

Guide to Financial Issues relating to FP7 Indirect Actions

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SECTION 1: GENERAL PRINCIPLES

Article II.2 of ECGA – Organisation of the consortium and role of coordinator

There is always only one project coordinator who is responsible for the tasks defined in Article II.2.3 of ECGA and who represents the Consortium vis-à-vis the Commission.

Can these coordination tasks be performed by other beneficiaries/third parties?

The tasks attributed by the ECGA to the coordinator in the above-mentioned Article **cannot be subcontracted or outsourced to a third party** [7]. The role of coordinator of the ECGA is defined by these tasks defined in Article II.2.3 of ECGA. Furthermore, these tasks may not be carried out by other beneficiaries.

Can part of the management tasks be performed by other beneficiaries?

Coordination tasks are part of the "management tasks"; however, "management tasks" include tasks beyond those of coordination of the project, and those tasks can be performed by beneficiaries other than the coordinator. In this sense, some management tasks will be performed by other beneficiaries and they will be reimbursed at 100% provided they comply with the other eligibility criteria as stipulated in Article II.14 of ECGA (e.g. participation to project management meetings, obtaining of the certificates on financial statements). In certain cases (i.e. big projects) there could be in a project a beneficiary carrying out only management activities. For more information on "management tasks" see Article II.16.5 of ECGA.

Can there be a scientific coordinator other than the Coordinator?

The coordinator in the GA is defined **only** by the tasks mentioned in Article II.2.3. Tasks related to the coordination of the project that are not listed in the above Article (e.g. scientific coordination of the project) could be carried out by another beneficiary. It is possible that this beneficiary in charge of the task of scientific coordination, may be internally (i.e. within the Consortium) identified as a "scientific coordinator". However, in the relationship with the Commission the "scientific coordinator" is only another beneficiary of the ECGA. It will not be considered as the project coordinator. The tasks of scientific coordination performed by this beneficiary can be reimbursed, if they comply with the criteria for eligibility established in Article II.14, but only as "research and technological development activities" (i.e. 50% /75% reimbursement rate). By their nature (scientific work) they cannot be reimbursed as "management costs" (i.e. reimbursement up to 100%).

Example:

Beneficiary "B" is leader of Work Package I in Project X, and in charge of the publication of a competitive call related to the selection of a new beneficiary within Work Package I. He is also in charge of the technical coordination of the other 5 Work Packages of the project. He also has to provide a certificate on the financial statements.

Reimbursement rates:

- For its RTD work: 50% (75% if falling under the cases detailed in Article II.16.1.2 of ECGA)*
- For its management work related to the competitive call within Work Package I: 100%*

[7] Except when the introduction of Special clause 38 in the GA allows for the Coordinator to delegate some of the tasks on a third party created, controlled or affiliated to the Coordinator

For its scientific coordination of the project: 50/75% (as this is part of the RTD activities)

For its management costs related to the certificate on financial statements: 100%

Can a financially weak legal entity be coordinator of a project?

The Commission will systematically analyse the financial viability of coordinators which are not public bodies, higher and secondary education establishments or whose participation is not specifically guaranteed for the project by a Member State or Associated country. The Commission will also analyse the financial viability of any proposed beneficiary receiving an estimated EU/Euratom contribution of more than EUR 500,000.

If as a result of this analysis an entity (whether coordinator or other beneficiary) is considered to have an "insufficient" financial capacity it will usually not be allowed to participate in the project. In the case of the coordinators, if the results of this analysis show a "weak" financial viability, this entity **will in principle not be allowed to be coordinator of the project**. The Commission will not request additional guarantees or securities from it, and therefore an entity with a weak financial viability must be replaced as coordinator of the Consortium (though it could still be a participant/beneficiary in the project, unlike those with "insufficient" financial viability).

However, this legal entity could still be coordinator if, on a voluntary basis, it provides the Commission with a guarantee which can be considered equivalent to a guarantee by a Member State or an Associated Country. This financial guarantee must be provided by a bank or insurance company; guarantees from other sources (like affiliated or mother companies) will not be accepted. The financial viability of the coordinator can be re assessed during the project and depending on the results the guarantee may be released.

This guarantee could also exceptionally take the form of a trust account established by the coordinator. In this case the following conditions would apply:

- The account shall not be included in the assets of the coordinator in case of bankruptcy;
- The use of the trust account shall be limited to the implementation of the project concerned;
- The coordinator will be the "trustee", the other partners the "beneficiaries" and the Commission the "trustor";
- Payments from the trust account shall be limited to the beneficiaries entitled to receive EU/Euratom funding;
- After the final payment, any remaining funds shall be returned to the Commission upon its request without need for approval from any third party.

For information on the rules on the legal and financial viability of beneficiaries, check the "Rules to ensure consistent verification of the existence and legal status of participants, as well as their operational and financial capacities":

ftp://ftp.cordis.europa.eu/pub/fp7/docs/rules-verif_en.pdf

[7] Except when the introduction of Special clause 38 in the GA allows for the Coordinator to delegate some of the tasks on a third party created, controlled or affiliated to the Coordinator