

MODEL CONTRACT

**Accompanying Measures
specific to technology take-up measures**

CONTRACT NO _____

The European Community ("the Community"), represented by the Commission of the European Communities ("the Commission"), itself represented for the signature of this contract by [Mr (*name*)] [Ms (*name*)], Director-General for [*name of the DG*] or [his] [her] duly authorised representative,

of the one part

and

- [*name of principal contractor*] ([*acronym*]) ("the *coordinator*"), established in [*name of State and full address*], represented by its legal/statutory/authorized representative[s], [Mr/Ms [*insert name*], [*function*], [Mr/Ms [*insert name*], [*function*],
- [*name of principal contractor*] ([*acronym*]), established in [*name of State and full address*], represented by its legal/statutory/authorized representative[s], [Mr/Ms [*insert name*], [*function*], [Mr/Ms [*insert name*], [*function*],
- [*name of principal contractor*] ([*acronym*]), established in [*name of State and full address*], represented by its legal/statutory/authorized representative[s], [Mr/Ms [*insert name*], [*function*], [Mr/Ms [*insert name*], [*function*],
- [*name of principal contractor*] ([*acronym*]), established in [*name of State and full address*], represented by its legal/statutory/authorized representative[s], [Mr/Ms [*insert name*], [*function*], [Mr/Ms [*insert name*], [*function*],
- [*name of principal contractor*] ([*acronym*]), established in [*name of State and full address*], represented by its legal/statutory/authorized representative[s], [Mr/Ms [*insert name*], [*function*], [Mr/Ms [*insert name*], [*function*],

(collectively "*the principal contractors*"),

of the other part,

(collectively "*the contracting parties*")

HAVE AGREED to a project called "[*name of project*]" to be carried out in the framework of the specific research and technological development programme "[*name of specific RTD programme*]" (the "*specific programme*") according to the following provisions.

Article 1 - Scope

1. The *principal contractors*¹ shall carry out the work set out in Annex I to this contract [up to the milestone specified in Annex I] [up to [specify the milestone]] ("*the project*") in accordance with the conditions set out in this contract.

Subject to cases of *force majeure*, the *principal contractors* shall use reasonable endeavours to achieve the results aimed at by the *project* and shall carry it out jointly and severally vis-à-vis the Community.

2. Without prejudice to the first paragraph, *principal contractors* may entrust the performance of part of the work set out in Annex I to this contract to *members* in accordance with the conditions of Article 5 of Annex II to this contract. *Members* shall use reasonable endeavours to carry out the part of the *project* that is specifically assigned to them.

The *principal contractors* shall be technically and financially responsible for their *members* in accordance with the terms and conditions set out in Articles 5, 17 and 18 of Annex II to this contract and in the membership agreement.

Article 2 - Duration

1. The *duration of the project* shall be [insert number] months from [the first day of the month after the last signature of the *contracting parties*] [insert date].
2. This contract shall enter into force following its signature by all the *contracting parties*.

This contract shall be completed on the date of the final payment of the Community's financial contribution. However,

- Articles 5, 6 and 8 of this contract,
- Article 2(1), first subparagraph, points (a), (e) (f), and (g), Article 2(2) (d), (e) and (i), Article 3(4) and (5), Article 4(5), Article 6, Articles 9 to 12, and Articles 16 and 17 of Annex II to this contract

shall continue to apply after that date subject to any limitations specified in those Articles.

¹ The terms in italics are used in accordance with the definition given in Article 1 of Annex II to this contract.

Article 3 - Estimated costs and maximum financial contribution of the Community

1. The total estimated eligible costs of the *project* are EUR [*insert amount*] ([*insert amount in words*] euro).
2. The Community shall fund the eligible costs of the *project* in accordance with the table setting out the maximum rate of the Community contribution to the eligible costs by category of costs² which follows the signatures affixed to this contract up to a maximum of EUR [*insert amount*] ([*insert amount in words*] euro).
3. The Community's financial contribution to the *project* shall be paid as specified in Article 3 of Annex II to this contract to the *coordinator's* bank account:

[*Coordinator's bank details*]

The initial advance for the *project* is fixed at EUR [*insert amount*] ([*insert amount in words*] euro). It shall be distributed among the *principal contractors* in accordance with the indications laid down in the table which follows the signatures to this contract.

The total amount of the initial advance and the periodic payments shall not exceed the maximum amount of the financial contribution referred to in paragraph 2 of this Article, less a guarantee retention. The guarantee retention shall be 15% of the maximum amount of that contribution.

Article 4 - *Project deliverables and summary statements of amounts transferred by the coordinator to be submitted to the Commission*

1. [[*insert number*] copies of the reports and [*insert number*] copies of the cost statements][[*insert number*] copies of the reports and of the cost statements] required under this contract shall be submitted by the *coordinator* in accordance with Article 4 of Annex II to this contract. The reports shall be in [*insert language*].

Annex I shall determine the number of copies and the language of drafting of the other *project deliverables*.

2. The periodic and final report(s), the corresponding cost statements, including each integrated cost statement, as well as each summary statement of amounts transferred to the *principal contractors* by the *coordinator* shall cover [successive periods of [*insert number*] months from the *project commencement date*] [a first period ending on [*insert date*], and thereafter successive periods of [*insert number*] months].

Where the work is completed before the end of the *duration of the project*, the final report(s) and the corresponding cost statements, including the integrated cost statement, as well as the summary statement of amounts transferred to the *principal contractors* by the *coordinator* shall cover the period ending on that date.

² In accordance with Annex III to Council Decision 1999/169/EC of 25 January 1999 adopting a specific programme for research, technological development and demonstration on a user-friendly information society (1998-2002), OJ L 64, 12.3.1999, p. 20.

However, and without prejudice to the first or second subparagraphs of this paragraph, the last cost statement of the *coordinator* and the integrated cost statement shall also cover the period necessary for the drafting of the final report(s) within the maximum time-limit of two months as of the end of the *duration of the project*.

The other *project deliverables* shall cover the periods set out in Annex I to this contract.

Article 5 - Applicable law and jurisdiction

1. The law of [*law of competent authorising officer*] shall govern this contract.
2. The Court of First Instance of the European Communities and, in the case of an appeal, the Court of Justice of the European Communities shall have sole jurisdiction to hear any disputes between the Community, on the one hand, and the *principal contractors*, on the other hand, as regards the validity, the application or any interpretation of this contract.

Article 6 - Special conditions

[No special condition applies to this contract.]

[The following special conditions apply to this contract:]

[The special conditions applying to this contract are set out in its Annex III.]

[In addition to the special conditions set out in Annex III, the following special conditions shall apply to this contract:]

Article 7 - Amendments

This contract, including the Annexes thereto, may be amended only by written agreement between the authorised representatives of the *contracting parties*. No verbal agreement may be binding on the *contracting parties* for this purpose.

Any request for amendment must be received by the Commission at least two months before the expiry of the *duration of the project*.

Article 8 - Final provisions

1. The following Annexes are an integral part of this contract:

Annex I - Description of work

Annex II - General conditions

[Annex III - Special conditions]

2. In the event of any conflict between Annex I and any other provision of this contract, the latter shall take precedence.

[3. The special conditions set out in [Article 6 of] [Annex III to] [Article 6 of and Annex III to] this contract shall take precedence over any other provisions].

Article 9 - Signature and language of the contract

[*number (minimum two)*] copies of the contract in [*insert language*] shall be signed by the *contracting parties* and only that language version shall be authentic.

Done at Brussels/Luxembourg,

On behalf of [*name and acronym of the coordinator and the principal contractors*]:

Name: (written out in full)

Title:

Signature:

(stamp of the organisation)

On behalf of the Commission:

Name: (written out in full)

Title:

Signature:

Date:

Table

<i>Participants</i>	<i>Principal contractor No / Member linked to principal contractor No</i>	Estimated eligible costs in euros	Maximum Community contribution in euros	Advance	Maximum rate of Community contribution to eligible costs by categories of costs ¹									
					Personnel	Durable equipment	Sub-contracting	Travel and subsistence	Consumables	Computing	Protection of <i>knowledge</i>	Other specific costs	Overheads	Administrative and financial coordination ²
<i>Coordinator</i> ³ (name)					... %	<input type="checkbox"/> ...% without depreciation <input type="checkbox"/> ...% depreciation	... %	... %	... %	... %	... %	... %	... %	... %
<i>Member</i> (name)					... %	<input type="checkbox"/> ...% without depreciation <input type="checkbox"/> ...% depreciation	... %	... %	... %	... %	... %	... %	... %	... %
<i>Principal contractor</i> (name)					... %	<input type="checkbox"/> ...% without depreciation <input type="checkbox"/> ...% depreciation	... %	... %	... %	... %	... %	... %	... %	... %

¹ Although the provisions authorise the transfer of the Community contribution between categories of costs, *participants* are not authorised to transfer the budget between categories of costs where no funding is provided for, as indicated by a zero percentage in the above table.

² Costs borne exclusively by the *coordinator*/administrative and financial *coordinator* in the event of separation of administrative and financial coordination from scientific coordination (in that event, the scientific *coordinator* is treated as a *principal contractor*).

³ Administrative and financial *coordinator* in the event of separation of administrative and financial coordination from scientific coordination.

Participants	Principal contractor No / Member linked to principal contractor No	Estimated eligible costs in euros	Maximum Community contribution in euros	Advance	Maximum rate of Community contribution to eligible costs by categories of costs ¹									
					Personnel	Durable equipment	Sub-contracting	Travel and subsistence	Consumables	Computing	Protection of knowledge	Other specific costs	Overheads	Administrative and financial coordination ²
Member (name)					... %	<input type="checkbox"/> ...% without depreciation <input type="checkbox"/> ...% depreciation	... %	... %	... %	... %	... %	... %	... %	
Principal contractor (name)					... %	<input type="checkbox"/> ...% without depreciation <input type="checkbox"/> ...% depreciation	... %	... %	... %	... %	... %	... %	... %	
Member (name)					... %	<input type="checkbox"/> ...% without depreciation <input type="checkbox"/> ...% depreciation	... %	... %	... %	... %	... %	... %	... %	

¹ Although the provisions authorise the transfer of the Community contribution between categories of costs, *participants* are not authorised to transfer the budget between categories of costs where no funding is provided for, as indicated by a zero percentage in the above table.

² Costs borne exclusively by the *coordinator*/administrative and financial *coordinator* in the event of separation of administrative and financial coordination from scientific coordination (in that event, the scientific *coordinator* is treated as a *principal contractor*).

