

TEN-E Frequently Asked Questions

Table of questions

Part A - Who can apply?

1. Who can apply for a TEN-E financial aid?
2. Could the beneficiary change his name or legal form?
3. Can the beneficiary be different from applicant

Part B - Is my project eligible?

4. What is a project? What is an action?
5. Which projects are eligible?
6. Is it possible to change the list in Annex III to make my project eligible?
7. Is it possible to cumulate different EU financial sources? For example TEN-E and EEPR, Regional fund, etc.
8. Can one beneficiary submit several applications for different actions within the same project at the same call for proposals?
9. Could a cross – border project be split into several actions and each action submitted in a separated application from different promoters?
10. For projects crossing borders, would the application need to be prepared in collaboration with a party, such as a TSO, from the adjacent country?

Part C - What is the role of the Member State?

11. Why the approval of the Member State is required?
12. How and which Ministry or other state body should exercise the technical and financial control of the projects? Which administration should be involved in the Member State?
13. It is sometimes difficult to have form A2 signed (Approval of Member State) before the deadline. Is there any flexibility for sending A2 after the deadline? Are the fax signatures accepted?
14. If a company of Member State "A" intends to submit an application for an action in Member State "B", which one should give its approval?

Part D - Eligible costs / period

15. Are the salary eligible costs?
When reporting regarding staff cost, is it acceptable to use an average personnel cost from the company, or do we need to report every single individual actual salary costs? There is an EU standard remuneration for staff?
16. What eligible costs are “indirect costs”?
17. In which cases is it possible to include flat – rate in the amount of 7%?
18. Can we present a request for funding for a project that is already running?
19. We have signed a contract with a subcontractor before the eligibility date, 1st May 2010. Is the cost incurred under this contract eligible?

Part E - Compatibility with Community law and Community policies

20. What does it mean for Compliance with Community Law?
21. Could you please explain, under what circumstances we do not need to use the public procurement procedure?
22. Does a feasibility study without physical intervention require environmental checks?
23. If the Declarations by the national Environmental Authorities (Annexes II-B and II-C) are not signed and stamped on time, is my proposal eligible?

Part F - How to get pre-financing?

24. When a guarantee is required?
25. How can beneficiary demonstrate there is no risk for bankrupt and hence avoid the costly bank guarantee?
26. Is pre-financing supposed to generate interest? How to treat this income?
27. Is there a given interest rate on it?

Part G - Reporting and payments

28. Which documents/forms/invoices etc. should be submitted when requesting the payment? Are there specific forms for reporting?
29. Is there a limit for end date of the action implementation?
30. Is there a time-limit for requesting payments?
31. How to convert the expenditure from national currency to Euro?
32. In the case there are more beneficiaries participating, how to change the distribution of the approved funding in such a way that it reflects new real share of costs of the beneficiaries?
33. German tax law allows informatics archive. Auditors interpret EU-rules in a way that only originals (in paper) are allowed. Is there a possibility of electronical evidence for eligible costs?
34. The EU budget for the TEN-E programme 2010 is €20,76 millions. If we apply for an action with an investment of 200 millions, a financial grant of 10 % is 20 millions. This means that no other actions can receive a financial aid. Will this application - if it is selected - receive 10 % or will the grant be reduced to for example 1 % or will all the projects evaluated above 70% of the maximum points receive funding based on the pro-rate (proportional) principle?
35. Should every applicant submit the annual account for the last year?
36. Could you give clear evidence on the possibility to receive financial aid in terms of cost of interest reduction as an alternative to grant on cost of capital?

Part A - Who can apply?

1. Who can apply for a TEN-E financial aid?

Applicants should have one of the following legal status:

- one or (jointly) several Member States;
- one or (jointly) several public or private undertakings or bodies;
- one or (jointly) several international organisations;
- A Joint Undertaking.

Project proposals submitted by natural persons are not eligible.

Applicant have to be legally established in one of the Member States. In no case, proposals submitted by third Countries or legal persons established outside EU countries can be beneficiaries of the funds.

2. Could the beneficiary change his name or legal form?

Yes, but the “new” beneficiary must demonstrate the evidence that he carries on the undertaking of the previous legal entity.

3. Can the beneficiary be different from applicant?

The candidate beneficiary must sign the application and indicate a contact point in its organisation, even if the application is prepared by a consultant on its behalf.

