



EUROPEAN COMMISSION

Executive Agency for Small and Medium-sized Enterprises (EASME)

# **CALL FOR PROPOSALS**

**EUROPEAN NETWORK FOR EARLY WARNING AND FOR  
SUPPORT TO ENTERPRISES AND SECOND STARTERS**

***COS-EarlyWarningEU-2016-4-01***

**COSME Work Programme 2016**

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# 1. INTRODUCTION AND BACKGROUND

## 1.1. Introduction

Small and medium-sized enterprises (SME) play a crucial role in reaching the objectives of the Europe 2020 Strategy<sup>1</sup>. Whereas they are considered as crucial engines for growth and job creation, their competitiveness is affected by a limited exploitation of international opportunities and innovation prospects in the Single Market and beyond.

In this context, the Programme for the competitiveness of enterprises and small and medium-sized enterprises (2014-2020)<sup>2</sup>, hereinafter referred to as "COSME", aims to promote growth and to strengthen the competitiveness and sustainability of enterprises in the European Union.

This call constitutes part of the COSME Work Programme 2016<sup>3</sup>.

The contracting authority is the Executive Agency for Small and Medium-sized Enterprises<sup>4</sup> (hereinafter referred to as "EASME" or the "Agency"). EASME is, inter alia, entrusted by the European Commission with the implementation of parts of the COSME programme and the Horizon 2020 programme.

This call for proposals is in accordance with the invitation to the Commission to support the business environment and culture favourable to sustainable enterprises, start-ups, growth, business transfer, second chance (re-start)<sup>5</sup>.

## 1.2. Policy Context

In Europe almost 50% of enterprises do not survive the first 5 years of their existence while an average of 200,000 firms are going bankrupt across the EU each year, resulting in direct job losses of 1.7 million people<sup>6</sup>.

Insolvencies are a fact of life in a dynamic, modern economy. Yet, insolvency frameworks in many EU countries continue channelling viable enterprises in financial difficulties towards liquidation rather than restructuring while experience shows that the earlier companies in difficulties are able to restructure, the higher their chance of succeeding. But early restructuring (before formal insolvency proceedings are started) is not yet provided for in several EU countries. Furthermore, long discharge periods and conditions for failed entrepreneurs are often so strict that bankruptcy effectively bars a failed entrepreneur from a quick second start and sometimes even results in a "life sentence" away from business.

Although evidence<sup>7</sup> suggests that failed entrepreneurs usually learn from their mistakes and are generally more successful the second time, in many European countries business failure is still not

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<sup>1</sup> COM (2010)2020 final of 3 March 2010 "Europe 2020. A strategy for smart, sustainable and inclusive growth".

<sup>2</sup> COSME Regulation (EU) No 1287/2013 of 11 December 2013 (Official Journal of the European Union L 347/33 of 20.12.2013).

<sup>3</sup> Commission Implementing Decision C(2016)63 final of 18.1.2016.

<sup>4</sup> EASME was set up by Commission Implementing Decision 2013/771/EU of 17 December 2013 establishing the Executive Agency for Small and Medium-sized Enterprises and repealing Decisions 2004/20/EC and 2007/372/EC (Official Journal of the European Union L 341/73 of 18.12.2013).

<sup>5</sup> COSME Regulation (EU) No 1287/2013 Article 12 and preamble 14.

<sup>6</sup> Report of the Expert Group on 'a second chance for entrepreneurs: prevention of bankruptcy, simplification of bankruptcy procedures and support for a fresh start', January 2011

perceived as a learning experience, but as a fault which is punished. This approach prevents honest failed entrepreneurs from re-entering productive economic life in Europe. The fear of failure in business has been identified as a big obstacle preventing young people from taking up an entrepreneurial activity compared with other parts of the world. Also, restructuring and reorganisation can be extremely costly for micro and small companies.

It is therefore essential to have modern laws and efficient procedures in place to help businesses, which have sufficient economic substance, to overcome financial difficulties and ensure that entrepreneurs get a "second chance". Such framework would greatly contribute to the creation of a friendly business environment in order to change gradually the risk averse culture in the EU that prevents new potential entrepreneurs or failed honest ones to develop new entrepreneurial activities.