GENERAL CONDITIONS

PART A: IMPLEMENTATION OF THE *PROJECT*

Article 1 - Definitions

Article 2 - Management of the *project* and role of the *coordinator*

Article 3 - The Community's financial contribution

Article 4 - Submission of *project deliverables* and of summary statements of amounts transferred by the *coordinator*

Article 5 - *Membership agreements* and *subcontracts*

Article 6 - Liability

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PART B: RULES RELATING TO INTELLECTUAL AND INDUSTRIAL PROPERTY, PUBLICITY AND CONFIDENTIALITY

OPTION I: Community financing: 100% of all costs - Community ownership of <i>knowledge</i>
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Article 8.I Ownership of *knowledge*

Article 9.I Protection of *knowledge*

Article 10.I *Dissemination of knowledge*

Article 11.I Publicity and communication of data for standardisation purposes

Article 12.I Confidentiality

OPTION II: Community financing: 100% of all costs - <i>Participants'</i> ownership of <i>knowledge</i>
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Article 8.II Ownership of *knowledge*

Article 9.II Protection of *knowledge*

Article 10.II *Dissemination of knowledge*

Article 11.II Publicity and communication of data for standardisation purposes

Article 12.II Confidentiality

OPTION III: Community financing: less than 100% of all costs - *Participants'* ownership of *knowledge*

Sub-option 1

Article 8.III Ownership of *knowledge*

Article 9.III Protection of *knowledge*

Article 10.III *Dissemination of knowledge*

Article 11.III Publicity and communication of data for standardisation purposes

Article 12.III Confidentiality

Sub-option 2

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PART F: MODEL MEMBERSHIP CONTRACT

PART A: IMPLEMENTATION OF THE *PROJECT*

Article 1 - Definitions

1. "*Decision*" means Council Decision 1999/65/EC of 22 December 1998 concerning the rules for the participation of undertakings, research centres and universities and for the dissemination of research results for the implementation of the Fifth Framework Programme of the European Community (1998 to 2002)¹.
2. "*Regulation*" means Commission Regulation (EC) No 996/99 of 11 May 1999 on the implementation of Council Decision 1999/65/EC concerning the rules for the participation of undertakings, research centres and universities and for the dissemination of research results for the implementation of the Fifth Framework Programme of the European Community (1998-2002)².
3. "*Contracting parties*" means the Community and the *principal contractor(s)*.
4. "*Principal contractor*" means a legal entity, an international organisation, or the Joint Research Centre (JRC), which has concluded this contract with the Community.
5. "*Coordinator*" means the *principal contractor* carrying out the tasks provided for in Article 2(1) of this Annex.
6. "*Member*" means a legal entity, an international organisation, or the JRC, other than a *principal contractor*, which has concluded a membership agreement signed with a *principal contractor* in agreement with the Community and in accordance with this contract and having, by virtue of that membership agreement, the same rights and obligations as the *principal contractor* unless the former stipulates otherwise.
7. "*Participant*" means the *principal contractors* and the *members*.
8. "*Membership agreement*" means the agreement concluded between the *participants* for the specific needs of the project in accordance with the conditions of this contract.
9. "*Subcontract*" means an agreement to provide services, supplies or goods concluded between a *participant* and one or more *subcontractors* for the specific needs of the *project*.
10. "*Subcontractor*" means a legal entity, an international organisation or the JRC, which has concluded a *subcontract*.
11. "*Project*" means all the work referred to in Annex I to this contract.
12. "*Project commencement date*" means the date referred to in Article 2(1) of this contract.
13. "*Duration of the project*" means the period of performance of the *project* as referred to in Article 2(1) of this contract.

¹ OJ L 26, 1.2.1999, p. 46.

² OJ L 122, 12.5.1999, p. 9.

14. "*Contract completion date*" means the date referred to in Article 2(2), subparagraph 2, of this contract.
15. "*Project deliverables*" means the reports and the cost statements referred to in Article 4 of this contract and Article 4 of this Annex as well as any element designated as such in Annex I to this contract.
16. "*Consortium agreement*" means an agreement concluded between *principal contractors* in order to specify or supplement, between themselves, the provisions of this contract.
17. "*Associated State*" means a State party to an international agreement concluded with the Community, in particular on the basis of Article 170 of the Treaty establishing the European Community.
18. "*Third country*" means a country other than a Member State or an *Associated State*.
19. "*Change of control*" means any change in the control exercised over a *principal contractor*, within the meaning of Article 5(1), third subparagraph, of the *Regulation*. Such control may result in particular from:
 - direct or indirect holding of a majority of the share capital of the *principal contractor* or a majority of the voting rights of the latter's shareholders or associates,
 - or
 - direct or indirect holding in fact or in law of decision-making powers in the *principal contractor*.
20. "*Force majeure*" means any unforeseeable and insuperable event affecting the carrying out of the *project* by one or more *participants*.
21. The "*interests of the Community*" are to be assessed in particular with regard to:
 - the objective of strengthening the international competitiveness of Community industry,
 - the objective of providing appropriate incentives for maintaining and creating jobs in the Community,
 - the objective of promoting sustainable development and improving the quality of life in the Community,
 - the needs of other Community policies in support of which indirect RTD actions are carried out,
 - the existence of scientific and technical cooperation agreements between the Community and third countries or international organisations.

22. "*Knowledge*" means the results, including information, arising from any *project* covered by Decision No 182/1999/EC of the European Parliament and of the Council of 22 December 1998 concerning the Fifth Framework Programme of the European Community for research, technological development and demonstration activities (1998 to 2002)³ as well as copyright or rights attaching to the results following applications for, or the issue or registration of, patents, designs and models, plant varieties, additional certificates or other similar forms of protection.
23. "*Pre-existing know-how*" means information, other than *knowledge*, held by the *participants* prior to the conclusion of the contract or the *membership agreement* or acquired in parallel with them and necessary for carrying out the *project*, as well as copyright or rights attaching to such information following applications for, or the issue or registration of, patents, designs and models, plant varieties, additional certificates or other similar forms of protection.
24. "*Complementary contract*" means a contract concluded with the Community in respect of work technically related to the *project*, including for *use* purposes, and recognised in writing by the contractors to each contract as being complementary.
25. "*Complementary contractor*" means a legal entity or an international organisation or the JRC, which has concluded a *complementary contract*.
26. "*Use*" means the direct or indirect use of *knowledge* in research activities or for *exploitation* purposes.
27. "*Exploitation*" means the direct or indirect use of *knowledge* for creating and marketing a product or process or for creating and providing a service.
28. "*Dissemination*" means the disclosure of *knowledge* by any appropriate means other than the publication resulting from the formalities for protecting the *knowledge*, for the purposes of promoting scientific and technical progress.
29. "*Legitimate interest*" means any interest, in particular of a commercial nature, of a *participant* which may be invoked in the cases provided for in this Annex provided that he demonstrates that the damage to that interest is likely, given the circumstances, to cause a specific prejudice that is disproportionate, considering the objectives of the provision in respect of which it is invoked.
30. "*Eligible costs*" means the costs referred to in Articles 14 and 15 of this Annex, in compliance with the conditions set out in Articles 13(1) to (4) thereof.

³ OJ L 26, 1.2.1999, p. 1.

Article 2 - Management of the *project* and role of the *coordinator*

1. Without prejudice to paragraph 2 of this Article, the *coordinator* shall be in charge of the scientific, financial and administrative coordination of the *project*. In this respect,
 - (a) he shall be the intermediary between the *principal contractors* and the Commission. In particular, he shall be responsible for transmitting to the Commission all documents and correspondence relating to the *project*;
 - (b) he shall inform the Commission of the actual date of commencement of the work and of the person designated by each *principal contractor* in accordance with paragraph 2(b) of this Article;
 - (c) he shall obtain and transmit to the Commission a copy of the *membership agreements* duly signed by the *participants* and shall verify that the *principal contractors* guarantee that those *agreements* are in conformity with this contract;
 - (d) he shall submit to the Commission:
 - the cost statements provided for in Article 4 of this contract and Article 4 of this Annex,
 - the periodic, final and supplementary reports provided for in Article 4 of this contract and Article 4 of this Annex after incorporating the content of the data provided by all the *participants* and verifying their consistency with the corresponding cost statements,
 - any other *project deliverable* except where Annex I to this contract provides otherwise;
 - (e) in his capacity as representative of the *principal contractors* he shall receive, subject to the special conditions set out in Article 6 of this contract, all the payments made by the Commission to the account referred to in Article 3(3), first subparagraph, of this contract;
 - (f) not being the beneficiary of payments intended for other *principal contractors* pursuant to this contract, he shall transfer to them within 30 days of receipt of the funds paid by the Commission the amount owing to them up to the maximum provided under Article 3(1)(b), third subparagraph, of this contract.

He shall inform the Commission of the distribution of the funds and of the date of transfer by means of the form in part E-3;
 - (g) he shall inform the other *contracting parties* of any event liable to substantially affect the *project* of which he is aware, including any change in a person mentioned in paragraph 2(b) of this Article, any *change of control* with regard to a *participant* and any circumstance affecting the conditions of participation referred to in Articles 3 to 12 of the *Decision*;

- (h) he shall inform the Commission of transfers in the budget set out in the table which follows the signatures to this contract, between *principal contractors* and between categories, carried out in compliance with Article 13(4) of this Annex upon notification by those concerned.

Without prejudice to Article 7(3)(b) of this Annex, should the *coordinator* fail to meet his obligations, the Commission may, in agreement with the other *principal contractors*, designate another *coordinator* from among the *principal contractors*.

2. The *principal contractors* and *members*:

- (a) the *principal contractors* are the intermediaries between the *members* and the *coordinator* and, where appropriate, the Commission;
- (b) the *participants* shall agree upon appropriate arrangements for the proper performance of the work incumbent upon them pursuant to Annex I to this contract. To this end, the *principal contractors* shall designate one or more persons from among those referred to in Article 14(1) of this Annex who shall direct their work and ensure that the tasks assigned, including to the *members*, are correctly performed;
- (c) the *principal contractors* shall conclude amongst themselves, if necessary, a *consortium agreement* in accordance with the provisions of this contract and the competition rules. Such agreement may, *inter alia*, specify the organisation of the work;
- (d) the *principal contractors* shall inform the *coordinator* of any event liable substantially to affect the *project*, including any change of a person mentioned at point (b) of this paragraph, any *change of control* with regard to them and any circumstance affecting the conditions of participation referred to in Articles 3 to 12 of the *Decision*;
- (e) the *principal contractors* shall keep duly signed original copies of *subcontracts*, if any have been concluded;
- (f) the *principal contractors* shall forward to the *coordinator* the data needed to draw up the reports provided for in Article 4 of this contract and of this Annex and forward any corresponding cost statements. They shall do likewise in respect of any other *project deliverable*, except where Annex I provides otherwise;
- (g) the *principal contractors* shall inform the *coordinator* of transfers in the budget set out in the table following the signatures to this contract, between them and between categories, as soon as they have carried out such transfers in compliance with the conditions set out in Article 13(4) of this Annex;
- (h) the *principal contractors* shall take part in meetings concerning the supervision, monitoring and evaluation of the *project* which are relevant to them;

- (i) the *principal contractors* shall, including for their *members*, provide all detailed information requested by the Commission for the purposes of the proper administration of this contract;
 - (j) not being the beneficiaries of the payments intended for the *members* pursuant to this contract, the *principal contractors* shall transfer to them the amounts owing to them in accordance with the conditions of the *membership agreements* and Article 5 of this Annex.
3. The Commission may be assisted by independent experts in the framework of the meetings referred to under paragraph 2(h) of this Article.

It shall take appropriate steps to ensure that such experts treat confidentially the data that are communicated to them. Prior to such meetings, it shall communicate to the *principal contractors* the identity of the experts who are intended to assist it. It shall take account of any objection on the part of *participants* based on *legitimate interests*.

Article 3 - The Community's financial contribution

1. The Community's financial contribution shall be paid to the coordinator in accordance with the following principles:
 - (a) An initial advance shall be paid to the *coordinator* within a maximum period of 60 days running from the date of the last signature of the *contracting parties*. The period of 60 days may be suspended until the date of receipt by the Commission of all the *membership agreements* duly signed by the *participants*. The *coordinator* shall allocate the advance in accordance with the table following the signatures to this contract.