In the case of a Joint Venture Company (JVC) being legally established in a Member State, the name of the beneficiary can eventually be provided after the deadline for submission of the proposals. Nevertheless, the identity of the beneficiary (legal entity, bank account) should be mentioned in the submission form. It could be indicated that a JVC, which is intended to become beneficiary of the TEN-E grant in the future, will be created at some stage.

Part B - Is my project eligible?

4. What is a project? What is an action?

A project is a gas or an electricity infrastructure and the actions are necessary to implement the project. Usually a project passes through different phases: feasibility study, Environmental Impact Assessment (EIA), technical studies (e.g. FEED), installation, construction, etc. Each phase (or a single segment of construction) can be an action valid for an application for financial aid under the TEN-E Call.

In the submission form the definition and description of the overall project (Part B) and the action (part C), are both requested.

5. *Which projects are eligible?*

Only “projects of common interest” as listed under Annex III of the guidelines for TEN-E (Decision No 1364/2006/EC) are eligible to receive TEN-E funds. In the cover page of the application form the applicant must indicate a reference number to the Annex III list.

The applicant may also indicate a reference to a “priority project” or “project of European interest” that have a highest priority (Cf. Annex I of the same Decision). This reference will be verified.

The granting of EU aid to projects of common interest is also conditional on compliance with relevant EU law (see also questions 20 to 23) and on not cumulating different EU financial sources (see question 7).

6. *Is it possible to change the list in Annex III to make my project eligible?*

The Annex III of the Decision 1364/2006/EC may be only changed by the European Parliament and by the Council, following a proposal from the European Commission.

It is not possible to change the conditions of eligibility in the context of a call.

7. *Is it possible to cumulate different EU financial sources? For example TEN-E and EEPR, Regional fund, etc.*

Each action can only receive support from one EU financial source. Cumulating different EU financial sources for the same action is forbidden. However, in the framework of the overall project, it is commendable to use different EU financial sources in different actions (e.g. a TEN-E grant for feasibility study or EIA, Cohesion Funds for works).

8. *Can one beneficiary submit several applications for different actions within the same project at the same call for proposals?*

Yes.

9. *Could a cross – border project be split into several actions and each action submitted in a separated application from different promoters?*

Yes. In such a situation, the applicant(s) should provide detailed explanations on the part B3 of the submission form on "coordination and cooperation".

10. *For projects crossing borders, would the application need to be prepared in collaboration with a party, such as a TSO, from the adjacent country?*

This is not a formal requirement. However, in such a situation, the applicant(s) should provide detailed explanations on the part B3/part 3 of the submission form on "coordination and cooperation".

Part C - What is the role of the Member State?

11. Why the approval of the Member State is required?

The Member State approving the proposal has specific responsibilities in the follow-up of the project: *“The Member States shall undertake the technical monitoring and financial control of projects in close cooperation with the Commission and shall certify the reality and the conformity of the expenditure incurred in respect of projects or parts of projects”* (Regulation No 680/2007, Article 11).

The Member State approving the proposal will then certify the reality of the expenditure incurred on the basis of an external or internal audit, will assess whether the project is carried out according to the work programme, and provide a technical evaluation at the end of the project.

Any request for amending the conditions of the individual Commission Decision (extension of the project, changes in the work programme) should be agreed by the Member State.

12. How and which Ministry or other state body should exercise the technical and financial control of the projects? Which administration should be involved in the Member State?

The Ministry concerned (in charge of Energy issues) should be contacted at an early stage of planning of the proposal submission.

If the project involves two or more Member States, all the Member States should give their approval and be involved in the evaluation of the project (at least in the part of the project taking place in their respective territory).

Of course, to speed the process, you could fax or e-mail copies of the form A2 to the relevant administrations. Please, do not forget to attach to the application the form A2 having the **original signatures** and **stamps** of the administrations.

13. It is sometimes difficult to have form A2 signed (Approval of Member State) before the deadline. Is there any flexibility for sending A2 after the deadline? Are the fax signatures accepted?

A fax signature or a scanned copy in electronic form could be accepted provisionally, on the reserve that the form A2 with original stamp and signature would be provided in the shortest delay.

14. If a company of Member State "A" intends to submit an application for an action in Member State "B", which one should give its approval?

Because the Member State(s) should monitor and evaluate the action, as general rule, the Member State(s) on which territory the action takes place should give approval (form A2). In addition, if the action takes place outside the EU, the Member State directly concerned should give its approval. Example:

- In case of an electrical interconnection between Italy and Montenegro, the approval of the Italian authorities should be provided.

