeed other actions and measures, initially unplanned, were introduced.¹²

The production of the Dissemination and Use deliverable forms an important part of the first stage of the project work and it will be examined closely by the Project Officer. If he is not satisfied that the consortium has developed adequate plans to disseminate the results of their work, and has (even if only in broad outline at this point) concrete plans for exploitation of the product, service etc. which the project is developing, he will initiate a strategic review which could lead to the early termination of the project.

The Dissemination and Use plan should be completed and supplied to the Commission no later than project month 6.

¹² A detailed structure for the TIP will be supplied by the IST programme.

Appendix 4 - Negotiation checklist

The following table is designed to ensure that all information necessary to issue a contract is discussed and delivered to the Commission Services.

Although the first discussion round will concentrate on the Annex 1 “Description of Work”, it is likely that other issues will be touched on in this round. The consortium should therefore have prepared for discussion all the issues in the checklist for the first meeting. Indeed in some cases the Commission Project Officer will indicate in advance that he/she would like to tackle both stages of discussion in a single meeting.

CHECK LIST FOR PROJECT NEGOTIATIONS

<u>Prior to first meeting</u>	
Agree coordinator or a financial/administrative and scientific/technical coordinator if different	
Agree other participants' roles (principal contractor/assistant contractor)	
(If not already done) Confirm identity of subcontractors	
Establish internal consortium agreements/contracts	
For shared cost actions, clarify each participants' cost-basis, consistent throughout 5FP (Full cost (FC), Full cost flat rate (FF) ,Additional cost (AC))	
Complete first draft of Annex 1 and its appendices	
Complete first draft CPFs, including bank account information	
Collect necessary supporting information for CPFs	
Despatch Annex 1 and CPFs to Commission PO	

<u>Stage 1</u>	
Discuss issues in draft Annex 1 :-	
1. Project summary	
2. Project objective(s)	
4. Contribution to programme/Key Action	
5. Innovation/Relations to Programme/Needs and Benefits/Membership	
6. Community added value and contribution to policy	
7. Community social objectives	
8. Economic development and S&T prospects	
9.2 Workplan - Workpackage list	
9.4 Workplan - Deliverables list	
9.5 Workplan - Timetable	
9.7 Workplan - Project management	
10. Clustering	
12. Supplementary clauses (obtain from Commission Project Officer)	

13. (Optional) other considerations	
Appendix A - Consortium description	
Capability/technical resources to carry out project	
Appendix B - Dissemination and Use plan	
Extent of participants' other involvement in FP5/other EU programmes	
Clarify financial/contract issues :-	
Acceptability of roles selected by participants	
Acceptability of cost-basis selected by participants	
Confirm resources for matching funds	
Set date for submission of revised Annex 1 and CPFs	
Set date and time of next meeting	

<u>Stage 2</u>	
Confirm agreement on revised Annex 1 :-	
Confirm agreement on draft CPFs :-	
Proposal abstract and summary	
Cost summaries	
Coordination costs	
Participants' personnel/other costs/overheads	
Subcontracts	

<u>Final submission</u>	
Submit agreed final Annex 1: Two unbound copies and electronic version	
Submit agreed final CFPs: Two unbound copies with original signatures and electronic version	
Submit any annexes: Two copies	

Annex 5 - Frequently asked questions

Negotiations

Project preparation/negotiation costs: The Commission does not fund the effort expended by the proposers in preparing the proposal or conducting the negotiations.

Bank account: If he has not done so already, your coordinator must establish a Euro bank account for the project to support payment of funds. This must be based in an EU or Associated state.

Withdrawing participants : One or more of the organisations which participated in your proposal may now wish to withdraw, while others are still willing to continue. The negotiating Commission Project Officer will judge, in the light of the evaluators' reports, whether the withdrawn participant was marginal to the proposed project (in which case negotiations may continue) or vital to the proposed project (in which case negotiations might be terminated, or may be suspended pending your finding an acceptable substitute).

“Hesitating” participants: Partners who are not yet fully committed to the consortium should make up their minds quickly! A participant pulling out at the last minute could nullify all the negotiations up to that point and will jeopardise the contract for everyone.

Consortium agreements: You should give the highest possible priority to completing your internal consortium agreements before the time of contract signature, since there will be little margin to allow for delay at that time.