If the *project* has not effectively commenced within three months of the payment of the initial advance, the Commission may:

- (i) either terminate the contract pursuant to Article 7(3)(a) of this Annex,
 - (ii) or decide to add interest to the initial advance from the date of payment until the effective date of commencement of the work at the monthly rate applied by the European Central Bank for its main refinancing operations applicable on the first day of the month during which the three-month time-limit has expired. Such interest shall be deducted from the subsequent payment made by the Commission.
- (b) Any periodic payments shall be made within a maximum period of 60 days from the date on which the Commission approves or is deemed, in accordance with Article 4(3), fourth subparagraph, of this Annex, to have approved the periodic reports and any corresponding cost statements, or other *project deliverables*.

The amounts of the periodic payments shall be calculated on the basis of the eligible costs approved by the Commission. When each periodic payment is made, an amount corresponding to part of the initial advance shall be retained, calculated on the basis of the relationship between the eligible costs approved by the Commission and the forecasts of expenses for the period in question.

- (c) The final payment of the Community's financial contribution shall be made within a maximum period of 60 days from the date on which the Commission approves or is deemed, in accordance with Article 4(3), fourth subparagraph, of this Annex, to have approved the last *project deliverable*.

The final payment shall correspond to the difference between the total amount of *eligible costs* approved by the Commission and the amount of the initial advance and any periodic payments. However, the Community's total financial contribution may not exceed the maximum amount provided for in Article 3(2) of this contract.

The payments referred to at points (a) to (c) of the first subparagraph of this paragraph shall be regarded as having been effected on the date on which the Commission's account is debited.

The Commission may suspend the period of 60 days referred to under (b) and (c) of the first subparagraph of this paragraph at any time by notifying the *principal contractors* concerned that it considers that additional checks should be carried out. The period shall continue to run once the Commission has completed the additional checks.

On expiry of the period provided for and without prejudice to the third subparagraph of this paragraph, the *principal contractors* concerned, or the *coordinator* on behalf of all *principal contractors*, may claim, at the latest within two months of receiving the late payment, interest at the monthly rate applied by the European Central Bank for its main refinancing operations applicable on the first day of the month during which the time-limit has expired, plus one and a half percentage points. The interest shall cover the period running from the day after the time-limit for payment until the date of actual payment.

2. Where the Commission suspects fraud or serious financial irregularity on the part of a *participant*, it may suspend payments or order the *coordinator* not to make any payment to the *principal contractor* concerned or involved with regard to one of his *members*. The *participant* shall remain bound by its contractual obligations pursuant to this contract.
3. Subject to Article 17 of this Annex, all payments shall be treated as advances until the last *project deliverable* is approved.

4. Where the total financial contribution due from the Community, taking into account any adjustments, including as a result of a financial audit as referred to in Article 17 of this Annex, is less than the total amount of the payments referred to in paragraph 1, first subparagraph, of this Article, the *principal contractors* and *members* concerned shall reimburse the difference in euro, within the time-limit set by the Commission in its request sent by registered letter with acknowledgment of receipt.

In the event of non-reimbursement by the *participant* within the time-limit set by the Commission, the latter shall add interest to the sums due at the rate applied by the European Central Bank for its main refinancing operations on the first day of the month during which the time-limit set by the Commission has expired, plus one and a half percentage points, unless interest is due pursuant to another provision of this contract. The interest shall cover the period running from the day after the expiry of the time-limit until the date of receipt of the funds to be reimbursed.

Bank charges resulting from any reimbursement of sums due to the Community shall be borne exclusively by the *participant* concerned.

A recovery order regarding payments made by the Commission drawn up by the latter and transmitted to the *principal contractor* in accordance with Article 17 of this Annex shall be enforceable within the meaning of Article 256 of the Treaty establishing the European Community.

The Commission may decide to set off sums to be reimbursed to the Community against sums of any kind due to the *principal contractor* or *member* concerned.

5. After the *contract completion date*, the termination of the contract or of the participation of a *principal contractor* or a *member*, the Commission may or shall, as appropriate, request from the *principal contractor* concerned, or from the *principal contractor* involved with regard to one of his *members*, repayment of the entire Community contribution paid to it, where fraud or serious financial irregularities are discovered in the course of an audit carried out in accordance with Article 17 of this Annex. Interest at the monthly rate applied by the European Central Bank for its main refinancing operations on the first day of the month during which the *principal contractor* concerned received the funds plus two percentage points shall be added to the amount to be repaid. The interest shall cover the period between the receipt of the funds and their repayment.

Article 4 - Submission of *project deliverables* and of summary statements of amounts transferred by the *coordinator*

1. As regards reports:
 - (a) The following reports shall be submitted for approval by the Commission:
 - (i) periodic reports containing information about the progress of work, resources employed, departures from the work schedule, and results,
 - (ii) supplementary reports containing information required by Annex I to this contract,

- (iii) a final report covering all the work, objectives, results and conclusions, including a summary of all the latter,
 - (iv) where the reports referred to in points (i), (ii) and (iii) cannot be published in full, they shall, in addition, be presented in a suitable form for publication by the *contracting parties*. The final report suitable for publication shall include sufficient information on new developments to enable third parties established in the Member States or in *Associated States* to be informed of opportunities to request licences in respect of *knowledge*.
- (b) The layout of the reports shall conform to the rules communicated by the Commission. The reports for publication should be of a suitable quality to enable direct reproduction.

2. As regards cost statements:

- (a) The cost statements shall be expressed in euro and in the currency used in the accounting of the *participant*. The euro conversion and exchange rates for cost statements and related payments shall be the rates published by the Commission for the implementation of the budget and in force on the first working day of the month following the period covered by the cost statement concerned. No account shall be taken of exchange rate gains or losses between the time of establishment of the cost statement and the receipt of the corresponding payment.
- (b) The *coordinator* and the *principal contractors* shall send two cost statements to the Commission through the *coordinator*: a statement of their own *eligible costs* in the format specified in part E-1 and an integrated cost statement in euro covering all the costs incurred by all their *members* in the format specified in part E-2/B.

In addition, the *coordinator* shall submit the corresponding integrated cost statements in euro in the format specified in part E-2/A.

- (c) Each *member* shall submit a cost statement to the *principal contractor* concerned in the format specified in part E-1.

Each *principal contractor* shall keep a copy of its *members'* cost statements for the purposes of auditing in accordance with Article 17 of this Annex.

Participants that do not benefit from a financial contribution from the Community are required to submit only a description of the efforts deployed and the resources used in order to carry out the *project*.

3. Each periodic report and the corresponding cost statements, including the integrated cost statements, as well as, where appropriate, each supplementary report shall be submitted to the Commission within two months of the end of the period covered by the report.

The final report(s) and the cost statements for the final period, including the integrated cost statement, shall be submitted to the Commission within two months of the end of the *duration of the project*.

The other *project deliverables* shall be submitted by the deadlines specified in Annex I to this contract.

In the absence of observations by the Commission, the *project deliverables* shall be deemed to be approved within two months of their receipt.

4. The Commission reserves the right to withhold part or, exceptionally, all of the payment of the Community's financial contribution until the period covered by the next cost statement in case of failure to submit, within the time-limit set out in paragraph 3 of this Article or in Annex I as relevant, a cost statement or a periodic report or other *project deliverable*.

The Commission may decide not to make the payment corresponding to the costs incurred during the final period in case of failure to submit, within the time-limit set out in paragraph 3 of this Article:

- the cost statements for the final period,
- the final report(s) or other *project deliverable*

subject to one month's written notice of non-receipt of that document.

5. The *coordinator* shall attach to the cost statements the summary statements referred to in Article 2(1) point (f), second sentence, of this Annex. However, where they concern the transfer of the final payment of the Community's financial contribution, the *coordinator* shall submit them immediately following such transfer.

Article 5 - Membership agreements and subcontracts

1. The *principal contractors* shall conclude a *membership agreement* with each of their *members*. No *member* may enjoy the benefits of this contract until his *membership agreement* has entered into force.
 - (a) When concluding *membership agreements*, the *principal contractor* shall ensure that:
 - (i) the *membership agreements* are in conformity with this contract,
 - (ii) that his *members*:
 - perform the tasks assigned to them in accordance with Annex I to this contract,
 - acquire identical rights to those of the *principal contractors* pursuant to this contract,

- receive their share of the Community's financial contribution in accordance with the conditions of the *membership agreements* concluded in accordance with this Article after receipt of the funds paid by the Commission.
- (b) The *membership agreement* shall be drawn up on the basis of the model in part F of this Annex.

A copy of the *membership agreements* duly signed by the authorised representatives of the *principal contractors* and of the *members* shall immediately be sent to the *coordinator*.

- (c) The *principal contractors* must submit, with each periodic report and with the final report, a list of all their *members*, specifying the date of entry into force or the date of termination of each *membership agreement*.
- (d) The *principal contractor* shall include in the *membership agreement* appropriate provisions to enable the Commission or its authorised representatives as well as, where appropriate, the Court of Auditors, to carry out the financial audits and technical verifications in accordance with Articles 17 and 18 of this Annex.
2. *Participants* may conclude *subcontracts* where this proves necessary for the performance of their work. Where a *subcontract* is concluded for the performance of coordination tasks, the related expenses may not be charged as direct costs.

Unless Annex I to this contract contains sufficient detailed data, the Commission's prior written approval is required:

- (a) where the cumulative amount of the *subcontracts* of a *participant* exceeds:
- 20% of his estimated eligible costs,
 - EUR 100 000,
- whichever amount is the lower;
- (b) where the *subcontractor* is established in a *third country*, unless the *participant* concerned is established there.

In the absence of observations within one month of receipt of the request made by the *coordinator*, the Commission's approval shall be deemed to be granted.

3. The *participant* shall ensure that *subcontracts* include an obligation for the *subcontractors*:
- to submit invoices making reference to the *project* and giving details of the service or supply concerned,
 - to submit to the audits provided for in Articles 17 and 18 of this Annex.

Article 6 - Liability

1. The liability of the *contracting parties* amongst themselves with regard to any losses, damages or injuries suffered in the context of the performance of this contract shall be governed by the law indicated in Article 5(1) of the contract.
2. The *principal contractors* shall take all necessary and reasonable measures to carry out the work incumbent on a defaulting *principal contractor*. However, they shall not be required to reimburse amounts owed by a *principal contractor* unless they have contributed to the latter's defaulting.

The measures to be taken in the event of *force majeure* shall be agreed between the *contracting parties*. The *contracting parties* expressly agree that any defect in respect of a product or service used in the performance of this contract and affecting such performance, including, for example, anomalies in the functioning or performance of such product or service resulting from or linked to the millennium date change (year-2000 problem), does not constitute *force majeure*.

3. The Community cannot be held liable for acts or omissions of the *participants* in the performance of this contract. It shall not be liable for any defects in respect of any products or services created on the basis of *knowledge* resulting from the *project*, including, for example, anomalies in the functioning or performance thereof resulting from or linked to the millennium date change (year-2000 problem).

The *participants* shall fully guarantee the Community, and shall undertake to indemnify it in the event of any action, complaint or proceeding brought by a third party against it as a result of damage caused either by an act or omission of the *participants* in the performance of this contract or on account of any products or services created on the basis of *knowledge* resulting from the *project*, only to the extent that the *participants* have contributed to or are responsible for the loss or damage concerned.

In the event of any action brought by a third party against the Community in connection with the performance of this contract, *principal contractors* which may bear responsibility shall be required to assist the Community.

4. In the event of any action brought by a third party against a *principal contractor* in connection with the performance of this contract, the Commission may, without prejudice to paragraph 1 of this Article, assist the latter upon written request. The costs incurred by the Commission in this connection shall be borne by the *principal contractor* concerned.