- In case of a gas pipeline from Algeria to Spain, the approval of the Spanish authorities should be provided.

Depending on the nature of the proposal (e.g. desktop study) the approval of Member State where the applicant is registered could also be accepted.

Part D - Eligible costs / period

15. Are the salary eligible costs?

When reporting regarding staff cost, is it acceptable to use an average personnel cost from the company, or do we need to report every single individual actual salary costs?

There is an EU standard remuneration for staff?

Eligible costs should be identifiable as specific costs directly linked to performance of the actions and which can be booked to it directly. In particular, the actual salary of permanent or temporary staff employed by the beneficiary and assigned to the action are direct eligible costs. There are no standard averages, as the real cost for each individual assigned to the action should be considered, (salaries plus social security charges and other statutory costs included in the remuneration) and each country/company has its specific rules.

16. What eligible costs are “indirect costs”?

Eligible indirect costs are those which: are not identifiable as specific costs directly linked to the performance of the Action, BUT can be identified and justified as having been incurred in connection with the eligible direct costs for the Action

E.g.: Internet connection, rent, electricity = overhead costs

Eligible indirect costs incurred may be subject to a flat-rate funding up to a maximum of 7% of total eligible direct costs. If this option is chosen, there is no need for supporting documents.

17. In which cases is it possible to include flat – rate in the amount of 7%?

You have the possibility to request a flat–rate up to the amount of 7% for any action. This option has to be selected at proposal stage and is irrevocable.

18. Can we present a request for funding for a project that is already running?

Yes, provided that the action related to the application will start on 1st May 2010 or later.

19. We have signed a contract with a subcontractor before the eligibility date, 1st May 2010. Is the cost incurred under this contract eligible?

The costs incurred before the 1st may are not eligible. To be eligible the “event” which generated the costs should take place within the eligible period, which starts on 1st May 2010.

Part E - Compatibility with Community law and Community policies

20. What does it mean for Compliance with Community Law?

Projects “shall be carried out in conformity with Community law and shall take into account any relevant Community policies, in particular those relating to competition, the protection of the environment, health, sustainable development, public procurement and interoperability” (Regulation No 680/2007, Article 25). This provision is mandatory.

21. Could you please explain, under what circumstances we do not need to use the public procurement procedure?

If the beneficiary is not a body using public procurement, it is not mandatory for him to use public procurement procedures, if the relevant legislation does not require so.

However, the principles governing public procurement shall be applied in the award of subcontracts, such as publicity and transparency; equal treatment; economy, efficiency, and effectiveness. The documents related to award of subcontracts should be kept for case of an audit, proving the measures taken by the beneficiary to comply with the requirements of the TEN Regulation 680/2007.

22. Does a feasibility study without physical intervention require environmental checks?

No, it does not. Nevertheless it should be mentioned in part D2 of the submission form.

23. If the Declarations by the national Environmental Authorities (Annexes II-B and II-C) are not signed and stamped on time, is my proposal eligible?

The proposal is eligible and will be evaluated. However, in case the proposal is selected to receive TEN-E financial aid, the requested documents will have to be provided before the final individual decision is taken.

If the documents are not in English, a summary in English would be appreciated. You may send the environmental assessment reports in electronic form, and please mention it in the submission form in part D.

Part F - How to get pre-financing?

24. When a guarantee is required?

Beneficiaries may request a pre-financing of 30% of the total amount of the grant. Depending on the risk assessment carried out by the Commission on the beneficiary, the Commission may request a financial guarantee covering the amount of the pre-financing. This guarantee must be given by a bank or a financial institution established in one of the Member States.

Such financial guarantee shall be denominated in EUR and it will be released by interim and/or balance payment.

25. How can beneficiary demonstrate there is no risk for bankrupt and hence avoid the costly bank guarantee?

The risk assessment carried out regarding the need for a bank guarantee is based on, but not limited to, a financial viability analysis of the beneficiary. In this case the beneficiaries will be requested to provide complete information about their viability.

The bank guarantee may be replaced by a joint and several guarantees by the Member State(s) concerned or a third party whose financial viability will be assessed.

In principle, public bodies, international organisations and beneficiaries with whom the Commission has signed a framework partnership agreement are deemed to be exempted from providing a pre-financing guarantee, but may be asked to provide one in exceptional cases.

