

The European Union's Seventh Framework Programme

Snapshot of South African FP7 Legal and Financial Issues

Cristina Pinto
National Contact Point
FP7 Legal and Financial: South Africa



FINANCIAL ISSUES



Maximum grant

- The maximum grant is based on an estimation of eligible costs prepared by the consortium partners
- You will get reimbursed for eligible costs BUT you must co-finance a portion of the costs
- The amount you must co-finance depends on the **type of organisation** to which you belong and **the activity** being funded
- What you actually spend is taken into account to determine the final financial contribution by the EC

Types of organisation

- **Public body:** legal entity established as such by national law, and international organisations
- **Research organisation:** legal entity established as a non profit organisation which carries out research or technological development as one of its main objectives
- **Secondary and higher education establishments** includes universities, schools for applied sciences and similar
- **SMEs:** small and medium-sized enterprises as defined in Europe:
 - fewer than 250 employees,
 - annual turnover not exceeding €50 million, and/or
 - annual balance-sheet total not exceeding €43 million

R&D activities: funding rates

- Public bodies
- Secondary and higher education establishments
- Research organisations (non-profit)
- SMEs

→ up to 75% of eligible costs

(leverage personnel and indirect costs towards co-funding requirements and apply for DST co-funding)

Otherwise up to 50% of eligible costs

Other activities: funding rates

- Demonstration activities: up to 50%
- Management: up to 100%
- Coordination and support actions: up to 100%
- Training and career development of researchers: up to 100%

Preparing a budget

- **Total project budget** = Eligible direct costs
+
Indirect costs
- Eligible direct costs
 - Personnel costs
 - Subcontracting costs
 - Other direct costs
 - capital equipment
 - travel and subsistence
 - Consumables
 - audit certificate
 - IP protection, etc

Indirect costs

- Determined according to the information you have from your accounting system:
 - Actual indirect costs:
 - If your accounting system allows you to determine your actual indirect costs for the project
 - Simplified actual indirect costs:
 - If your accounting system allows you to determine your indirect costs for the organisation but not for the project
 - Flat rate:
 - If you can't determine your indirect costs from your accounting system then you can use 20% of direct costs less subcontracting costs OR
 - a **transitional flat rate** depending on the activity and type of organisation (see next slide)
- For Coordination and Support Actions, the maximum indirect costs allowed are **7% of direct costs** less subcontracting costs

Indirect costs - Transitional flat rate

- Eligible activities:
 - Research and technological development
 - Demonstration
 - Eligible types of organisations:
 - Non-profit public bodies
 - Secondary and higher education establishments
 - Research organisations
 - SMEs
 - Transitional flat rate applied:
 - 60% of direct costs less subcontracting costs
- Consult TTO iro proposed organisational indirect cost (IPR Act)

Legal Issues



Contractual aspects

- Grant agreement
 - Signed between beneficiaries and EC
 - Establishes rights and responsibilities of the beneficiaries to each other and to the EC
 - Consists of core grant agreement and annexures including Annex 1 (Description of Work)
- Consortium agreement
 - Signed between beneficiaries
 - Implements the grant agreement, establishes provisions related to consortium management, distribution of the Community financial contribution and IP
 - Mandatory unless otherwise specified in Call for Proposals

Grant Agreement and Ownership of Foreground

- Each beneficiary is owner of the foreground it generates.
 - Contractual relationships with its personnel and third parties must guarantee its ownership of foreground
 - Must enable it to comply with its obligations under the grant agreement and the consortium agreement.
- If foreground is generated by common efforts and it is not possible to distinguish individual contributions
 - The contributors will have joint ownership of the foreground
 - A joint ownership agreement will be signed to define the shares and the management of the joint ownership
- If there is no such agreement, the default joint ownership allows:
 - **Each joint owner to grant non-exclusive licences to third parties**
 - Provided that it notifies the other joint owners and grants them fair and reasonable compensation

Grant Agreement and Access Rights

- Granting of access rights:
 - Exact rights to be transferred are defined
 - Purposes for which the access rights may be used
 - Confidentiality / Royalties
- Grant agreement establishes economic conditions for the granting of access rights
- Beneficiaries may further define it in their consortium agreement

Access rights	For project execution purposes	For use purposes
To background	Royalty-free unless otherwise agreed <u>before</u> signature of the grant agreement	Royalty-free or on fair and reasonable conditions
To foreground	Royalty-free	

Consortium agreement

- A CA is **required for all projects** financed unless otherwise stipulated in the call for proposals
- EC is not a party to any CA and does not establish the terms and conditions of the CA
- Provisions of a CA should not affect the participants' obligations to the Community and/or to each other arising from the Rules for Participation and the Grant Agreement
- Checklist
- Model consortium agreements

IPR Act and NIPMO

→ Consult TTO iro proposed IPR arrangements and NIPMO requirements (IPR Act)

THANK YOU!

cristina.pinto@wits.ac.za

082 881 8466

www.esastap.org.za

EC-FP7-IT-HELPDESK@ec.europa.eu