Early warning, prevention and crisis support are crucial since they can avert the bankruptcy process or mitigate the effects of a crisis. An early recognition<sup>8</sup> of financial problems can help viable companies to overcome a crisis, restore viability through early restructuring, when problems are still small, and help the company to get a new course of growth. Equally, expert support can help to close down non-viable enterprises more quickly and in a more effective way and to minimise closure-related negative consequences to the entrepreneur, employees and creditors, and preserve as much as possible from an insolvent company with a view onto a new start. Based on the experience of existing support services<sup>9</sup> for companies in EU Member States, the European Network for Early Warning and for Support to Enterprises and Second Starters should provide for the building and the roll-out of an effective support system to the Member States where such systems do not exist or are only partly covered. Evidence shows that saving viable companies could be also a cost effective exercise in terms of lost taxes and saved unemployment payments.

The COSME programme supports the creation of a business environment which is favourable to sustainable enterprises and the entrepreneurs to face all challenges when exercising their business activities, including the bankruptcy and second chance issues.

## **2. OBJECTIVE(S) – THEME(S) – ACTIVITIES – OUTPUTS**

### **2.1. Objective of the Call**

The objective of this Call for Proposals is to create and fund a "**European Network for Early Warning and for Support to Enterprises and Second Starters**" (hereinafter the "European Network") in charge of conceptualising, organising the development and implementing support services for companies and company-owners in difficulties and honest bankrupt entrepreneurs vying for a second start.

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<sup>7</sup> COM(2012) 795 final of 9 January 2013 "Entrepreneurship 2020 Actionplan" <http://eur-lex.europa.eu/legal-content/EN/TXT/PDF/?uri=CELEX:52012DC0795&from=EN>

<sup>8</sup> [Commission Recommendation](#) of 12.3.2014 on a new approach to business failure and insolvency.

<sup>9</sup> Such as the Danish Early Warning Scheme, the support services of BECI in Brussels, Tussenstap in Flanders, FADE in Asturias/Spain or Anonyme Insolvenzler in Germany.

## 2.2. Specific Objectives

This initiative supports the COSME specific objective related to the promotion of entrepreneurship and entrepreneurial culture and is in line with the Commission's flagship initiatives on Single Market Strategy and Capital Market Union.

The initiative will focus on the **establishment of a European Network** that will provide early warning, prevention and quality support services to companies in difficulty in countries in which such systems do not exist or are only partly covered.

## 2.3. Eligible activities

The main element of the project will be the creation of a **network of committed experts** across Europe working together and providing support services to the companies in distress.

### 2.3.1. *The establishment of the network and package of advisory and support services*

The main goal of this call is the creation of the network of committed experts in the field of the call, who will identify, maintain, stimulate and coordinate the creation of a **package of advisory and support services** for SMEs in need.

Such services should consist of a comprehensive package that covers all relevant aspects of a company's and its owner-manager's distress: business management/ economic, financial, accounting and legal features, psychological stress, etc.

The network of experts should, among others:

- identify training opportunities,
- disseminate useful examples of policy measures that could inspire action in different countries,
- propose effective ways to share information, measure progress, define indicators and assess the impact.

This action should support the provision of quality support services in the area of Early Warning and support for companies in financial difficulty as well as second chance for honest bankrupt entrepreneurs.

The proposal should present the working methodology of the network.

### 2.3.2. *Identification of companies in distress*

The experts should work-out and present the methods of the identification of SMEs in need for support. The network should collect **relevant data and analysis** of the situation regarding bankruptcies, crisis management, insolvency law impact, as well as cultural and societal attitude towards "second chance" in the 4 EU Member States covered by the project.

There are a number of companies which the network should identify and propose them tangible support. For this purpose the applicant should foresee for the end of this project a **list of companies** that have received direct support to overcome problems related to business restructuring, insolvency proceedings or second re-starters over a period of two and a half years in all the 4 target countries.

### 2.3.3. *Support activities to companies in distress and follow-up of their future development*

The project should propose activities and measures that would contribute to the de-stigmatization of business failure.

The network should develop policy recommendations that could be used by policy makers at both EU and Member States level to design the regulatory framework and policy measures in the area of insolvency and second chance.

The network should organise **training sessions, workshops and peer-learning activities** during which experts of the network will deliver training sessions and promote project results in the 4 EU Member States covered by the project activities and in other EU countries that expressed their interest to be part of such activities.