26. Is pre-financing supposed to generate interest? How to treat this income?

Pre-financing is considered as money belonging to the Commission. According to the rules of sound financial management, it should be kept on an account generating interest and allowing for a clear identification of the generated interests. They will be clearly indicated in the last cost statement. The interest shall not be treated as a receipt for the action as they belong to the Commission, following the principle of non profit of the financial aid to the action.

The interest yielded by pre-financing, where this pre-financing exceeds EUR 50 000, will be deducted from the final payment due to the beneficiary (except if beneficiary is a Member State).

Where the pre-financing payments exceed EUR 750 000 per Decision granting financial aid, the interest shall be recovered for each reporting period.

27. Is there a given interest rate on it?

Real interests generated by the pre-financing have to be declared. Rate paid by the bank do apply and there is no a minimum rate.

Part G - Reporting and payments

28. Which documents/forms/invoices etc. should be submitted when requesting the payment? Are there specific forms for reporting?

The report should provide the information requested in Article I.3 of the Decision granting financial aid for an action. You won't be requested to send copies of all invoices and receipts. These documents have to be kept at disposal in case of audit, but they do not need to be sent with the reports.

Yes, there are specific forms for reporting. The beneficiaries will obtain a template for their convenience at the due time.

29. Is there a limit for end date of the action implementation?

No, even if the financial framework is 2007-2013, 2013 is not the final year for the implementation of the action. The average length is 2-3 years.

An Individual Commission Decision can be modified after its adoption, and an extension can be requested following the procedure foreseen for modifications (please refer to Article III.2.7 of the Decision granting financial aid for an action).

30. Is there a time-limit for requesting payments?

Yes, the final report and the final request for payment (balance) must be submitted within a year after the end date of the action.

31. How to convert the expenditure from national currency to Euro?

Requests and payments – including the underlying financial statements – must be made in EUR. Conversion shall be made by the beneficiaries at the monthly accounting rate established by the Commission and published on its website (InforEuro) applicable for the month following the end of reporting period. Please refer to:

<http://ec.europa.eu/budget/inforeuro/index.cfm?Language=en>

32. In the case there are more beneficiaries participating, how to change the distribution of the approved funding in such a way that it reflects new real share of costs of the beneficiaries?

The beneficiaries may, after mutual agreement, when carrying out the action, proceed to adjustment of the costs of individual activities or individual share of eligible costs which are described in the breakdown of the estimated budget, provided that this adjustment is necessary for meeting the objectives of the action and the transfer between activities or between beneficiaries does not exceed 20% of the total eligible cost.

The approval of the Commission is required, however, whenever the cost adjustment between activities or between the beneficiaries, exceeds 20% of the total eligible costs, even when the threshold of 20% is exceeded due to the cumulative effect of different minor adjustments.

33. German tax law allows informatics archive. Auditors interpret EU-rules in a way that only originals (in paper) are allowed. Is there a possibility of electronical evidence for eligible costs?

If authorised by national law and compliant with the rules and conditions specified therein, electronic documents can be accepted. However the beneficiary should be able to prove the archived documents correspond to the original ones.

Part H - Miscellaneous

34. *The EU budget for the TEN-E programme 2010 is € 20,76 millions. If we apply for an action with an investment of 200 millions, a financial grant of 10 % is 20 millions. This means that no other actions can receive a financial aid. Will this application - if it is selected - receive 10 % or will the grant be reduced to for example 1 % or will all the projects evaluated above 70% of the maximum points receive funding based on the pro-rate (proportional) principle?*

The Commission “*shall decide on the amount of financial aid to be granted to the projects or parts of projects selected*” (Regulation No 680/2007, Chapter II, Article 9). Therefore it is possible that some proposals will be selected but are granted a lower rate than requested in the submission form.

Proposals are evaluated and ranked according to merit. According to the number of proposals received in the context of the call for proposals and following the proposal of the Evaluation Committee, the Commission decides, if deemed necessary, to limit the amount of the TEN-E financial aid mainly for budget constraint. In such a situation, the applicants will be requested to provide an update of the planned sources of Co-financing for the Action.

35. *Should every applicant submit the annual account for the last year?*

Yes, every applicant, except of the case the legal status of the applicant is a Member States, should submit the latest available annual account, to demonstrate its financial capacity.

36. *Could you give clear evidence on the possibility to receive financial aid in terms of cost of interest reduction as an alternative to grant on cost of capital?*

TEN-E is a grant programme only (the application form to the call for proposal has been corrected accordingly on 23 March 2010). Interest rate rebate is only possible for TEN-T.
