Eesti Teadusagentuur
Estonian Research Council

FP7 FUNDING

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Zagreb

Topics:

- Funding schemes
- Eligible and ineligible costs
- Funding rates
- Overheads
- Third parties and subcontracting

In the end: budget excercise

Funding schemes

1. **Collaborative projects** (CP) – STREP, IP
2. **Networks of Excellence** (NoE)
3. **Coordination and support actions** (CSA)
4. **Individual projects**: for example ERC grants
5. **Support for training and career development of researchers** (Marie Curie actions)
6. **Research for the benefit of specific groups (in particular SMEs) –**
7. **… and some others**

Funding schemes (2)

Why do I have to know this?

It determines the

- purpose of the project
- type of activities involved
- funding rate

The call may give further restrictions:

- size of the consortium
- total EC contribution
- etc

II.7.2. Area Energy.7.2: Pan-European Energy Networks

Topic ENERGY.2013.7.2.1: Advanced concepts for reliability assessment of the pan-European transmission network

Open in call: FP7-ENERGY-2013-1

Contents/scope: Today's network reliability is guaranteed by the (n-1) criterion, which assures continuity of the electricity supply in case of loss of a single principal component, without instability or cascading issues. With the massive introduction of renewable energy sources (RES), a continuous but stochastic variation between full production and zero production or load is possible for numerous specific components of the network. As a consequence, the network reliability assessment and subsequent contingency measures need to be fundamentally changed to face the challenges of a complex and multi variable system, where the (n-1) criterion is no longer sufficient.

The aim of this topic is to identify, develop, assess and recommend innovative strategies, methods and tools to evolve current security criteria into more flexible criteria for the future pan-European electricity transmission system while maintaining present-day reliability levels. The new flexible security criteria should consider the substantial anticipated changes in the energy mix for future generation scenarios and recommend ways to allow this transition without jeopardizing current reliability levels. Pilot testing of the proposed concepts in a part of the European electricity network should be included.

The consortium should include a relevant number of TSO's.

Funding scheme: Collaborative Project

Expected impact: With the results of the studies and tests conducted in this topic, Transmission System Operators will be able to propose new security criteria that allow the operation of their networks and particularly cross-border links closer to their physical limits. TSO's will be able to ship growing amounts of renewable energy across the pan-European grid while maintaining or even improving the current high level security of energy supply. While the time to build new lines is usually much longer than the time to build new generation, this will allow a high degree of integration of renewable sources at no expense of security of supply. The results of the studies and the tests conducted in this topic will provide valuable knowledge for broader application at EU level and for strengthening pan-European overall system reliability.

- **Topics called:**

Activity/ Area	Topics called	Funding Schemes and eligibility criteria
ACTIVITY ENERGY.3: RENEWABLE FUEL PRODUCTION		
Area Energy.3.2: Second Generation Fuel from Biomass	ENERGY.2013.3.2.1: Pre-commercial industrial scale demonstration plant on paraffinic biofuels for use in aviation	Collaborative Project with a predominant demonstration component
ACTIVITY ENERGY.7: SMART ENERGY NETWORKS		
Area Energy.7.2: Pan-European Energy Networks	ENERGY.2013.7.2.3: Large-scale demonstration of innovative transmission system integration and operation solutions for (inter)connecting renewable electricity production.	Collaborative Project with a predominant demonstration component
ACTIVITY ENERGY.9: KNOWLEDGE FOR ENERGY POLICY MAKING		
Area Energy.9.2: Scientific Support to Policy	ENERGY.2013.9.2.1: European scientific multidisciplinary "think-tank" to support energy policy and to assess the potential impacts of its measures.	Coordination and support action (supporting) *Maximum requested EU contribution of EUR 2 000 000*

Project scheme conditions

	Minimum conditions	Average size of consortium
Collaborative projects	**3**	**8-20**
NoE	**3**	**15-20**
Coordination and support actions	**1-3***	**1-20 +**
Marie Curie	**1***	**1***
SME-specific research activities	**3**	**10**

*** as specified in the conditions of the call**

Who can participate?