In case the Commission decides to organise specific workshops or peer-learning activities in the field of bankruptcy and second chance during the period 2016-2018, the 'European Network for Early Warning and for Support to Enterprises and Second Starters' will be required to liaise with these initiatives.

**All three actions must be included in the proposal.**

The beneficiary must submit a periodic report (interim report) covering months 1 to 18 and a final report of the project implementation. These reports are linked to payment requests (see section 11.3).

### 2.4. Target audience

Through this initiative advisory and support services will be developed and offered to:

- businesses that are still viable and suitable for restructuring and those who would need an assessment on whether it is worth trying to save the company or to rather go into an orderly and quick liquidation if ultimately not viable (support services to a certain number of enterprises that are in financial distress), and
- honest bankrupt entrepreneurs to go for a second start in business, inter alia to manage and restructure their debt, to facilitate their economic revival and social inclusion and to support them in a 'second start' process (services to honest bankrupt entrepreneurs that are crucial to re-start a business).

### 2.5. Expected results and deliverables

Creation of a "European Network for Early Warning and for Support to Enterprises and Second Starters" in charge of **conceptualising, organising the development and implementing** all relevant advisory and support services indicated in the point 2.3 of this call in four (4) EU Member States:-

It should ensure the **transfer of the relevant know-how** between the participating countries and develop a **training** model for the extension and replication of these services to other, still un-served European countries after 2019.

When **selecting** the four (4) EU Member States, the emphasis should be on the countries where such type of **services do not exist or are only partly covered** by public and private sectors. The selection shall be based on concrete evidence (the proposal is expected to contain some criteria/reasoning for the selection of the countries for implementation).

The **outreach** of the European Network should go beyond EU countries that are represented in the network. Strategies should be developed to make this network a wide instrument for the benefit of policy makers and stakeholders across the EU.

The European Network should be **sustainable** after the termination of EU funding as a result of the direct interest that organisations involved have in the promotion of entrepreneurship and second chance policy as part of their mission.

It is assumed that this network will pilot - and will potentially grow into – an EU-wide hub for preventing business failure and promoting second chance. The Commission will not be able to fund the project after the three-year period and the project consortium should identify ways to keep this network sustainable. It is expected that after three years of implementation, the newly established "**European Network for Early Warning and for Support to Enterprises and Second Starters**" will be recognised at European and Member States level as a consultative body for the cases related to Insolvency and Second chance issues.

It is expected that the proposal provides an estimated number of companies which are expected to benefit from the services of the European Network in the European countries involved.

The following deliverables are expected under this call for proposals:

- Creation of a **functioning European Network for Early Warning and for Support to Enterprises and Second Starters** involving the relevant stakeholders and experts (as described above).
- Creation of a **functioning Early Warning Mechanism** for companies in financial difficulties.
- Collection of **relevant data and analysis**.
- Creation of replicable **measures/actions** that would contribute to the de-stigmatization of business failure.
- Organisation of **training sessions, workshops and peer-learning activities**.
- Creation of **policy recommendations**.
- The project should foresee **one (1) review meeting per year** for the whole partnership (consortium) to be held in Brussels in the presence of the European Commission and the EASME in the month 11, 21 and 29 indicatively (**3 review meetings in total**).
- **2 (two) technical progress reports** in month 10 and in month 28 of the project's duration (not linked to the payment).

## 2.6. Project indicators

The success of this initiative launched by the Commission will be measured by the following indicators:

- the number of countries involved as members and experts of the European Network, and the extensive participation
- the number of countries that will benefit from the activities of the European Network beyond the pilot phase;
- the number of companies in financial distress that benefited from the provision of services and the counselling to second chance re-starters;
- the number, quality and relevance of inspiring policy practices that will be proposed and disseminated;
- the number of outreach activities (events organised or promoted – also on-line – and number of participants);
- the continuation of activities after the 3-year project and the end of EU funding (sustainability).

### 3. TIMETABLE

Stages	Dates
Deadline for submitting applications	31/05/2016 -17:00h Brussels time
Evaluation period*	June/July 2016
Information to applicants*	September 2016
Signature of grant agreements*	October 2016
Starting date of the action*	November 2016

\* indicative

### 4. BUDGET AVAILABLE AND FUNDING OF PROJECTS

The total budget earmarked for the co-financing of projects is estimated at EUR 3,800,000.00.