Article 7 - Termination of the contract or of the participation of a *principal contractor* or *member*

1. The Commission may terminate the contract or the participation of a *principal contractor*:
 - (a) for major technical or economic reasons substantially affecting the *project* (including where the resumption of the performance of the contract following its suspension on account of *force majeure* proves impossible),

(b) if the *use* potential of the results of the *project* considerably diminishes.

The Commission shall determine the notice period in a registered letter with acknowledgment of receipt, which period shall not exceed one month from the date of receipt of such letter.

2. The Commission shall not object

(a) to the termination of the contract, at the written request of the *coordinator* in agreement with all the other *principal contractors*, on the grounds mentioned in paragraph 1 of this Article,

(b) to the withdrawal of a *principal contractor* from the *project* where all the other *principal contractors* have given their prior agreement in writing, unless this withdrawal substantially affects the carrying out of the *project*.

The termination of the contract or the withdrawal of the *principal contractor* shall be effective:

- on the date of the letter of acceptance by the Commission notified by registered letter with acknowledgment of receipt,
- at the latest one month following receipt of notification by the interested part(y)(ies) in the absence of written observations by the Commission within that time-limit.

3. The Commission may immediately terminate this contract or the participation of a *principal contractor* or request the *principal contractor* involved to terminate the participation of one of his *members* from the date of receipt of the registered letter with acknowledgment of receipt sent by the Commission or, in the case of a *member*, by the *principal contractor* concerned in accordance with paragraph 6, third subparagraph, of this Article:

(a) where the *project* has not effectively commenced within three months of the payment of the initial advance and the new date proposed is considered unacceptable by the Commission,

(b) where the *participant* directly concerned has not fully performed his contractual obligations despite a written request from the Commission, or the *coordinator* in agreement with the other *principal contractors*, or, in the case of a *member*, the *principal contractor* involved, to remedy a failure to comply with such obligations within a period not exceeding one month,

(c) where a *change of control* over a *principal contractor* is likely substantially to affect the *project* or the *interests of the Community*,

(d) in the event of bankruptcy, of winding up, of cessation of trading, of winding up by court order or composition, suspension of activities of a *participant* or any similar proceeding provided for by national laws or regulations and leading to a similar result,

(e) in the event of a serious financial irregularity.

4. The Commission shall immediately terminate this contract or the participation of a *principal contractor* or shall request a *principal contractor* concerned to terminate the participation of a *member* from the date of receipt of the registered letter with acknowledgment of receipt sent by the Commission or, in the case of a *member*, by the *principal contractor* concerned in accordance with paragraph 6, third subparagraph, of this Article:
 - (a) where the conditions for participation in the *project* mentioned in Articles 3 to 12 of the *Decision* are no longer satisfied, unless it considers that the *project* is essential to the implementation of the specific programme,
 - (b) where a *participant* has made false declarations for which he may be held responsible or has deliberately withheld information in order to obtain the Community's financial contribution or any other advantage provided for in the contract.
5. Any letter of the Commission to terminate the participation of a *principal contractor* (including in the case of the withdrawal of a *principal contractor*) or a *member*, to terminate the contract shall be addressed in the first case to the *principal contractor* concerned or involved with regard to one of his *members* and in the second case to the *coordinator* in accordance with the procedures set out in paragraphs 1 to 4 of this Article. A copy of the letter shall be sent in the first case to the *coordinator* and in the second case to the other *principal contractors*.
6. *Principal contractors* shall take appropriate action to cancel or reduce their commitments, upon receipt of the letter from the Commission notifying them of the termination of the contract or of their participation or upon the dispatch of their termination or withdrawal request, as the case may be.

The same obligation shall apply to *members* from the date of receipt of the letter from the *principal contractor* involved notifying them of the termination of the contract or of their participation in accordance with the third subparagraph of this paragraph.

In the case of a request from the Commission to a *principal contractor* to terminate the participation of a *member*, the *principal contractor* concerned shall have a period of 15 days to send to the *member* the Commission's request to terminate the participation of that *member*.

The Commission will not reimburse a *member's* costs if they are due to the fact that the *principal contractor* concerned omitted to send the termination notice referred to in paragraph 3, points (b), (c), (d) and (e) or paragraph 4, points (a) and (b) of this Article within the time-limit specified in paragraph 6, third subparagraph, of this Article.

In the event of termination of the contract or of the participation of a *principal contractor* pursuant to paragraph 1 or paragraph 2, first subparagraph, point (a) of this Article, the Community's financial contribution shall cover eligible costs relating to *project deliverables* accepted by the Commission and also eligible costs subsequently incurred in good faith before the date mentioned in the first subparagraph of this paragraph.

In the event of termination of the contract or of the participation of a *principal contractor* or *member*:

- (a) pursuant to paragraph 2, first subparagraph, point (b), paragraph 3(b) or (d) of this Article, the Commission may require repayment of all or part of the Community's financial contribution, taking into account the nature and results of the work carried out and its usefulness to the Community in the context of the specific programme concerned,
 - (b) pursuant to paragraph 3(c) or paragraph 4(a) of this Article, the Commission shall only reimburse the eligible costs relating to accepted *project deliverables* and incurred before the event which caused the termination of the contract or of the participation of a *principal contractor* or *member*, and also eligible costs subsequently incurred in good faith before the date mentioned in the first subparagraph of this paragraph in the case of a *principal contractor* or in the second subparagraph of this paragraph in the case of a *member*,
 - (c) pursuant to paragraph 3(a) or (e) or paragraph 4(b) of this Article, the Commission may require repayment of all or part of the Community's financial contribution. Interest at the rate applied by the European Central Bank for its main refinancing operations on the first day of the month during which the *participant* concerned received the funds plus two percentage points shall be added to the amount to be repaid. The interest shall cover the period between the receipt of the funds and their repayment.
7. The termination of the participation of a *principal contractor* or a *member* shall not prejudice the user rights in respect of intellectual or industrial property that have been granted in so far as necessary for the carrying out of the *project* to a *participant* before such date. He shall grant such rights in so far as necessary for the carrying out of the *project* to any *participant* taking over all or part of the work incumbent on him.
8. Notwithstanding the termination of the contract or of the participation of a *principal contractor* or a *member*, the following provisions shall continue to apply after that date subject to the limits specified therein, as the case may be:
- Articles 5, 6 and 8 of this contract,
 - Article 2(1), first subparagraph, points (a), (e), (f) and (g), Article 2(2), (d), (e) and (i), Article 3(4) and (5), Article 4(5), Article 6, Articles 9 to 12, and Articles 16 and 17 of this Annex.

The *participants* shall submit the *project deliverables* relating to the work performed until the date of termination of the contract or the date when their participation ends.

PART B: RULES RELATING TO INTELLECTUAL AND INDUSTRIAL PROPERTY, PUBLICITY AND CONFIDENTIALITY

OPTION I: Community financing: 100% of all costs - Community ownership of <i>knowledge</i>
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Article 8.I - Ownership of *knowledge*

1. *Knowledge* resulting from the *project* shall be the property of the Community. The *participants* undertake to grant such right to the Community.
2. At the request of a *participant*, the Commission may authorise him to use the *knowledge* belonging to it that results from the *project*, on a royalty-free basis, for all his internal needs.

Such authorisation may be made conditional on the conclusion of a specific agreement aimed at ensuring that the information is used only for the intended purpose, and appropriate confidentiality agreements.

3. If persons hired by a *participant* may claim rights to *knowledge* resulting from the *project*, the *participant* shall take steps or reach appropriate agreements to ensure that these rights are exercised in a manner compatible with its obligations under this contract.
4. The *participants* shall indicate to the Commission the *pre-existing know-how*, in particular the copyrights, relating to any document, on whatever medium, drawn up in the framework of the *project*.

Where a *participant* may not freely dispose of such *pre-existing know-how*, he shall beforehand take the necessary steps to obtain the authorisation to dispose thereof in compliance with his obligations under this contract and shall confirm this to the Commission.

The *participant* shall bear any reasonable cost in connection with obtaining such authorisation or for which he may be held liable.

Article 9.I - Protection of *knowledge*

The Commission shall provide adequate and effective protection for *knowledge* which it owns, for an appropriate duration, in accordance with any applicable regulation or convention.

Article 10.I - Dissemination of *knowledge*

The Commission shall ensure that *knowledge* which it owns and which lends itself to dissemination is disseminated.

Article 11.I - Publicity and communication of data in particular for standardisation purposes

1. The Commission may publish, by any appropriate means and for as long as necessary, general data relating in particular to the objectives, the estimated total cost, the duration and the state of progress of the *project*, to the Community's financial contribution and to the *knowledge* described in the final report. The legal designation of *participants* and the names of the laboratories carrying out the work shall also be published unless they object to this in advance on the basis of essential *legitimate interests*.

Where the measures referred to in the first subparagraph presuppose access by the Commission or its duly authorised representatives to the premises of *participants*, the latter may refuse such access on the basis of *legitimate interests*.

2. Any communication or publication, whatever the form or medium (including the Internet), concerning the state of progress with the *project* or concerning the *knowledge*:
 - shall mention the relevant specific programme and the support provided by the Community,and
 - shall, where it is made by a *participant*, state that the author is solely responsible for it and that it does not represent the opinion of the Community and that the Community is not responsible for any use that might be made of data appearing therein.

Where use of the European emblem is envisaged, prior approval shall be required from the Commission. Standards, in particular with regard to graphics, in force within the Commission must be complied with.

3. Without prejudice to the provisions regarding the protection and/or use of *knowledge*, and confidentiality, the *participants* must without delay inform the Commission and the standardisation bodies of *knowledge* resulting from the *project* which may contribute to the preparation of European or, where appropriate, international standards, or to an industrial consensus on technical issues. To this end, they shall communicate appropriate data on such *knowledge* to the Commission and to the standardisation bodies concerned during the entire duration of the contract and the two years following the *contract completion date*.

The provisions of this contract shall be without prejudice to the rules applicable, within the standardisation bodies, to data submitted to them.

Article 12.I - Confidentiality

1. Without prejudice to Articles 10.I and 11.I of this Annex and any other obligation contained in this contract, the *contracting parties* and the *members* shall be required to keep confidential any data, *knowledge*, documents and *pre-existing know-how* communicated to them on a confidential basis or the disclosure of which may be prejudicial to one of them.

This obligation shall no longer apply:

- where the content of these data, *knowledge*, documents and *pre-existing know-how* becomes publicly available through work or actions lawfully performed outside this contract and not based on activities under it,
 - where these data, *knowledge*, documents and *pre-existing know-how* have been communicated without any confidentiality restrictions or where the disclosing party subsequently waives their confidentiality.
2. Where this contract provides for the communication of any data, *knowledge*, *pre-existing know-how* or document referred to in paragraph 1 of this Article, the *contracting parties* or the *members* shall first satisfy themselves that the recipient will keep it confidential and use it only for the purpose for which it is communicated.

OPTION II: Community financing: 100% of all costs - *Participants'* ownership of *knowledge*

Article 8.II - Ownership of *knowledge*

1. *Knowledge* resulting from the project shall be the property of the *participants* carrying out the work leading to that *knowledge*.
2. Where several *participants* have carried out the work generating the *knowledge*, they shall agree among themselves on the allocation and the terms of exercising the ownership of the *knowledge* in accordance with this contract.
3. If persons hired by a *participant* may claim rights to *knowledge*, the latter shall take steps or reach appropriate agreements to ensure that these rights are exercised in a manner compatible with its obligations under this contract.
4. On request and without prejudice to paragraph 5, each *participant* shall grant the Commission an irrevocable right, on a royalty-free basis, to translate, reproduce, use, publish and distribute any document, on whatever medium, drawn up in the framework of the *project*.
5. The *participants* shall indicate to the Commission the *pre-existing know-how*, in particular the copyrights, relating to any document, on whatever medium, drawn up in the framework of the *project*.