- Any undertaking, university or research centre or other legal entity, whether established in a Member State (MS) or Associated Country (AC)* or third country
- **International organisations** and **participants from third countries** can participate only if in addition to minimum consortium requirement
- Participants from **high-income countries**** are normally not eligible for EC funding

*presently: Albania, Bosnia-Herzegovina, Croatia, FYR Macedonia, Iceland, Israel, Liechtenstein, Montenegro, Norway, Serbia, Switzerland, Turkey. List given in the guide for applicants

** USA, Canada, Japan, the Republic of Corea, Singapore, Australia, New Zealand, Taiwan, Hong Kong, Macao, Vatican, San Marino, Andorra

Eligible vs non-eligible costs

Funding rates

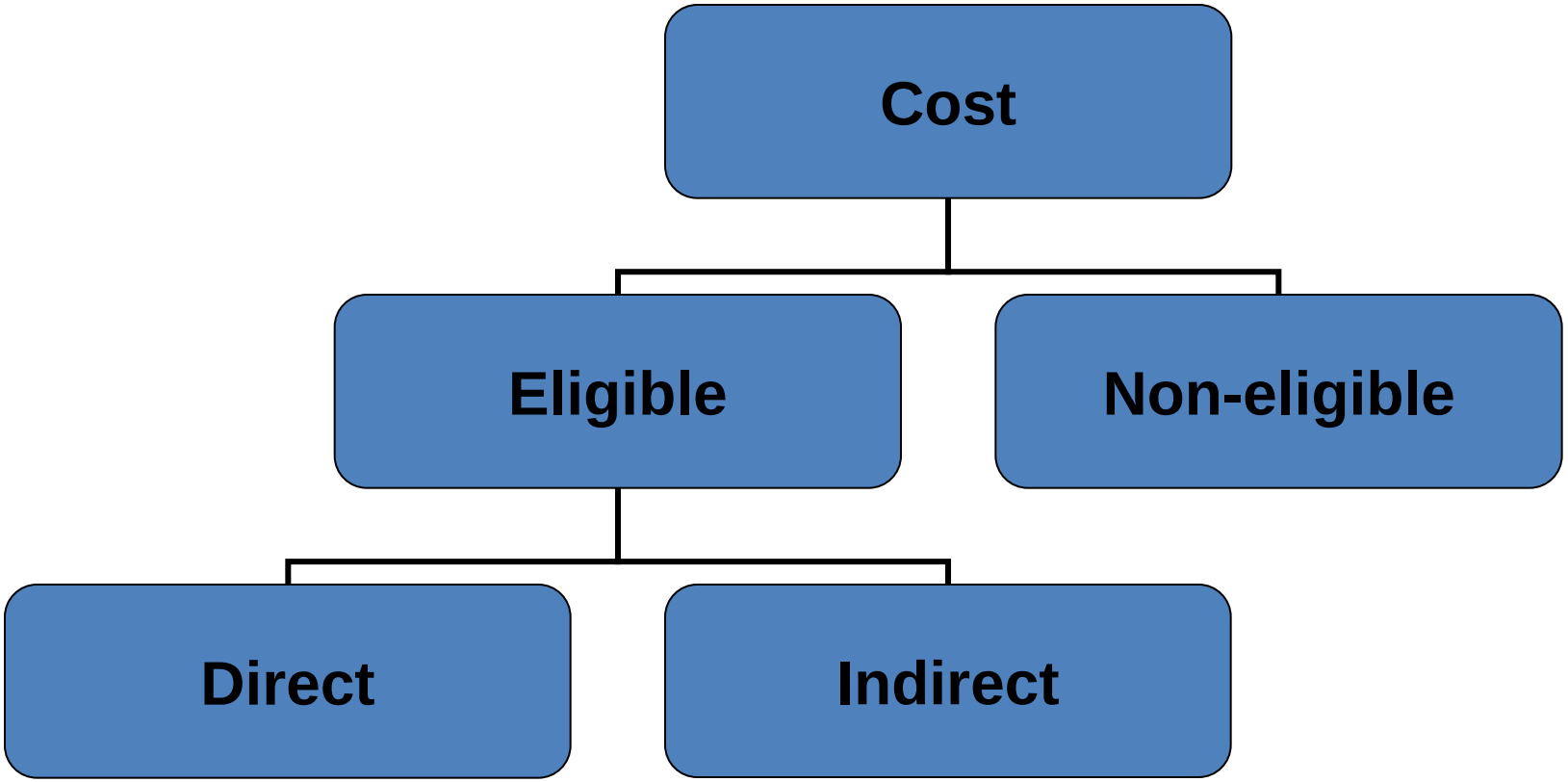
The forms of EC contribution of costs:

- Reimbursement of eligible costs
- Flat rate (also scale of unit)
- Lump-sum – fixed amount