EASME expects to fund 1 (one) proposal.

The grant is limited to a maximum reimbursement rate of 75% of **eligible costs**.

EASME reserves the right not to distribute all the funds available.

### 5. ADMISSIBILITY REQUIREMENTS

The following requirements must be complied with:

- Applications must be submitted no later than the deadline for submitting applications referred to in section 3;
- Applications must be submitted using the electronic system specified in section 14;
- Applications must be drafted in one of the EU official languages<sup>10</sup>.

Failure to comply with those requirements will lead to the rejection of the application.

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<sup>10</sup> As stated in the Guide for Applicants (section III p.5): '(...) *An English translation of the abstract shall be included in Part B of the proposal (...)*'.

## 6. ELIGIBILITY CRITERIA

### 6.1. Eligible applicants

Applicants must be legal entities forming a consortium.

Affiliated entities, i.e. legal entities having a legal or capital link with applicants, which is neither limited to the action nor established for the sole purpose of its implementation, shall take part in the action **as applicants** in order to declare eligible costs.

Only applications from legal entities established in the following countries are eligible:

- EU Member States;
- countries participating in the COSME programme pursuant to Article 6 of the COSME Regulation<sup>11</sup>.

### 6.2. Eligible consortia

Applicants must set up a consortium with a designated coordinator.

An eligible consortium must fulfil all of the following criteria:

- It must be composed of public or private entities that ensure a diverse expertise and knowledge sharing, involving insolvency and second chance issues. Such entities may include:
  - public entities responsible for or active in the fields of economic affairs, enterprise, business support or related issues, e.g. national/regional authorities, governmental agencies
  - chambers of commerce and industry, chambers of handicrafts or similar bodies,
  - business support organisations/support providers,
  - business associations and business support networks,
  - education and training providers.
- It must be composed of **at least 7 eligible** entities from **at least 7 different COSME Participating Countries**.<sup>12</sup>

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<sup>11</sup> The following groups of countries are eligible for participation in COSME:

- a. European Free Trade Association (EFTA) countries which are members of the European Economic Area (EEA), in accordance with the conditions laid down in the EEA Agreement, and other European countries when agreements and procedures so allow;
- b. acceding countries, candidate countries and potential candidates in accordance with the general principles and general terms and conditions for the participation of those countries in the Union's programmes established in the respective Framework Agreements and Association Council Decisions, or similar arrangements;
- c. countries falling within the scope of the European neighbourhood policies, when agreements and procedures so allow and in accordance with the general principles and general terms and conditions for the participation of those countries in the Union's programmes established in the respective Framework Agreements, Protocols to Association Agreements and Association Council Decisions.

The updated list of eligible third countries is available on the following webpage:  
[http://ec.europa.eu/growth/smes/cosme/index\\_en.htm](http://ec.europa.eu/growth/smes/cosme/index_en.htm)

- It must involve **at least one (1) public authority** (on national, regional or local level) dealing with SMEs or Entrepreneurship issues and at least **three (3) SME Associations** or **Chambers of Commerce and Industry** (on local, national, regional, European or international level).

### 6.3. Implementation period

The duration of projects is 36 months.

Applications for projects scheduled to run for a longer period than that specified in this call for proposal cannot be accepted. They will therefore be considered ineligible.

## 7. EXCLUSION CRITERIA

### 7.1. Exclusion from participation:

The applicant will be excluded from participating in the call for proposals procedure if it is in any of the following situations:

- (a) bankrupt, subject to insolvency or winding-up procedures, where its assets are being administered by a liquidator or by a court, where it is in an arrangement with creditors, where its business activities are suspended, or where it is in any analogous situation arising from a similar procedure provided for under national laws or regulations;
- (b) it has been established by a final judgment or a final administrative decision that the entity is in breach of its obligations relating to the payment of taxes or social security contributions in accordance with the law of the country in which it is established, with those of the country in which the contracting authority is located or those of the country of the performance of the agreement;
- (c) it has been established by a final judgment or a final administrative decision that the entity is guilty of grave professional misconduct by having violated applicable laws or regulations or ethical standards of the profession to which the applicant belongs, or by having engaged in any wrongful conduct which has an impact on its professional credibility where such conduct denotes wrongful intent or gross negligence, including, in particular, any of the following:
  - (i) fraudulently or negligently misrepresenting information required for the verification of the absence of grounds for exclusion or the fulfilment of selection criteria or in the performance of a contract;
  - (ii) entering into agreement with another entity with the aim of distorting competition;
  - (iii) violating intellectual property rights;
  - (iv) attempting to influence the decision-making process of the contracting authority during the procurement procedure;
  - (v) attempting to obtain confidential information that may confer upon it undue advantages in the procurement procedure;
- (d) it has been established by a final judgment that the entity is guilty of any of the following:

