

FP7 Grant Agreement – ANNEX III - SPECIFIC PROVISIONS RELATED TO “RESEARCH FOR SMES” OR “RESEARCH FOR SME ASSOCIATIONS”

III.1 - Definitions

In addition to the definitions of Article II.1:

SME participant: means a *beneficiary*, referred to as such in Section 1 of Annex I and which meets the definition of an SME as specified in Article II.1.14.

SME Association: means a *beneficiary*, referred to as such in Section 1 of Annex I and which meets the definition established in the call for proposals under which this *project* was selected.

Member: means a third party to this *grant agreement* that is a member of an *SME Association* or of one of its members, and that meets the definition of an SME as specified under Article II.1.14. Except where otherwise agreed, any reference to an *SME Association* includes its *members*

RTD Performer: means a *beneficiary*, referred to as such in Section 1 of Annex I and which meets the definition of a RTD performer as specified in Article 2 of the Rules for participation.

Other beneficiary: means a *beneficiary* other than an *SME participant* or an *SME Association* or a *RTD performer*, referred to as such in Section 1 of Annex I.

Transaction: means Section 2 of Annex I, reflecting the terms of the agreement reached within the consortium on the ownership of foreground and the access rights to be provided to any *SME participant* or *SME Association* and the remuneration paid by it to a *RTD Performer*.

III.2- The Transaction

By application of Article 10, the *transaction* prevails on any provisions under Part C of Annex II.

Any modification to the *transaction* needs the approval of the *Commission* by means of an amendment in accordance with Article II.36.

The *consortium* must ensure that the *transaction* or complementary agreements concluded by or between *beneficiaries* respects the *Rules for Participation*.

III.3- Consortium agreement

At the latest 2 months after the start date of the *project*, the *consortium* will provide a *consortium agreement* complementing this *grant agreement* and its Annexes as far as rights and obligations between *beneficiaries* are concerned.

The *consortium agreement* or any other agreement concluded by *beneficiaries* may neither affect the rights and obligations of *the Union* as established by the *grant agreement* and its annexes, nor affect the rights and obligations of each *beneficiary* as established by the *transaction*.

III. 4 – Eligible costs and maximum financial contribution of *the Union*

1. By derogation to Article II.16, *RTD Performers* may only charge their eligible costs for “*management activities*” and “*other activities*”. For “*research activities*” and “*demonstration activities*” they undertake under the *project*, they shall charge their remuneration to *SME participants* or *SME Associations* in accordance with the *transaction*.

SME participants and *SME Associations* may charge as eligible costs under “*research activities*” and “*demonstration activities*”, whichever applies, the paid remuneration of *RTD Performers* in accordance with the *transaction*.

2. Subject to the reimbursement rates established in Article II.16, the financial contribution will be capped at a value not exceeding 110% of the remuneration charged by *RTD Performers* to *SME participants* or *SME Associations* and paid by these in compliance with Article 120 of the Financial Regulation.
3. Any *SME Association* may charge costs incurred by its *members* in carrying out the *project*, in accordance with the provisions of the *grant agreement*. These costs shall not be considered as receipts of the *project*.
 - a) The *members* shall identify the costs to the project mutatis mutandis in accordance with the provisions of part B of Annex II of the *grant agreement*. Each *member* shall charge its eligible costs in accordance with the principles established in Articles II.14 and II.15. The *SME Association* shall provide to the *Commission*:
 - an individual financial statement from each *member* in the format specified in Form C. These costs shall not be included in the *SME Association*’s Form C,
 - certificates on the financial statements and/or on the methodology from each *member* in accordance with the relevant provisions of this *grant agreement*,
 - a summary financial report consolidating the sum of the eligible costs borne by the *members* and the *SME Association*, as stated in their individual financial statements, shall be appended to the *SME Association*’s Form C.

When submitting reports referred to in Article II.4, the consortium shall identify work performed and resources deployed by each *member* linking it to the corresponding *SME Association*.
 - b) The eligibility of the *member*'s costs charged by the *SME Association* is subject to controls and audits of the *members*, in accordance with Articles II.22 and 23.

- c) The **SME Association** shall retain sole responsibility towards *the Union* and the other *beneficiaries* for the *members* linked to it. The **SME Association** shall ensure that the *members* abide by the provisions of the *grant agreement*.

III. 5 – Guarantee for RTD performers

Where an **SME participant** or **SME Association** is in the legal impossibility to pay the remuneration established in the *transaction* in favour of one or more **RTD performers**, the *Commission* may authorise the said **RTD Performers** to claim from *the Union* eligible costs in relation to their “*research activities*” and “*demonstration activities*” deemed to be remunerated by the said **SME participant** or **SME Association**.

These costs shall be reimbursed in accordance with Article II.16 subject to Article II.4.2.

III. 6 – Rights of SME participants or SME Associations

Any decision of the *consortium* must be agreed by at least the majority of **SME participants** or **SME Associations** excluding their members.

Where no agreement can be reached, the *coordinator* shall without delay inform the *Commission*. Recourse to Article II.8 and/or II.36 and/or II.38 may be applied where appropriate.