There is a possibility to combine the funding schemes within the project. For example: travel costs as lump sum, research activities as reimbursement of costs

For International Cooperation Partner Countries (ICPC) *the Commission proposes simplified method –flat rate lump-sum amounts. They have been defined on the basis of World Bank data on cross national income levels in different countries.* ***The partners from ICPC can still request the standard reimbursement of eligible costs.***

Reimbursement of eligible costs



Non-eligible costs

The following costs are considered as non-eligible:

- Identifiable indirect taxes including value added tax,
- Duties,
- Interest owed,
- Provisions for possible future losses or charges,
- Exchange losses, cost related to return on capital,
- Costs declared or incurred, or reimbursed in respect of another Community project
- Debt and debt service charges, excessive or reckless expenditure

Eligible costs of the project

In order to be considered eligible the costs must be:

(FP7 Grant Agreement – Annex II.14.):

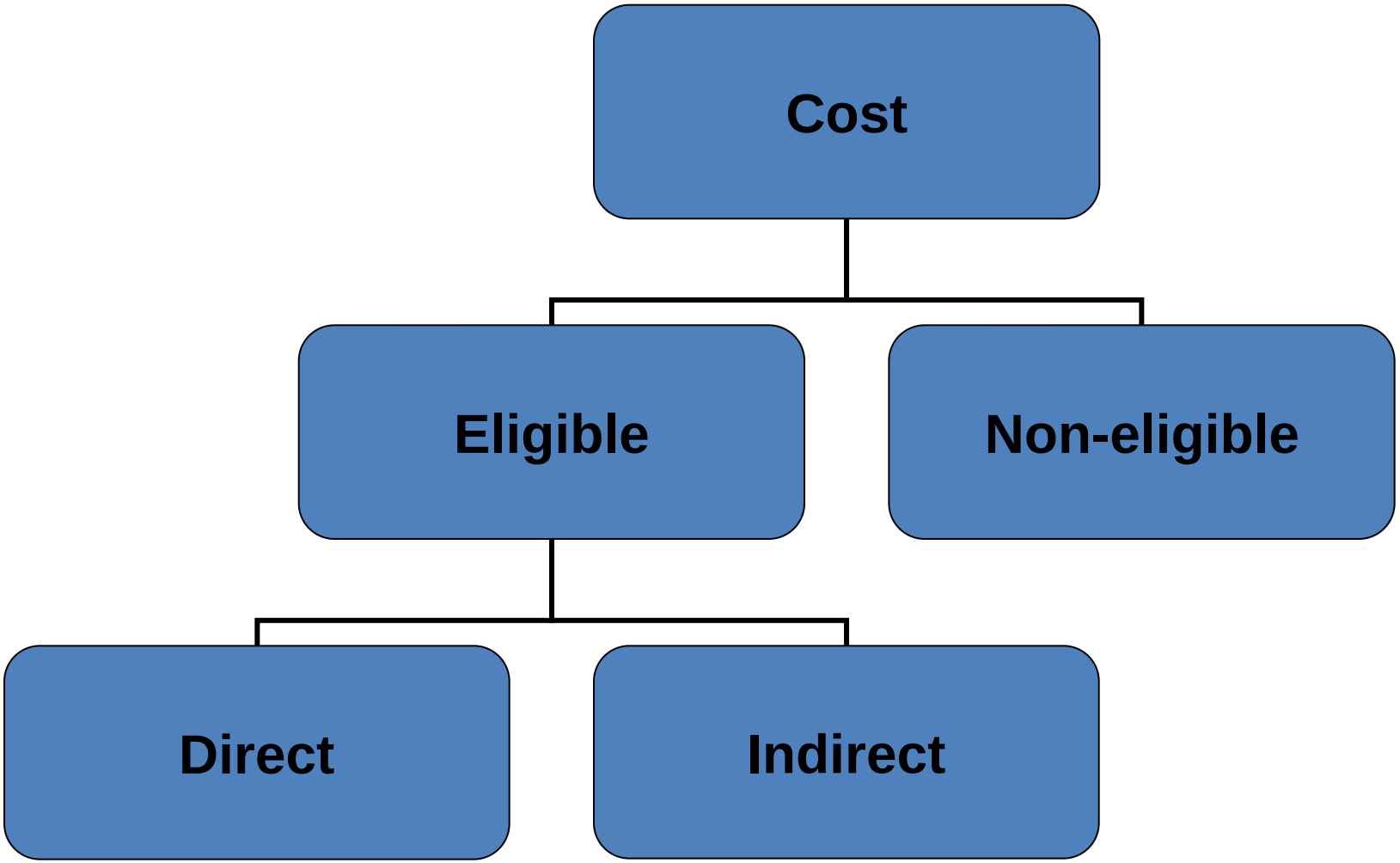
- Actual
- Incurred by the beneficiary
- Incurred during the duration of the project
- Determined in accordance with the usual accounting and management principles and practices of the beneficiary
- Used for the sole purpose of achieving the objectives of the project
- Recorded in the accounts of the beneficiary