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<sup>12</sup> EU Member States and countries participating in the COSME programme. For the COSME countries please see the footnote above.

- (i) fraud, within the meaning of Article 1 of the Convention on the protection of the European Communities' financial interests drawn up by the Council Act of 26 July 1995<sup>13</sup>;
  - (ii) corruption, as defined in Article 3 of the Convention on the fight against corruption involving officials of the European Communities or officials of Member States of the European Union<sup>14</sup>, drawn up by the Council Act of 26 May 1997 and Article 2(1) of Council Framework Decision 2003/568/JHA<sup>15</sup>, as well as corruption as defined in the legal provisions of the country where the contracting authority is located or the country in which the applicant is established or the country of performance of the contract;
  - (iii) participation in a criminal organisation, as defined in Article 2 of Council Framework Decision 2008/841/JHA<sup>16</sup>;
  - (iv) money laundering or terrorist financing, as defined in Article 1 of Directive 2005/60/EC of the European Parliament and of the Council<sup>17</sup>;
  - (v) terrorist-related offences or offences linked to terrorist activities, as defined in Articles 1 and 3 of Council Framework Decision 2002/475/JHA<sup>18</sup> respectively, or inciting or aiding or abetting or attempting to commit such offences, as referred to in Article 4 of that Framework Decision;
  - (vi) child labour or other forms of trafficking in human beings as defined in Article 2 of Directive 2011/36/EU of the European Parliament and of the Council<sup>19</sup>;
- (e) the applicant has shown significant deficiencies in complying with main obligations in the performance of a contract financed by the budget, which has led to its early termination or to the application of liquidated damages or other contractual penalties, or which has been discovered following checks, audits or investigations by an authorising officer, OLAF or the Court of Auditors;
- (f) it has been established by a final judgment or final administrative decision that the entity has committed an irregularity within the meaning of Article 1(2) of Council Regulation (EC, Euratom) No 2988/95<sup>20</sup>.

The contracting authority shall exclude the entity where a person who is a member of the administrative, management or supervisory body of that entity or has powers of representation, decision or control is in a situation listed in points (c) to (f) above.

## 7.2. Exclusion from award:

The applicant will not be granted financial assistance<sup>21</sup> if, in course of the grant award procedure, it:

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<sup>13</sup> OJ C 316, 27.11.1995, p. 48.

<sup>14</sup> OJ C 195, 25.6.1997, p. 1.

<sup>15</sup> Council Framework Decision 2003/568/JHA of 22 July 2003 on combating corruption in the private sector (OJ L 192, 31.7.2003, p. 54).

<sup>16</sup> Council Framework Decision 2008/841/JHA of 24 October 2008 on the fight against organised crime (OJ L 300, 11.11.2008, p. 42).

<sup>17</sup> Directive 2005/60/EC of the European Parliament and of the Council of 26 October 2005 on the prevention of the use of the financial system for the purpose of money laundering and terrorist financing (OJ L 309, 25.11.2005, p. 15).

<sup>18</sup> Council Framework Decision 2002/475/JHA of 13 June 2002 on combating terrorism (OJ L 164, 22.6.2002, p. 3).

<sup>19</sup> Directive 2011/36/EU of the European Parliament and of the Council of 5 April 2011 on preventing and combating trafficking in human beings and protecting its victims, and replacing Council Framework Decision 2002/629/JHA (OJ L 101, 15.4.2011, p. 1).

<sup>20</sup> Council Regulation (EC, Euratom) No 2988/95 of 18 December 1995 on the protection of the European Communities financial interests (OJ L 312, 23.12.1995, p. 1).