Where a *participant* may not freely dispose of such *pre-existing know-how*, he shall beforehand take the necessary steps to obtain the authorisation to dispose thereof in compliance with his obligations under this contract and shall confirm this to the Commission.

The *participant* shall bear any reasonable cost in connection with obtaining such authorisation or for which he may be held liable.

Article 9.II - Protection of *knowledge*

Participants who own *knowledge* shall provide adequate and effective protection for such *knowledge*, in particular in the case of joint ownership, for an appropriate duration, in accordance with any applicable regulation or convention.

Article 10.II - Dissemination of *knowledge*

The Commission shall ensure that *knowledge* which lends itself to *dissemination* is disseminated by the *participants* through any appropriate means. Where appropriate, the Commission may itself ensure the *dissemination* of such *knowledge*.

The *participants* shall agree with the Commission on the terms of the *dissemination* of the *knowledge* within a reasonable time-limit, in accordance with the need to safeguard intellectual and industrial property rights, confidentiality, and taking into account the benefits of swift *dissemination* and the *legitimate interests* of the *participants*.

Article 11.II - Publicity and communication of data in particular for standardisation purposes

1. The Commission may publish, by any appropriate means and for as long as necessary, general data relating in particular to the objectives, the estimated total cost, the duration and the state of progress of the *project*, to the Community's financial contribution and to the *knowledge* described in the final report. The legal designation of *participants* and the names of the laboratories carrying out the work shall also be published unless they object to this in advance on the basis of essential *legitimate interests*.

Where the measures referred to in the first subparagraph presuppose access by the Commission or its duly authorised representatives to the premises of *participants*, the latter may refuse such access on the basis of *legitimate interests*.

2. Any communication or publication, whatever the form or medium (including the Internet), concerning the state of progress with the *project* or concerning the *knowledge*:
 - shall mention the relevant specific programme and the support provided by the Community,and
 - shall, where it is made by a *participant*, state that the author is solely responsible for it and that it does not represent the opinion of the Community and that the Community is not responsible for any use that might be made of data appearing therein.

Where use of the European emblem is envisaged, prior approval shall be required from the Commission. Standards, in particular with regard to graphics, in force within the Commission must be complied with.

3. Without prejudice to the provisions regarding the protection and/or use of *knowledge*, and confidentiality, the *participants* must without delay inform the Commission and the standardisation bodies of *knowledge* resulting from the *project* which may contribute to the preparation of European or, where appropriate, international standards, or to an industrial consensus on technical issues. To this end, they shall communicate appropriate data on such *knowledge* to the Commission and to the standardisation bodies concerned during the entire duration of the contract and the two years following the *contract completion date*.

The provisions of this contract shall be without prejudice to the rules applicable, within the standardisation bodies, to data submitted to them.

Article 12.II - Confidentiality

1. Without prejudice to Articles 10.II and 11.II of this Annex and any other obligation contained in this contract, the *contracting parties* and the *members* shall be required to keep confidential any data, *knowledge*, documents and *pre-existing know-how* communicated to them on a confidential basis or the disclosure of which may be prejudicial to one of them.

This obligation shall no longer apply:

- where the content of these data, *knowledge*, documents and *pre-existing know-how* becomes publicly available through work or actions lawfully performed outside this contract and not based on activities under it,
 - where these data, *knowledge*, documents and *pre-existing know-how* have been communicated without any confidentiality restrictions or where the disclosing party subsequently waives their confidentiality.
2. Where this contract provides for the communication of any data, *knowledge*, *pre-existing know-how* or document referred to in paragraph 1 of this Article, the *contracting parties* and the *members* shall first satisfy themselves that the recipient will keep it confidential and use it only for the purpose for which it is communicated.

OPTION III: Community financing: less than 100% of all costs - <i>Participants'</i> ownership of <i>knowledge</i>

Sub-option 1: Dissemination-oriented

Article 8.III.1 - Ownership of *knowledge*

1. *Knowledge* resulting from the *project* shall be the property of the *participants* carrying out the work leading to that *knowledge*.
2. Where several *participants* have carried out the work generating the *knowledge*, they shall agree among themselves on the allocation and the terms of exercising the ownership of the *knowledge* in accordance with this contract.

3. If persons hired by a *participant* may claim rights to *knowledge* resulting from the *project*, the latter shall take steps or reach appropriate agreements to ensure that these rights are exercised in a manner compatible with its obligations under this contract.
4. On request and without prejudice to paragraph 5, each *participant* shall grant the Commission an irrevocable right, on a royalty-free basis, to translate, reproduce, use, publish and distribute any document, on whatever medium, drawn up in the framework of the *project*.
5. The *participants* shall indicate to the Commission the *pre-existing know-how*, in particular the copyrights, relating to any document, on whatever medium, drawn up in the framework of the *project*.

Where a *participant* may not freely dispose of such *pre-existing know-how*, he shall beforehand take the necessary steps to obtain the authorisation to dispose thereof in compliance with his obligations under this contract and shall confirm this to the Commission.

The *participant* shall bear any reasonable cost in connection with obtaining such authorisation or for which he may be held liable.

Article 9.III.1 - Protection of *knowledge*

Participants who own *knowledge* resulting from the *project* shall provide adequate and effective protection for such *knowledge*, in particular in the case of joint ownership, for an appropriate duration, in accordance with any applicable regulation or convention.

Article 10.III.1 - Dissemination of *knowledge*

The Commission shall ensure that *knowledge* resulting from the *project* and which lends itself to *dissemination* is disseminated by the *participants* through any appropriate means. Where appropriate, the Commission may itself ensure the *dissemination* of such *knowledge*.

The *participants* shall agree with the Commission on the terms of the *dissemination* of the *knowledge* within a reasonable time-limit, in accordance with the need to safeguard intellectual and industrial property rights, confidentiality, and taking into account the benefits of swift *dissemination* and the *legitimate interests* of the *participants*.

Article 11.III.1 - Publicity and communication of data in particular for standardisation purposes

1. The Commission may publish, by any appropriate means and for as long as necessary, general data relating in particular to the objectives, the estimated total cost, the duration and the state of progress of the *project*, to the Community's financial contribution and to the *knowledge* described in the final report. The legal designation of *participants* and the names of the laboratories carrying out the work shall also be published unless they object to this in advance on the basis of essential *legitimate interests*.

Where the measures referred to in the first subparagraph presuppose access by the Commission or its duly authorised representatives to the premises of *participants*, the latter may refuse such access on the basis of *legitimate interests*.

2. Any communication or publication, whatever the form or medium (including the Internet), concerning the state of progress with the *project* or concerning the *knowledge*:

- shall mention the relevant specific programme and the support provided by the Community,

and

- shall, where it is made by a *participant*, state that the author is solely responsible for it and that it does not represent the opinion of the Community and that the Community is not responsible for any use that might be made of data appearing therein.

Where use of the European emblem is envisaged, prior approval shall be required from the Commission. Standards, in particular with regard to graphics, in force within the Commission must be complied with.

3. Without prejudice to the provisions regarding the protection and/or use of *knowledge*, and confidentiality, the *participants* must without delay inform the Commission and the standardisation bodies of *knowledge* resulting from the *project* which may contribute to the preparation of European or, where appropriate, international standards, or to an industrial consensus on technical issues. To this end, they shall communicate appropriate data on such *knowledge* to the Commission and to the standardisation bodies concerned during the entire duration of the contract and the two years following the *contract completion date*.

The provisions of this contract shall be without prejudice to the rules applicable, within the standardisation bodies, to data submitted to them.

Article 12.III.1 - Confidentiality

1. Without prejudice to Articles 10.III.1 and 11.III.1 of this Annex and any other obligation contained in this contract, the *contracting parties* and the *members* shall be required to keep confidential any data, *knowledge* and documents communicated to them on a confidential basis or the disclosure of which may be prejudicial to one of them.

This obligation shall no longer apply:

- where the content of these data, *knowledge*, *pre-existing know-how* becomes publicly available through work or actions lawfully performed outside this contract and not based on activities under it,
- where these data, *knowledge*, documents and *pre-existing know-how* have been communicated without any confidentiality restrictions or where the disclosing party subsequently waives their confidentiality.

2. Where this contract provides for the communication of any data, *knowledge*, *pre-existing know-how* or document referred to in paragraph 1 of this Article, the Commission and the *contracting parties* and the *members* shall first satisfy themselves that the recipient will keep it confidential and use it only for the purpose for which it is communicated.

Sub-option 2: Use-oriented

Article 8.III.2 - Ownership of *knowledge*

1. *Knowledge* resulting from the *project* shall be the property of the *participants* carrying out the work leading to that *knowledge*.
2. Where several *participants* have carried out the work generating the *knowledge*, they shall agree among themselves on the allocation and the terms of exercising the ownership of the *knowledge* in accordance with this contract.
3. If persons hired by a *participant* may claim rights to *knowledge* resulting from the *project*, the *participant* shall take steps or reach appropriate agreements to ensure that these rights are exercised in a manner compatible with its obligations under this contract.
4. On request and without prejudice to paragraph 5, each *participant* shall grant the Commission an irrevocable right, on a royalty-free basis, to translate, reproduce, use, publish and distribute any document, on whatever medium, drawn up in the framework of the *project*.
5. The *participants* shall indicate to the Commission the *pre-existing know-how*, in particular the copyrights, relating to any document, on whatever medium, drawn up in the framework of the *project*.

Where a *participant* may not freely dispose of such *pre-existing know-how*, he shall beforehand take the necessary steps to obtain the authorisation to dispose thereof in compliance with his obligations under this contract and shall confirm this to the Commission.

The *participant* shall bear any reasonable cost in connection with obtaining such authorisation or for which he may be held liable.

Article 9.III.2 - Protection of *knowledge*

1. *Participants* who own *knowledge* resulting from the *project* shall provide adequate and effective protection for such *knowledge*, in particular in the case of joint ownership, for an appropriate duration, in accordance with any applicable regulation or convention.
2. A *participant* participating in the *project* may publish, or allow the publication of, data, on whatever medium, concerning *knowledge* which it owns provided that this does not affect the protection of that *knowledge*.

The *contracting parties* shall be given, in good time, prior notice of any planned publication and the scheduled date thereof. A copy of the medium containing these data shall be communicated to them if they so request within 30 days after receipt of such notice. They may object to such publication provided that due reasons for the objections are given within a new period of 30 days after receipt of such data where, from their point of view, it would adversely affect the protection of the *knowledge* referred to in paragraph 1 of this Article.

The *consortium agreement* may specify the details of such a right to object and the measures necessary to ensure a speedy publication without prejudicing the protection.

Article 10.III.2 - Use of knowledge

1. The *participants* shall use or cause to be used the *knowledge* which they own, within a reasonable time-limit in accordance with the *interests of the Community* and in compliance with international agreements concluded with the Community.
2. If the *knowledge* is not used in accordance with the terms and time-limit referred to in paragraph 1 of this Article, the *participants* shall disseminate it, in accordance with:
 - the need to safeguard intellectual and industrial property rights,
 - confidentiality,

and taking into account the benefits of swift *dissemination* and their *legitimate interests*.

Should the *participants* fail to do so, the Commission shall disseminate the *knowledge* itself under the same conditions.