Changes in consortium/workplan: You may find it necessary now to propose changes in your workplan or your consortium due to changes in the market or other events which have occurred since you prepared the proposal. The Commission PO will consider these, but the evaluation result must in all cases be respected - if your revised workplan or consortium differs to the extent that the evaluation might have yielded a different result, the PO will stop the negotiation and advise you to re-submit at a later call.

Reduction of manpower effort/changes in other cost categories: The Commission funding decision was based on a certain level of manpower, either the one you requested in your proposal or alternatively one recommended by the evaluators if they did not approve your suggestion. In either case it is essentially fixed to this figure. If during the negotiations you change your manpower requirement (or any other significant cost), the Commission funding offer will change.

Already started activities: Normally the Commission will not fund an already-started activity, since this does not encourage new activities or promote the visibility of our actions. Therefore a project which is part of an ongoing scheme must be clearly distinguished as a separate and independent task or stage.

Negotiation in stages: It is possible that the contract initially offered will fund only an initial part of the work. Negotiation cannot be in stages however - a complete Annex 1 covering the total duration of the project must be agreed now, leaving no holes or open-ends. This also

applies to linked contracts, where one is based on the completion of the other - both must be fully agreed from the beginning.

Funding models

The AC (additional costs model): The AC model in RTD and demonstration projects is offered only when the contractor genuinely cannot identify the full costs related to the project, and so is strictly limited to those whose accounting system is based on disbursements and not on costs e.g. governmental organisations, non-private universities or hospitals, public authorities etc.

The FF (Full cost with fixed overhead) model: Where an organisation can quantify the direct costs for the work but not the associated overhead, it must in RTD and demonstration projects opt for the FF model. A fixed payment of 80% of the personnel cost is given to support the overhead. (A participant is free to accept a smaller percentage, if wished).

The FC (full cost) model: Where an organisation can quantify the overheads as well as the direct costs associated with the work, then it may in RTD and demonstration projects opt for the FC model. In this case, their overheads are funded at the same rate as the direct cost of the work. They have to report their overheads in detail, and this information is checked and is subject to audit.

FF option for participants who qualify for FC: An organisation in an RTD or demonstration project which can quantify its overheads, and would therefore qualify for FC treatment, may optionally choose to be treated as FF.

Different models in different projects: An organisation must conform to the same cost model in all RTD/demonstration projects in which it is participating.

Overheads in other types of project: Accompanying Measures and Concerted Actions/Thematic networks have entirely different arrangements for overheads than those described above for RTD and demonstration contracts. Normally, **Accompanying Measures** pay up to a maximum 80% of personnel cost differing according to the type of measure, to be negotiated with the Commission PO; but **Take-up actions**, though these are also classified as Accompanying Measures, do not pay an overhead contribution at all. **Concerted Actions/Thematic networks** pay a flat-rate amount of 20% of the direct costs excluding subcontracting costs. In all cases the contractor may accept a smaller percentage if wished.

Contract

Type of contract offered: The type of contract offered (RTD project, Demonstration project, Accompanying measure, Thematic network etc.) is decided by the Commission following the rules of the Framework Programme. The choice of type of contract determined how the proposal was evaluated, and it is therefore not re-negotiable now.

Multiple contracts: In some cases the Commission may offer two contracts for a project, dividing R&D elements from demonstration elements, for example. Such contracts might even be foreseen sequentially, one depending on the results of the other.

Companies in course of formation: The Commission cannot offer a contract to an organisation which is non-existent. Your organisation must achieve a recognised legal existence prior to contract signature.

Subcontracts: The PO will examine all cases where a participant is foreseeing major subcontracting costs. If the tasks being subcontracted are a significant part of the project's work he may insist that the subcontractor becomes a party to the Commission contract, as a principal or assistant contractor. He may also question the need for the continued presence of the participant which is issuing the subcontracts within the project consortium.

Contract signature: A participant can sign the contract on his own behalf, or for speed or convenience he can delegate his signature to the coordinator to sign the contract in his place. A mandate for this is provided as Annex I of the CPFs. Use of this mandate is purely voluntary.

Members: Members in Thematic networks and Take-up actions do not sign a contract with the Commission, but instead a membership agreement with the contractor they are members to (normally, the coordinator). They are not joint and severally liable for the completion of the work, so their rights to the results may be restricted. However their rights are defined in the membership agreement, so they could be same as for contractors.