<sup>21</sup> Article 107 (1) of Regulation 2015/1929 of the European Parliament and of the Council amending Regulation n°966/2012 on the financial rules applicable to the general budget of the Union (OJ L 286 of 30.10.2015, p.1).

- (a) is in a situation of exclusion established in accordance with Article 106 FR;
- (b) has misrepresented the information required as a condition for participating in the procedure or have failed to supply that information;
- (c) was previously involved in the preparation of the grant where this entails a distortion of competition that cannot be remedied otherwise.

### 7.3. Supporting documents

The applicant must sign a declaration on their honour indicating that they are not in one of the situations triggering exclusion or rejection from a given grant award procedure according to Article 106(1) and 107(1) of the Financial Regulation.

## **8. SELECTION CRITERIA**

### 8.1. Financial capacity

Applicants must have stable and sufficient sources of funding to maintain their activity throughout the period during which the action is being carried out or the year for which the grant is awarded and to participate in its funding. The applicants' financial capacity will be assessed on the basis of the following supporting documents:

- a) Low value grants ( $\leq$  EUR 60 000):

- a declaration on their honour.

- b) Grants  $\geq$  EUR 60 000:

- a declaration on their honour and,

EITHER

- the profit and loss account, the balance sheet for the last financial year for which the accounts were closed;
- for newly created entities, the business plan might replace the above documents.

OR

- the table provided for in the application form, filled in with the relevant statutory accounting figures, in order to calculate the ratios as detailed in the form.

- c) Grants for an action  $\geq$  EUR 750 000, in addition:

- an audit report produced by an approved external auditor certifying the accounts for the last financial year available.

The above-listed documents will have to be provided at later stage, via the electronic submission tool and only upon request of the EASME.

In the event of an application grouping several applicants (consortium), the above thresholds apply by applicants.

On the basis of the documents submitted, if the RAO considers that financial capacity is not satisfactory, he may:

- request further information;
- propose a grant agreement without pre-financing;
- propose a grant agreement with a pre-financing paid in instalments;
- propose a grant agreement with a pre-financing covered by a bank guarantee (see section 11.4 below);
- where applicable, require the joint and several financial liability of all the co-beneficiaries;
- reject the application.

## 8.2. Operational capacity

All applicants must have professional competencies as well as appropriate qualifications necessary to complete the proposed action. The consortium coordinator must have at least 5 years of experience in the areas described in the section 2.3 (Eligible Activities).

Applicants have to submit information as requested in the Description of Action (DoA) by filling in the details on skills, expertise and role of key staff involved in the project, summarising relevant skills and experience, and presenting their role and tasks in the project.

Applicants have to submit supporting information following instructions set in the Technical Annex 1 Description of Action (DoA):

- the links to the websites with organisations' activity reports or any other similar document;
- a list of previous projects and activities performed and connected to the policy field of the call or to the actions to be carried out;

## 9. AWARD CRITERIA

Eligible applications will be assessed on the basis of the following criteria.

<i>Criteria</i>	<i>Max. score</i>
<p><b>Relevance of the actions in view of the objectives of the call</b></p> <p><i>What is the importance of the proposed action in relation to EU policies and priorities identified in the call?</i></p> <p><i>How relevant is the project proposed in view of the objectives of the call?</i></p> <p><i>How strategically chosen are the project partners (relevance of the partners to the project)?</i></p> <p><i>To what extent do the proposed activities, composition of the partnership and the selected target group(s) demonstrate a European added value?</i></p>	20
<p><b>Quality of the proposed actions</b></p> <p><i>How clear, coherent and ambitious are the work packages?</i></p> <p><i>How appropriate, practical and innovative are the activities proposed (including the internal plan of action/work packages)?</i></p> <p><i>To what extent is the work plan clearly defined in terms of schedule, milestones and deliverables?</i></p> <p><i>Is the level of effort (hours and budget) appropriate, per work package, per task and per partner considering their skills and responsibilities?</i></p> <p><i>To what extent can the methodology and management set up be effective and ensure the high quality of the action proposed?</i></p>	30
<p><b>Impact on target audience</b></p> <p><i>Is the proposal suggesting clear, realistic and practical impact indicators? To what extent does the project contribute to creating a real, measurable impact on the sectors concerned?</i></p> <p><i>To what extent is the project likely to have a tangible impact on the target groups?</i></p> <p><i>How effective, innovative and convincing are the promotional and communication activities?</i></p> <p><i>Are concrete measures planned in order to ensure that the project can be continued after the termination of EU funding?</i></p>	30
<p><b>Cost-effectiveness</b></p> <p><i>To what extent the detailed budget is coherent with the work plan of the proposal?</i></p> <p><i>To what extent is the budget clear and detailed, as well as effective, to implement the action? Does the breakdown of the budget, category by category, offer a way of ensuring that the amount of the grant awarded is reasonable in relation to the expected results?</i></p> <p><i>To what extent is the proposed expenditure necessary for the implementation of the project?</i></p> <p><i>Do the expected results stand in a reasonable relationship to the amount of the grant? Does the budget seem justified when compared to the expected impact?</i></p>	20
<b>TOTAL</b>	100