Article 11.III.2 - Publicity and communication of data in particular for standardisation purposes

1. The Commission may publish, by any appropriate means and for as long as necessary, general data relating in particular to the objectives, the estimated total cost, the duration and the state of progress of the *project*, to the Community's financial contribution and to the *knowledge* described in the final report. The legal designation of *participants* and the names of the laboratories carrying out the work shall also be published unless they object to this in advance on the basis of essential *legitimate interests*.

Where the measures referred to in the first subparagraph presuppose access by the Commission or its duly authorised representatives to the premises of *participants*, the latter may refuse such access on the basis of *legitimate interests*.

2. Any communication or publication, whatever the form or medium (including the Internet), concerning the state of progress with the *project* or concerning the *knowledge*:

- shall mention the relevant specific programme and the support provided by the Community,

and

- shall, where it is made by a *participant*, state that the author is solely responsible for it and that it does not represent the opinion of the Community and that the Community is not responsible for any use that might be made of data appearing therein.

Where use of the European emblem is envisaged, prior approval shall be required from the Commission. Standards, in particular with regard to graphics, in force within the Commission must be complied with.

3. Without prejudice to the provisions regarding the protection and/or use of *knowledge* and confidentiality, the *participants* must without delay inform the Commission and the standardisation bodies of *knowledge* resulting from the *project* which may contribute to the preparation of European or, where appropriate, international standards, or to an industrial consensus on technical issues. To this end, they shall communicate appropriate data on such *knowledge* to the Commission and to the standardisation bodies concerned during the entire duration of the contract and the two years following the *contract completion date*.

The provisions of this contract shall be without prejudice to the rules applicable, within the standardisation bodies, to data submitted to them.

Article 12.III.2 - Confidentiality

1. Without prejudice to Articles 10.III.2 and 11.III.2 of this Annex and any other obligation contained in this contract, the *contracting parties* and the *members* shall be required to keep confidential any data, *knowledge*, documents and *pre-existing know-how* communicated to them on a confidential basis or the disclosure of which may be prejudicial to one of them.

This obligation shall no longer apply:

- where the content of these data, *knowledge*, documents and *pre-existing know-how* becomes publicly available through work or actions lawfully performed outside this contract and not based on activities under it,
 - where these data, *knowledge*, documents and *pre-existing know-how* have been communicated without any confidentiality restrictions or where the disclosing party subsequently waives their confidentiality.
2. Where this contract provides for the communication of any data, *knowledge*, *pre-existing know-how* or document referred to in paragraph 1 of this Article, the *contracting parties* and the *members* shall first satisfy themselves that the recipient will keep it confidential and use it only for the purpose for which it is communicated.

PART C: REIMBURSEMENT OF COSTS

Article 13 - *Eligible costs* - general principles

1. *Eligible costs* are the costs defined in Articles 14 and 15 of this Annex. They shall fulfil the following conditions:

- be necessary for the *project*,
- be incurred during the *duration of the project*,
- be determined in accordance with the accounting principle based on historic costs and the usual internal rules of the *participant*, provided that they are regarded as being acceptable by the Commission,
- be recorded in the accounts no later than the *contract completion date* or in the tax documents,

and

- exclude any profit margin.

Without prejudice to the provisions of the first subparagraph,

- the costs for drawing up the final report shall be eligible when incurred by the *coordinator* within a maximum period of two months as of the end of the *duration of the project*,
- *eligible costs* incurred after the *duration of the project* will be limited to those concerning reports, dissemination of knowledge, monitoring and evaluations required by this contract, the time-limits for which are specified in Annex I,
- the durable equipment may have been purchased or leased with option to buy before the *project commencement date*, within the limits specified in Article 14(2), fifth subparagraph.

A member may not commit himself to costs before the date of entry into force of his *membership agreement*.

2. Non-eligible costs are in particular the following:

- costs related to 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 contract,
 - any cost incurred or reimbursed, in particular in respect of another Community, international or national project, subject to the provisions of Article 14(2), fifth subparagraph, second indent.
3. One cost shall only be charged to one of the eligible cost categories set out in Articles 14 and 15 of this Annex.
4. *Principal contractors* shall be authorised to transfer between themselves the budget provided for in the table which follows the signatures to this contract, provided that:
- they inform the Commission of such transfer upon signing an agreement confirming that the scope of the *project* and the conditions of participation referred to in Articles 3 to 12 of the *Decision* are not fundamentally altered,

and

- the total of the amounts successively transferred does not exceed by more than 20% the amount allocated to the beneficiary in the table which follows the signatures to this contract.

Any other properly substantiated transfer approved by all the *principal contractors* shall require prior written approval by the Commission.

In the absence of observations within one month of receipt of the request made by the *coordinator*, the approval of the Commission shall be deemed to be given.

Each *principal contractor* shall be authorised to transfer the budget between categories of costs, as provided for in the table which follows the signatures to this contract, in compliance with the first and second subparagraphs. However, he shall not be required to obtain the agreement of the other *principal contractors*.

The budget for the costs for the protection of *knowledge* may not be the subject of a transfer to other categories of eligible costs.

Article 14 - Direct costs

1. Personnel

With regard to personnel costs,

- (a) Only the costs of the actual hours worked by the persons directly carrying out the scientific and technical work under the *project* may be charged to the contract.

In compliance with Article 8(3) of this Annex, such persons must:

- be directly hired by the *participant* in accordance with his national legislation,
- be under the sole technical supervision of the latter,

and

- be remunerated in accordance with the normal practices of the *participant*, provided that these are regarded as acceptable by the Commission.

All the working time charged to the contract must be recorded throughout the *duration of the project*, or, in the case of the *coordinator*, within a maximum period of two months from the end of the *duration of the project*, and be certified at least once a month by the person in charge of the work designated by the *participant* in accordance with Article 2(2)(b) of this Annex or by the duly authorised financial officer of the *participant*.

- (b) Personnel costs shall comprise:

- the actual costs (gross remuneration and related charges),
- average employment costs, where these correspond to the normal practices of the *participant* concerned, provided that such costs do not differ significantly from the actual costs and that such practices are regarded as acceptable by the Commission.

2. Durable equipment

Costs relating to the purchase or leasing with option to buy of durable equipment shall be charged to the contract pursuant to this paragraph.

Hire costs shall be charged to the contract pursuant to paragraph 3 of this Article.

The eligible costs for durable equipment leased with option to buy shall not exceed the costs that would have been incurred in case of purchase of equipment, taking account of the formula below.

Where the table following the signatures to this contract provides for the possibility of depreciating durable equipment, the costs to be charged to the contract shall be calculated according to the following formula:

$$A/B \times C \times D$$

A = the period in months during which the durable equipment is used for the *project* after invoicing,

B = the depreciation period for the durable equipment: 36 months for computer equipment costing less than EUR 25 000 or 60 months for other equipment,

C = the actual cost of the durable equipment,

D = the percentage of usage of the durable equipment for the *project*.

The durable equipment may have been purchased or leased with option to buy:

- within the six months preceding the *project commencement date*,
- for a previous contract concluded with the Community, provided that the depreciation period has not been exceeded. Only the costs relating to the unexpired depreciation period may be charged.

Where the table following the signatures to this contract does not provide for depreciating durable equipment, all the costs may be charged to the contract.

3. Subcontracting

With the exception of costs charged to the contract pursuant to paragraph 1 of this Article, the actual costs of *subcontracts* may be charged to the contract if:

- they are incurred in compliance with the conditions set out in Article 5 of this Annex,
- the *subcontracts* are awarded and concluded in accordance with the usual procedures of the *participants*,
- they are in accordance with market prices,

and

- the copies, certified by the *participants* concerned, of relevant invoices are attached to the corresponding cost statements.

4. Travel and subsistence

Actual travel and related subsistence costs for personnel working on the *project* may be charged to the contract.

The prior agreement of the Commission shall be required for any destination outside the territory of the Member States, the *Associated states* or a third country where a *participant* is established, unless such a destination is provided for in Annex I.

In the absence of observations within one month of receipt of the request made by the *coordinator*, the approval of the Commission shall be deemed to be given.

Travel and subsistence costs shall be established on the basis of the usual rules of the *participant*.

5. Consumables

The actual costs relating to consumables, including particularly software licences, that are specifically acquired for the *project* and whose purpose so justifies may be charged to the contract.

6. Computing

Computing costs, including the costs resulting from the use of computer services and media at the disposal of *participants*, may be charged to the contract. They must be substantiated in accordance with the rules applicable to the *participants*.

7. Protection of *knowledge*

The costs of the protection of *knowledge* generated in the framework of the *project* shall comprise the actual costs necessary for adequate and effective protection for such *knowledge*, taking into account the *interests of the Community*. They shall be eligible only in so far as the Commission has given its prior written approval to the *participants* and competition rules, in particular those concerning the Community framework for State aid to research and development, are complied with.

In the absence of observations within one month of receipt of the request made by the *coordinator*, the approval of the Commission shall be deemed to be given.

They comprise:

- the costs of documentary research preliminary to the filing of an application for the granting of an industrial property right
- the fees paid to the competent authorities that are necessary with a view to the granting of an industrial property right or its territorial extension, provided that prior documentary research, as referred to in the first indent, has been carried out

and

- the fees paid to the competent authorities to extend the duration of the industrial property right.

Fees paid to advisers with a view to the protection of such *knowledge* shall be reimbursable provided that an application for the granting of an industrial property right has been subsequently filed. Personnel costs incurred in this connection shall be reimbursable, provided that:

- (i) the conditions of paragraph 1(a) and (b) of this Article shall apply *mutatis mutandis*,
and
- (ii) the time actually worked on the *project* shall be recorded and certified in accordance with paragraph 1(a), third sentence of this Article.

The Community's financial contribution in respect of the third subparagraph of this paragraph may not exceed EUR 4 000 per industrial property right.

The costs of protection of such *knowledge* shall exclude, in particular, translation costs.

8. Other specific costs

Other specific actual costs shall not come into any of the categories of eligible costs set out in paragraphs 1 to 7 and 9 of this Article and in Article 15 of this Annex. They may include, in particular, the costs of prototypes or equipment fabricated, the costs of using large testing equipment and simulators, or the direct costs incurred in the setting-up of financial guarantees requested by the Commission.

They shall only be eligible subject to prior written approval of the Commission unless they are already provided for in Annex I to this contract.

In the absence of observations within one month of receipt of the request made by the *coordinator*, the approval of the Commission shall be deemed to be given.

9. Administrative and financial coordination

Only the coordinator can charge to the contract the following administrative and financial coordination costs:

- the costs of administrative personnel in charge of the administrative and financial coordination of the *project* not included in the indirect costs referred to in Article 15 of this Annex. In this case,
 - (i) the conditions of paragraph 1 of this Article shall apply *mutatis mutandis* to that personnel,
 - (ii) the time actually worked on the *project* shall be recorded and certified in accordance with paragraph 1(a), third sentence, of this Article,

and

- costs indicated in paragraphs 2 and 4 to 8 of this Article, provided that the conditions thereof are also complied with.

Article 15 - Indirect costs

A maximum lump sum of [...]⁴ of the eligible personnel costs referred to in Article 14(1)(b) and (9) of this Annex may be charged to this contract as overheads relating to the carrying out of the work specified in the *project*.

Article 16 - Justification of costs

Eligible costs shall be reimbursed where they are justified by the *participant*.

To this end, the *participant* shall maintain, on a regular basis and in accordance with the normal accounting conventions of the State in which he is established, the accounts for the *project* and appropriate documentation to support and justify in particular the costs and time reported in his cost statements.

