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Contract Preparation in FP6

Negotiations with EC


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0. Negotiations with EC 1/3

Negotiation in Rounds:

1st Negotiation Round

- Reach agreement on major technical issues
- Reach agreement on major financial issues / budget

2nd Negotiation Round

- Reach agreement on all other contractual issues (technical, legal, administrative and financial).

Final Submission – Close of Negotiations


- ANNEX I, CPF, etc.


In Practise:

These rounds are not so clearly defined. Modified versions of ANNEX I and CPFs are submitted to EC (until reaching the final)

Contract Signature

- Contract is signed by the Coordinator
- Partners sign: Forms A – Accession to the Contract
- A Consortium Agreement is, in most cases, also required


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0. Negotiations with EC 2/3

General Guidelines for Negotiations:

- Respect the deadlines set by the EC
- Assess the requested changes and identify which have larger impact on the project
- Form a Negotiation Strategy
- Keep your partners informed about major issues – Stress clearly the time limits on their responses
- Try to be fair with your partners
- Be decisive (solve potential problems now – do not leave them for the future e.g. during project elaboration)
- Make it easy for the EC-Officer (communicate in a structured way – documents – provide additional explanatory documents/tables e.g. of modifications, etc)
- Avoid spending too much time in the negotiations

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0. Negotiations with EC 3/3

Don't forget that to conclude the negotiations:


- You have to deliver to EC (for approval):
 - ✓ Updated Technical Annex (ANNEX I of the Contract)
 - ✓ Contract Preparation Forms (CPF) file (filled in details)
 - ✓ Legal & other supporting documents


Last but not least:

Before start the negotiations read carefully the following **Supporting Material:**

- Negotiations Guidance Notes (per instrument)
- Model Contract + Annexes
- CPF file and supporting notes (+CPF editor)
- Financial Guide for FP6
- Consortium Agreement Checklist
- ...

All of them available in CORDIS (www.cordis.lu)

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1. Invitation for Negotiations

To start the process ...

- Initial informal invitation by the EC Officer (phone, e-mail, etc) to start the process, or directly
- Formal Invitation (Framework for Negotiations + CPF file)
 1. Framework for Negotiations:
 - ✓ Project Data (No., Type, Action line, EC Contr., Duration)
 - ✓ Project Officer assigned (contact details)
 - ✓ Negotiation Meeting in Brussels
 - ✓ Changes in technical content (based on evaluators comments and Negotiations Guidance Notes)
 - ✓ Timetable for Negotiations (deadlines, ...)
 2. Draft CPF file (received from EC)

Not to forget: Get an authorisation letter for the negotiations by your partners (by FAX, mail, etc)

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2. From Proposal to Technical Annex

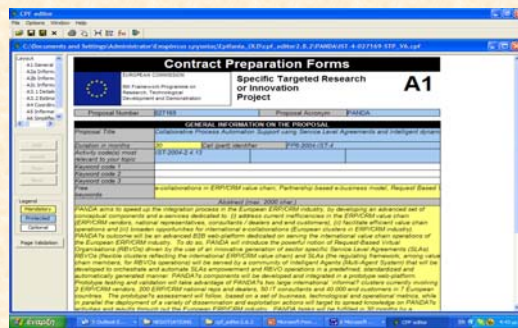
Process:

- Discuss with your partners and clarify important aspects (commitment, major changes, cost models, etc)
- Assess the requested changes (evaluation remarks)
- Contact EC Officer for clarifications
- Download the .doc template for ANNEX I (www.cordis.lu)
- Transfer proposal content to ANNEX I (approx. 80% is the same)
- Make changes or add content based on the requests (mark them with track changes)
- Include modifications initiated by you.
- Prepare an accompanied table with all changes / corrections / modifications (make life easier for the EC Officer)
- Send the Draft ANNEX I to EC Officer

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3. Contract Preparation Forms (1/2)



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3. Contract Preparation Forms (2/2)

Process:

- Download CPF Editor (www.cordis.lu/fp6/contract-prep.htm)
- Get the draft CPF file (pre-filled by EC)
- Create copies (with appropriate numbering – see CPF editor User Guide) and send it to partners to fill in detail the forms that concern them (A2a, A2b, A2c, ..., A6)
- Get the CPF files from partners, read them and ask them for clarifications (if necessary)
- Collate all of them in one file.
- Check thoroughly the CPF file
- Send the draft CPF file to EC Officer
- Modifications until it is approved by EC

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4. Financial & Legal Documents

- ✓ Legal documents establishing the organisations (no older than 6 months + translation for non EU-members)
 - Extract of Registration to Association
 - VAT Registration
- ✓ Other Documents (original or certified copies):
 - Legal Entity Form (All partners)
 - Balance sheets, profit & loss (Coordinator)
 - Original CPFs (A2c and A4, A5 for Coordinator)
 - Other (asked by EC in specific cases)

Ask partners to send them initially by e-mail (scanned)
HARD COPIES to EC → Only when EC finds them OK

Usual Problems:

- Different type of documents per country
- Communication problems in case of new comers or large consortiums

...Time consuming process (even when it is well organised)

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5. Negotiation Meeting in Brussels

- ✓ Be well prepared
- ✓ Discuss prior with the major partners
- ✓ Have a strategy
- ✓ Be open minded and flexible in the discussion
- ✓ Focus on the major issues
- ✓ Build a good relationship with the EC Officer

Don't forget...

EC has the major negotiation power

But also...

- The consortium will implement the project. So, be ready to explain thoroughly your position / arguments.
- Nobody wants an over-ambitious project (Because it will probably not be successful)

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6. Consortium Agreement

What is the CA

A 'private' agreement among partners that sets out:

- ✓ Management Issues (Decision making, handling of conflicts, management of distribution of the EC funding, etc.) and
- ✓ Provide arrangements relating to IPR issues.
- ✓ etc.

Mandatory for FP6 Research Projects

- ✓ To be signed by all partners
- ✓ Prior to Official Start Date
- ✓ Be in consistency with Contract provisions (EC contract always prevails)

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7. Financial Viability – Pre-financing

Financial Viability

- ✓ EC checks the financial viability of the Coordinator (Based on former Balance Sheets / Profits & Loss Accounts, A6)
- ✓ If not appropriate EC might suggest a change

Pre-financing (After signing the contract)

- ✓ EC pays the pre-advanced payment to the Coordinator
- ✓ Coordinator distributes it to partners

Though in some cases:

- ✓ EC ask from the Coordinator a Bank Guarantee (equal to the whole amount of the pre-financing)
- ✓ If you don't have the financial figures that EC would require or if you can not issue a Bank Guarantee DO NOT PARTICIPATE AS COORDINATOR

This process (Bank Guarantee) in FP7 is expected to change

8. Discussion

- ✓ Changes in the Consortium
- ✓ Major changes in Technical Work
- ✓ Changes in Budget
- ✓ Changes in Cost Models
- ✓ Slow response from partners
- ✓ ...

Thank you!

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