Funding rates

Depending on the type of the organisation

- Reasearch and development activities – **50%** - **75%***
- Demonstration activities – up to **50%**
- Project management activities – up to **100%**
- Other activities – up to **100%**
- Coordination and support actions - up to **100%**

* Higher education establishments, SME-s, non-profit public bodies, research organisations


Cost
Eligible
Non-eligible
Direct
Indirect

Indirect costs

Indirect costs are those eligible costs which cannot be identified as being directly attributed to the project but which is in direct relationship with the eligible direct costs and can be identified by its accounting system (phone and mobile phone costs, postal charges, bank fees, other office costs)

1.Real indirect cost method

2.Flat-rate (% of total direct eligible costs)

Flat-rate's:
a) 20 %

b) 60 % (Higher education establishments, SME-s, non-profit public bodies, research organisations)

c) 7 % for coordination and support actions

Indirect costs = (**direct costs** - subcontracting) x flat-rate

How to calculate indirect costs?

A university participates in an FP7 project:

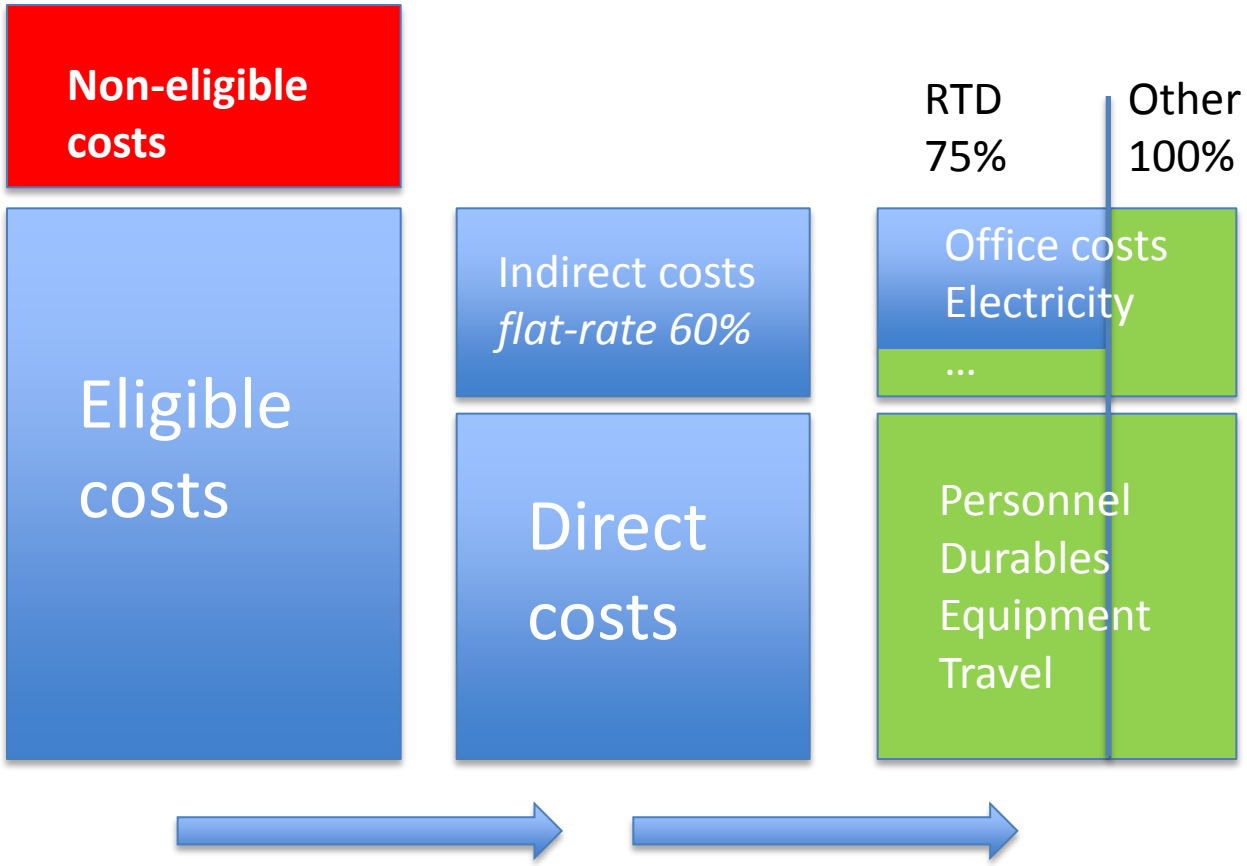
- They use **60% flat-rate** for calulating indirect costs
- They have only RTD tasks in the project (funded 75% by the EC)