This documentation must be precise, complete and effective.

PART D: AUDITING

Article 17 - Financial audit

1. The Commission, or any representative authorised by it, may initiate an audit in respect of a *participant* at any time during the contract and up to five years after each payment of the Community contribution, as referred to in Article 3(1), first subparagraph, of this Annex.

The audit procedure in respect of a *principal contractor* shall be deemed to be initiated on the date of receipt by it of the relevant registered letter with acknowledgment of receipt sent by the Commission.

In the case of an auditing procedure in respect of a *member*, the *principal contractor* concerned shall have a period of 15 days from the date of receipt to send to the *member* concerned the registered letter with acknowledgment of receipt from the Commission .

The audit procedure in respect of a *member* shall be deemed to start on the date of receipt by the *member* of a letter sent by the *principal contractor* concerned.

The audit procedure shall be carried out on a confidential basis.

2. The Commission or any authorised representative may have access, at any reasonable time, in particular to the personnel of the *participants* connected with the *project*, the documentation referred to in Article 16 of this Annex, computer records and equipment that it considers relevant. In this connection, it may request that data be handed over to it in an appropriate form in order, for instance, to ascertain the eligibility of the costs.

⁴ To be set according to the type of action; this percentage shall in no case exceed 80%.

The Commission shall take appropriate steps to ensure that its authorised representatives treat confidentially the data to which they have access or which have been provided to them.

3. On the basis of the findings made during the financial audit in respect of a *principal contractor*, a provisional report shall be drawn up. It shall be sent by the Commission to the *principal contractor* concerned. He may make observations thereon within one month of receiving it.

The final report shall be sent to the *principal contractor* concerned. The latter may communicate his observations to the Commission within a month of receiving it.

Where findings are established during a financial audit in respect of a *member*, the *principal contractor* concerned shall have a maximum period of 15 days to send the *member* concerned the provisional report drawn up by the Commission.

The *member* shall have a maximum period of one month from the date of receipt thereof to transmit observations to the *principal contractor* concerned.

The *principal contractor* concerned shall then have a maximum period of 15 days to transmit to the Commission the observations of the *member* concerned.

The procedure and time-limits indicated in paragraph 3, third, fourth and fifth subparagraphs, of this Article shall apply *mutatis mutandis* to the final report from the Commission in the case of a financial audit in respect of a *member*.

The Commission may decide not to take into account observations conveyed after the deadlines.

4. On the basis of the conclusions of the audit, the Commission shall take all appropriate measures which it considers necessary, including the issuing of a recovery order regarding all or part of the payments made by it. The recovery order shall be addressed to the *principal contractor* concerned or involved in the case of financial audit in respect of one of his *members*.
5. The Court of Auditors may verify the use made of the Community's financial contribution in the framework of this contract, on the basis of its own rules.

Article 18 - Technical verification of the *project*

1. The Commission, or any representative authorised by it, may initiate a technical verification in respect of a *participant* up to the *contract completion date* in order to verify that the *project* is being or has been carried out in accordance with the conditions indicated by the *principal contractor including for his members*.

The verification procedure in respect of a *principal contractor* shall be deemed to be initiated on the date of receipt of the relevant registered letter with acknowledgment of receipt sent by the Commission.

In the case of a technical verification procedure in respect of a *member*, the *principal contractor* concerned shall have a period of 15 days from the date of receipt to transmit to the *member* concerned the letter with acknowledgment of receipt from the Commission.

The technical verification procedure in respect of the *member* shall be deemed to start on the date of receipt of the letter relating to it from the *principal contractor* concerned.

The technical verification procedure shall be carried out on a confidential basis.

2. The Commission or any authorised representative may have access to the locations and premises where the work is being carried out, and to any document concerning the work, and may request the submission of documents under the same identical conditions as those set out in Article 17(2) of this Annex.

Prior to the carrying out of the technical verification, the Commission shall communicate to the *participants* the identity of the authorised representatives who are intended to perform the verification. It shall take account of any objection on the part of *participants* based on *legitimate interests*.

3. *Participants* shall provide appropriate assistance to the Commission or its authorised representatives.
4. A report on the technical verification of the *project* shall be sent to the *principal contractor* concerned. The latter may communicate his observations to the Commission within a month of receiving it.

In the case of a technical verification procedure in respect of a *member*, the *principal contractor* concerned shall have a period of 15 days to transmit to the *member* concerned the report on the technical verification of the *project* from the Commission. The *member* may, through the *principal contractor* concerned, communicate his observations to the Commission within one month of receipt of the report.

The Commission may decide not to take into account the observations conveyed after that deadline.

Part E-1

BRIEF SUMMARY OF ALLOWABLE COSTS (euro/currency used in the accounts)

for the period from _____ to _____ (period covered by report No. _____) Cost basis¹: _____
 Title of *project*: _____
 Contract No: _____
 Name of *principal contractor/member*²: _____
 Currency (euro/currency) of the account³: _____ Exchange/conversion rate used for conversion into euro³: _____

Contact person for this cost statement ⁴ :		Telephone:	
E-mail address :		Fax:	
Categories of allowable costs	Amount for the period ⁵		
	Euro ³	currency ³	
Direct costs			
1. Personnel			
2. Durable equipment			
3. Subcontracting			
4. Travel and subsistence expenses			
5. Consumables			
6. Computer costs			
7. <i>Knowledge</i> protection			
8. Other specific costs			
Sub-total			
Indirect costs			
9. Overheads			
Adjustments			
10. Adjustments to previous costs ⁶			
Total			
% ⁷ Community financial contribution : _____			

Statement by the principal contractor/member⁸

We certify that

- the above costs correspond to the resources employed for the work under this contract and that those resources were necessary for the performance of the work,
- the costs were incurred and fall within the definition of allowable costs,
- where necessary, authorisations have been obtained from the Commission, and
- all the documents supporting the allowable costs reported above, including the time records referred to in Article 14(1)(a)(3) of Annex II to the contract, are available for the purposes of audit by the Commission and its authorised representatives or the Court of Auditors and reflect the costs actually incurred.

We certify that any necessary adjustments, for any reason, to previous cost statements have been incorporated in this statement⁶

Date: _____ Date: _____
 Name of the person in charge of the work: _____ Name of duly authorised financial officer: _____
 Signature of the person in charge of the work: _____ Signature of duly authorised financial officer: _____

1. Insert as appropriate : FF (Full costs-Flat-rate overheads),
 2. Delete as necessary.
 3. The cost statement must be drawn up in euros and in the currency used in the accounts of the principal contractor/member. The exchange conversion rate must correspond to that indicated in Article 4(2)(a) of Annex II to this contract except in the case of special conditions. See the site europa.eu.int/comm/dg19/infocore/fr/index.htm.
 4. One of the persons whose signature must appear on this form.
 5. Net amounts only. Do not include indirect taxes and duties or customs duties. Further details are required for some of the categories on the following pages.
 6. Not applicable for the first cost statement. Any necessary adjustment, for example to reflect actual costs rather than budgeted costs, must be made in subsequent statements. All details and reasons for any adjustment must be provided.
 7. Insert the percentage Community financial contribution. See Article 3(2) of this contract.
 8. The person in charge of the work (see Article 2(2)(b) of Annex II to this contract) and the duly authorised financial officer of the *principal contractor/member* must sign the statement,

COSTS OF COORDINATION (to be completed by the coordinator ¹)

Only where administrative and financial coordination costs are provided for as direct costs

for the period from _____ to _____ (period covered by report No ___) Cost basis²:

Title of *project* :

Contract No:

Name of *coordinator* :

Currency (euro/currency) of the account ³: Exchange/conversion rate used for conversion into euro ³: _____

Contact person for this cost statement :	Telephone:
E-mail address :	Fax:

Categories of costs	Amount for the period ⁴	
	euro ³	currency ³
Direct costs		
1. Personnel ⁵		
2. Durable equipment		
3. Travel and subsistence expenses		
4. Consumables		
5. Computer costs		
6. <i>Knowledge</i> protection		
7. Other specific costs		
Indirect costs		
8. Overheads		
Adjustments		
9. Adjustments to previous costs ⁶		
Total		
% ⁷ Community financial contribution: _____		

1. The administrative and financial *coordinator* where coordination is separated.
2. Insert as appropriate: FF (Full costs-Flat-rate overheads).
3. The cost statement must be drawn up in euros and in the currency used in the *coordinator's* accounts.
The exchange/conversion rate must correspond to that indicated in Article 4(2)(a) of Annex II to this contract, except in the case of special conditions. See the site europa.eu.int/comm/dg19/inforeuro/ff/index.htm.
4. Net amounts only. Do not include indirect taxes and duties or customs duties. Further details are required for some categories on the following pages.
5. Only the *coordinator's* personnel in charge of administrative and financial coordination of the *project*.
6. Not applicable for the first cost statement. Any necessary adjustment, for example to reflect actual costs rather than budgeted costs, must be made in subsequent statements. Details and reasons for any adjustment must be provided.
7. Insert the percentage Community financial contribution. See Article 3(2) of this contract.

Cost statement : details by category (euro/currency used in the principal contractor's accounts)

for the period from _____ to _____ (period covered by Report No__)

Cost basis¹: ____

Title of *project*:

Contract No:

Name of *principal contractor/member*²:

Currency (euro/currency) of the account:

PERSONNEL AND OVERHEADS

Coo ³	Name ⁴	Title (Mr/Ms)	Category ⁵	Status ⁶ (P / T / [I])	Employment ⁷ (FT / PT)	Number ⁸ of man-hours	Hourly [wage] rate ⁹		Personnel amount
						A	B		Col. A x B
Total									

TRAVEL AND SUBSISTENCE EXPENSES

Coo ³	Name ⁴	Destination (city, country)	Reason for journey	Amount ¹⁰
Total				

DURABLE EQUIPMENT¹¹

Coo ³	Description	Arrangeme nt (P / L) ¹²	Cost/value ¹³	Date of invoice	Depreciation 36/60 months	% Allocation to <i>project</i> ¹⁴	Amount ¹⁰
Total							

SUBCONTRACTING¹⁵

Subcontractors	Description	Amount ¹⁰
Total		

OTHER SPECIFIC COSTS¹⁶

Coo ³	Description and name of supplier where applicable	Amount ¹⁰
Total		

1. Insert as appropriate :FF (Full costs-Flat-rate overheads).
2. Delete as necessary.
3. Insert "C" for the costs of coordination. This column is exclusively reserved for the *project coordinator* - see Article 2(1) of Annex II of this contract.
4. Full identity of persons working on the *project*, the costs of which are reported.
5. Clearly identifiable (e.g. engineer, technician, administrator, administrative personnel, cost centre, department, etc.) [in the personnel records of the *participant*].
6. Insert "P" for permanent employees, "T" for temporary employees and "I" for in-house consultants [clearly identifiable in the personnel records of the *participant*].
7. Indicate the person's type of employment by inserting "FT" for full time and "PT" for part-time [clearly identifiable in the personnel records of the *participant*].
8. The time reported must be reflected in the records of the *participant* [and in their personnel record].
9. The wage rate comprises the elements specified in Article 14(1) of Annex II of this contract. It must correspond to the units appearing in column A.
10. Net amounts only. Do not include indirect taxes and duties or customs duties.
11. For the calculation of allowable costs, see Article 14(2) of Annex II to this contract, except in the case of special conditions.
12. For purchased durable equipment, insert "P", for leased durable equipment insert "L". In the case of leasing the cost must not exceed the costs of purchasing the same article (depreciated value) - see the fourth subparagraph of Article 14(2)(4) of Annex II to this contract.
13. Net amounts (excluding indirect duties and taxes and customs duties) for purchased durable equipment. For leased equipment insert the value of the equipment.
14. Percentage usage of durable equipment for the *project*.
15. Attach a certified copy of invoices containing a reference to the *subcontract* and details of the service or supply concerned, in order to certify the reported costs.
16. See Article 14(8) of Annex II to this contract. These costs shall be subject to prior approval of the Commission unless they are already provided in Annex I to this contract.