Contract Preparation Forms

Eligible costs: A cost shall be considered as eligible for Commission support only where it is necessary for and during the project and is provided for in the contract. It shall be reimbursed if the amount has actually been spent and recorded in the accounts. No profit may be included.

Non-eligible costs - There are certain frequently-occurring types of cost which are not eligible for Commission support. See the "Guidelines on Major Financial Provisions" document, section 5.

Notional costs: All costs eligible for Commission support must be real. Goods or services supplied free to the project cannot be the subject of a cost claim based on a notional value.

Coordinator's financial coordination costs: This new heading in the 5FWP is for the various accountancy and clerical tasks involved for the coordinator in the financial management of the project. These costs could not be directly charged before, as they were considered to be covered by the coordinator's overhead payment. (Use of this cost category is optional however; a coordinator may continue to count the financial administration costs among his overheads, if he wishes).

Other financial coordination costs: Only the coordinator (financial and administrative coordinator) may directly charge his costs for the financial coordination costs. For other participants, all such accountancy and clerical tasks are covered by the overhead payment only.

Scientific coordination costs: The scientific coordination tasks are considered as part of the regular scientific work of the project, and the costs for these are distributed over such headings as Personnel costs, Travel and subsistence etc. like the rest of the project's scientific work.

Overheads: The Commission will examine the overheads proposed to be charged by participants. If they appear extravagant, the PO may ask for further evidence of these charges before proceeding with negotiations (remember that no element of profit may be included). These costs are subject to audit during the project, and in cases of over-payment the Commission will demand reimbursement.

Labour rates: The Commission will examine the labour rates proposed to be charged. If they appear extravagant, the PO may ask for further evidence before proceeding with negotiations (remember that no element of profit may be included). These costs are subject to audit during the project, and in cases of over-payment the Commission will demand reimbursement.

Profit bonuses: Certain companies operate schemes whereby staff's official salaries are fixed at a low level, but are topped up by profit bonuses at end of year. Labour rates in the CPF must be based on the actual salary cost, without contribution to any bonus scheme (since no claimed cost may contain a profit element).

Training/education courses: The cost of attendance at training/other educational courses by project participants is never allowable as an eligible cost - a contract is offered to you on the assumption that you already have the necessary skills and expertise to carry out the work.

Research partnerships: In case of participation by research bodies such as "organisations" or "partnerships" which are not themselves officially legal entities (e.g. *Unité Mixte de Recherche* and other similar groupings) each participating organisation in the research body must complete a full set of contractors forms in the CPFs.

Anticipated changes in CPF data: A participant completing a CPF may be aware that some data is about to change (a change of address, company legal status etc.) He should complete the CPF on the basis of the data as it will be at start of contract. If some of that data is not yet available (e.g. the new phone number) he should leave a blank and supply the information as soon as possible afterwards. He should add a short note to the CPF explaining the situation.

Swiss participation: Switzerland has negotiated Associated State status with the EU, but is not expected to ratify it until January 2001. Swiss participants should for the moment complete the CPFs on the basis that they will not receive EU funding.

After signing contract

Advance payments: The Commission will make an advance payment within 60 days of last contract signature.

Contract start date/Project start date The contract comes into force at the moment of last signature (i.e. the Commission signature). The project start date is then the first day of the following month (project month 1).

Applicable law: The contract will be subject to Belgian or Luxembourg law, depending on the location of the Key Action to which your project contributes.

Role of individuals named in contract: An appendix to Contract Annex 1 lists and gives short CVs of key persons involved in the work. These individuals must indeed be involved in the work - substitution of lower-grade staff would be a breach of contract. In the event of a named individual leaving the participating organisation during the course of the project, the PO must be informed in writing.

Amendments: The Commission will consider requests at a later stage for any reasonable amendments to the contract which do not essentially change the character of the project. This may include changes to the workplan based on changes in the market. Significant changes to the technical content of the work would normally require the approval of the external experts during the periodic project review process.

Estimated project duration: If the project finishes earlier than expected, the contract will be wound up earlier, therefore without delays to final payment to the contractors. If the contractors find the project takes longer than expected, an amendment granting a reasonable extension in time may be given. This requires the approval of the Project Officer. Requests for extension must be made at least two months before the originally-foreseen project end-date.

Final reporting costs: The Commission contributes to report-writing costs for up to two months after the end of the project, for the completion of the Final Report and the Technology Implementation Plan.