

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, Part A, 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 *REA* 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 y 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 *REA*:

- 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 **REA** 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 **REA**. Recourse to Article II.8 and/or II.36 and/or II.38 may be applied where appropriate.