PART E-2/A - INTEGRATED COST STATEMENT IN EURO TO BE SUBMITTED BY THE *COORDINATOR* FOR THE *PRINCIPAL CONTRACTORS*¹

For the period from ² to ³

Name of coordinator

<i>Principal Contractors</i>	Costs											
	Costs	Personnel	Durable equipment	Sub-contracting	Travel and subsistence expenses	Consumables	Computer costs	<i>Knowledge protection</i>	Other specific costs	Administrative and financial coordination costs	Overheads	TOTAL
<i>Coordinator</i> ⁴	D ⁵											
	A ⁶											
<i>Principal Contractor (name)</i>	D											
	A											
<i>Principal Contractor (name)</i>	D											
	A											
<i>Principal Contractor (name)</i>	D											
	A											
TOTAL												

1 To be completed by the *coordinator* as from the second period.

2 Insert the *project commencement date*.

3 Insert the end of the last period concerned by the integrated cost statement.

4 The administrative and financial *coordinator* where administrative and financial coordination is separate from scientific coordination.

5 Cost reported for the period subject to acceptance by the Commission and for earlier periods.

6 Cost accepted by the Commission for the earlier period(s).

PART E-2/B - INTEGRATED COST STATEMENT IN EURO TO BE SUBMITTED BY EACH *PRINCIPAL CONTRACTOR* FOR HIS *MEMBERS*¹

For the period from ² to ³

Name of principal contractor

<i>Participants</i>	Costs											
	Costs	Personnel	Durable equipment	Sub-contracting	Travel and subsistence expenses	Consumables	Computer costs	<i>Knowledge protection</i>	Other specific costs	Administrative and financial coordination costs	Overheads	TOTAL
<i>Principal Contractor</i>	D4											
	A5											
<i>Member (name)</i>	D											
	A											
<i>Member (name)</i>	D											
	A											
<i>Member (name)</i>	D											
	A											
TOTAL												

1 To be completed by each *principal contractor*, including *coordinator*, for all his members as from the second period.

2 Insert the *project commencement date*.

3 Insert the end of the last period concerned by the integrated cost statement.

4 Cost reported for the period subject to acceptance by the Commission and for earlier periods.

5 Cost accepted by the Commission for the earlier period(s).

Title of *project*:

Contract No:

Name of principal contractor	Advance		Period:		Period:		Period:		Final period ² :		Other ³		Total	Comments
	Amount	Date	Amount	Date	Amount	Date	Amount	Date	Amount	Date	Amount	Date		
Totals Amounts paid by the Commission														

1. To be completed by the administrative and financial *coordinator*, if administrative and financial coordination is separate from scientific coordination.

2. See Article 2,1(f) of Annex II to this contract.

3. Any other amount transferred to a *principal contractor* during the *duration of the project*.

PART F : MODEL MEMBERSHIP AGREEMENT (SEVERAL MEMBERS)

MEMBERSHIP AGREEMENT *[insert number]*

(No of basic contract)

A membership agreement is hereby concluded between:

of the one part,

[Name of principal contractor] *[acronym]* (“the principal contractor ”), established in *[name of State]* ,

and

[Name of member] *[acronym]*, established in *[name of State]*,
[Name of member] *[acronym]*, established in *[name of State]*,
[Name of member] *[acronym]*, established in *[name of State]*,

(collectively “the members”)

of the other part,

(collectively “the parties”) represented by their legal/statutory/authorised representatives.

In the framework of *[name of the RDT specific programme]*, the *principal contractor* concluded contract No *[insert the number of the contract]* on *[date]* to carry out the project entitled *[title of the project]*, (“the basic contract”).

The basic contract is incorporated in this membership agreement as Annex A.

IN THE LIGHT OF THE FOREGOING, THE PARTIES HAVE AGREED AS FOLLOWS:

Article 1 - Subject matter of the membership agreement

The purpose of this membership agreement is to enable members to contribute, together with the principal contractor, to the implementation of the provisions of the basic contract in accordance with the conditions provided for in this agreement.

Article 2 - Conditions

The parties to the membership agreement shall be bound *mutatis mutandis* by the conditions of the basic contract and its Annexes which are an integral part of the agreement (Annex A), with the exception of those provisions of the basic contract which concern only the principal contractor.

Article 3 - Scope

1. The members shall perform their share of the work pursuant to this membership agreement in compliance with the requirements of Annex I to the basic contract. The members shall cooperate with the principal contractor in order to ensure the efficient

management of the project. They shall, in particular, provide the principal contractor with the information that the project manager requires in order to carry out his duties.

2. The work carried out by the project member may be the subject of a technical audit in accordance with Article 18 of Annex II to the basic contract.

Article 4 - Payments

1. The Community's financial contribution shall be paid to the members by the principal contractor after receipt of the Community's financial contribution, in accordance with Article 3 of Annex II to the basic contract and the related conditions.
2. Costs shall be charged by the project member in accordance with Articles 13-16 of Annex II to the basic contract and the indications in the indicative tables setting out the maximum rate of the Community contribution to the eligible costs by categories of costs which follows the signatures to the basic contract and this membership agreement. Those costs may be the subject of a financial audit by the Commission or the Court of Auditors in accordance with Article 17 of Annex II to the basic contract.

Article 5 - Entry into force of the membership agreement

Subject to signature of the membership agreement on behalf of all the parties within three months of the date of commencement of the basic contract, the agreement shall enter into force retroactively from the date of commencement of the basic contract. If the membership agreement is signed on behalf of all the parties three months after the date of commencement of the basic contract, the agreement shall enter into force from the date of the last signature.

Article 6 – Completion, expiry or termination of the agreement

1. The work to be performed under the membership agreement shall be deemed to be completed on the date of approval by the Commission of the tasks to be performed by the members under the Annex I to the basic contract.
2. The membership agreement shall automatically terminate on the date of completion or termination of the basic contract.
3. The principal contractor may, with the written agreement of the Commission, or shall, at the written request of the Commission, immediately terminate the participation of a member if he fails to meet in full his contractual obligations pursuant to the basic contract or this membership agreement. The principal contractor shall determine, in a letter sent to the member, the period of notice, which shall not exceed one month from the date of receipt of that letter.
4. Each party may terminate this agreement subject to two months' written notice.

Article 7 - Applicable law and jurisdiction

The law of [*name of the country indicated in the basic contract*] shall govern this membership agreement.

Jurisdiction [*to be completed by the parties*].

Article 8 - Amendments

The membership agreement may be amended, with the prior written authorisation of the Commission, only by written agreement between the authorised representatives of the parties.

Article 9 - Final provisions

1. The following Annexes are an integral part of this agreement:

Annex A : basic contract
[.....to be inserted.....]

2. The agreement shall be signed by the parties in [*insert number*] copies in [*insert language*] and only that language version shall be authentic.

For the parties	Signature and title	Date
1. <i>Names of principal contractors (written out in full)</i>
2. <i>Name of member (written out in full)</i>
3. <i>Name of member (written out in full)</i>
4. <i>Name of member (written out in full)</i>

PART F : MODEL MEMBERSHIP AGREEMENT (ONE MEMBER)

MEMBERSHIP AGREEMENT *[insert number]*

(No of basic contract)

A membership agreement is hereby concluded between:

of the one part,

1. *[Name of principal contractor]* *[acronym]* (“the principal contractor”), established in *[name of State]* ,

and

2. *[Name of member]* *[acronym]*, established in *[name of State]*,

(“the member”)

of the other part,

(collectively “the parties”) represented by their legal/statutory/authorised representatives.

In the framework of *[name of the RDT specific programme]*, the *principal contractor* concluded contract No *[insert the number of the contract]* on *[date]* to carry out the project entitled *[title of the project]*, (“the basic contract”).

The basic contract is incorporated in this membership agreement as Annex A.

IN THE LIGHT OF THE FOREGOING, THE PARTIES HAVE AGREED AS FOLLOWS:

Article 1 - Subject matter of the membership agreement

The purpose of this membership agreement is to enable the member to contribute, together with the principal contractor, to the implementation of the provisions of the basic contract in accordance with the conditions provided for in this agreement.

Article 2 - Conditions

The parties to the membership agreement shall be bound *mutatis mutandis* by the conditions of the basic contract and its Annexes which are an integral part of the agreement (Annex A), with the exception of those provisions of the basic contract which concern only the principal contractor.

Article 3 - Scope

1. The member shall perform his share of the work pursuant to this membership agreement in compliance with the requirements of Annex I to the basic contract. The member shall cooperate with the principal contractor in order to ensure the efficient management of the project. He shall, in particular, provide the principal contractor with the information that the project manager requires in order to carry out his duties.

2. The work carried out by the project member may be the subject of a technical audit in accordance with Article 18 of Annex II to the basic contract.

Article 4 - Payments

1. The Community's financial contribution shall be paid to the member by the principal contractor after receipt of the Community's financial contribution, in accordance with Article 3 of the basic contract and the related conditions.
2. Costs shall be charged by the project member in accordance with Articles 13 to 16 of Annex II to the basic contract and the indications in the indicative table of estimated eligible costs which follows the signatures to the basic contract and this membership agreement. Those costs may be the subject of a financial audit by the Commission or Court of Auditors in accordance with Article 17 of Annex II to the basic contract.

Article 5 - Entry into force of the membership agreement

Subject to signature of the membership agreement on behalf of all the parties within three months of the date of commencement of the basic contract, the agreement shall enter into force retroactively from the date of commencement of the basic contract. If the membership agreement is signed on behalf of all the parties later than three months after the date of commencement of the basic contract, the agreement shall enter into force from the date of the last signature.

Article 6 – Completion, expiry or termination of the agreement

1. The work to be performed under the membership agreement shall be deemed to be completed on the date of approval by the Commission of the tasks to be performed by the member under Annex I to the basic contract.
2. The membership agreement shall automatically terminate on the date of completion or termination of the basic contract.
3. The principal contractor may, with the written agreement of the Commission, or shall, at the written request of the Commission, immediately terminate the participation of the member if he fails to meet in full his contractual obligations pursuant to the basic contract or this membership agreement. The principal contractor shall determine, in a letter sent to the member, the period of notice, which shall not exceed one month from the date of receipt of that letter.
4. Each party may terminate this agreement subject to two months' written notice.

Article 7 - Applicable law and jurisdiction

The law of [*name of the country indicated in the basic contract*] shall govern this membership agreement.

Jurisdiction [*to be completed by the parties*].

Article 8 - Amendments

The membership agreement may be amended, with the prior written authorisation of the Commission, only by written agreement between the authorised representatives of the parties.

Article 9 - Final provisions

1. The following annexes are an integral part of this agreement:

Annex A : basic contract
[.....to be inserted.....]

2. The agreement shall be signed by the parties in [*insert number*] copies in [*insert language*] and only that language version shall be authentic.

For the parties	Signature and title	Date
1. <i>Name of principal contractor</i> (written out in full)
2. <i>Name of member</i> (written out in full)