Costs of the university:

Direct costs	**100,000.- EUR**
Indirect costs (60%)	60,000.- EUR
Total costs	160,000.- EUR

EC contribution: (160,000x75%) **120,000.- EUR**

What did we talk about?



Form C – the financial report in FP7

1- Declaration of eligible costs/lump sum/flat rate/scale of unit (in €)

	Type of Activity					
	RTD (A)	Demonstration (B)	Coordination/Support (C)	Management (D)	Other (E)	TOTAL (A+B+C+D+E)
Personnel costs	100 000	10 000	0	10 000	0	120 000
Subcontracting	10 000	0	0	0	0	10 000
Other direct costs	50 000	0	0	1000	0	51 000
Indirect costs	90 000	6000	0	6600	0	102 600
Access Costs						0
Lump sum/flat rate/scale of unit declared			0	0	0	0
Total	250 000	16 000	0	17 600	0,00	283 600
Maximum EC contribution	187 500	8000	0	17 600	0	213 100
Requested EC contribution	187 500	8000	0	17 600	0	213 100

75%

50%

100%

Third parties

The third party (TP) is a legal entity which is not a formal beneficiary of the GA and is not a signatory to it

The beneficiary to which it is linked (coordinator or other) retains the sole responsibility for the work vis-à-vis the REA

Two categories of TPs:

1. **Third parties <u>making resources available</u>**
2. **Third parties <u>carrying out part of the work itself</u>**

Third parties making resources available

The proposal shall specify:

- if resources/staff/facilities provided by the TP and directly used by the beneficiary:

1) are free of charge or;
2) are provided against a payment/reimbursement (!)

- the TP name, its legal relationship with the beneficiary (conventions, protocols etc.)

- the tasks to be performed by the TP, in which premises and under the direct control, instructions, management and supervision of whom?

- a clear estimation of costs and resources allocated to the project

- when resources are provided by the TP free of charge, costs may be declared in the Form C of the beneficiary but shall be recorded in the accounts of the TP (!) that may be audited by REA/Commission. Only real overheads of the TP may be charged if justified

- when TP is paid/reimbursed by the beneficiary, costs are recorded in the accounts of the beneficiary and are considered and claimed as costs incurred by the beneficiary

Third parties carrying out part of the work

TPs carrying out part of the work:

- ✓ TP shall be explicitly indicated and explained in the proposal
- ✓ TP shall be included in the GA under the special clause 10
- ✓ TPs shall be « linked » to a beneficiary in the form of an « established formal relationship » for which 3 conditions shall be met:
  - a formal external recognition of the cooperation between the two entities (cooperation agreement, relationship association/members,joint laborarory etc)
  - cooperation is long lasting and normally started before the project
  - cooperation is wider and goes beyond the scope of the project
- ✓ TPs shall submit cost according to their own "FP7 account data" as regarding reimbursement rates and model for indirect costs.
- ✓ TPs submitting costs must be validated as well by REA (PIC)
- ✓ Costs are claimed via a separate statement of claims (Form C)

Cases of EEIG, Joint Research Units, subsidiaries/ affiliated companies branches, company groupings

Subcontracting

A **subcontractor** is a type of third party : a legal entity which is not a beneficiary of the ECGA, and is not a signatory to it.

- **subcontracting between beneficiaries in the same ECGA is not to be accepted**
- **Subcontracting can not be a core part of the work**
- **Subcontracting costs have to be identified in the Annex I of the grant agreement**
- **Minor subcontracting does not have to be identified in the annex 1 (The criteria to decide whether a subcontract concerns minor tasks are qualitative and not quantitative)**

We talked about:

- **Funding schemes**
- **Eligible and non-eligible costs**
- **Funding rates**
- **Third parties**
- **Subcontracting**

Questions?

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