In order to be considered for funding, proposals will need to have passed an overall threshold of 70% in terms of total score. In addition, thresholds of 50% will be applied to each individual award criterion described above in order to ensure a consistent minimum quality for all award criteria. Proposals will be ranked according to their total score.

## **10. LEGAL COMMITMENTS**

In the event of a grant awarded by the EASME, a grant agreement drawn up in euro and detailing the conditions and level of funding, will be sent to the beneficiary, as well as the procedures in view to formalise the obligations of the parties.

Please note that the award of a grant does not establish an entitlement for subsequent years.

The authorising officer may draw a reserve list of proposals that have passed the above thresholds. In the event that the original budget of the action is increased or that selected proposal(s) fail to conclude the grant agreement, a grant may be awarded to proposals from the reserve list.

### Administrative review procedures

Unsuccessful applicants may request the review of the admissibility and eligibility procedures and the evaluation procedures with regard to their proposal as specified in section V of the Guide for applicants.

## **11. FINANCIAL PROVISIONS**

### 11.1. General principles

#### a) Non-cumulative award

An action may only receive one grant from the EU budget.

In no circumstances shall the same costs be financed twice by the Union budget. To ensure this, applicants shall indicate the sources and amounts of Union funding received or applied for the same action or part of the action or for its functioning during the same financial year as well as any other funding received or applied for the same action.<sup>22</sup>

#### b) Non-retroactivity

No grant may be awarded retrospectively for actions already completed.

A grant may be awarded for an action which has already begun only where the applicant can demonstrate the need to start the action before the grant agreement is signed.

In such cases, costs eligible for financing may not have been incurred prior to the date of submission of the grant application

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<sup>22</sup> Directive 2004/18/EC of 31 March 2004 on the coordination of procedures for the award of public work contracts, public supply contracts and public service contracts (Official Journal of the European Union L 134/114 of 30.04.2004).

c) Co-financing

Co-financing means that the resources which are necessary to carry out the action may not be entirely provided by the EU grant. It may take the form of:

- the beneficiary's own resources;
- income generated by the action;
- financial contributions from third parties.

d) Balanced budget

The estimated budget of the action is to be attached to the application form. It must have revenue and expenditure in balance.

The budget must be drawn up in euros.

Applicants which foresee that costs will not be incurred in euros, are invited to use the exchange rate published on the Info-euro website available at: [http://ec.europa.eu/budget/contracts\\_grants/info\\_contracts/inforeuro/inforeuro\\_en.cfm](http://ec.europa.eu/budget/contracts_grants/info_contracts/inforeuro/inforeuro_en.cfm).

e) Implementation contracts/subcontracting

Where the implementation of the action requires the award of procurement contracts (implementation contracts), the beneficiary must award the contract to the bid offering best value for money or the lowest price (as appropriate), avoiding conflicts of interests and retain the documentation for the event of an audit.

In the event of procurement exceeding € 60 000, the beneficiary must abide by special rules as referred in the grant agreement annexed to the call. Moreover the beneficiary is expected to clearly document the tendering procedure and retain the documentation for the event of an audit.

Entities acting in their capacity of contracting authorities in the meaning of Directive 2004/18/EC<sup>23</sup> or contracting entities in the meaning of Directive 2004/17/EC<sup>24</sup> shall abide by the applicable national public procurement rules. The beneficiary is expected to clearly document the tendering procedure and retain the documentation for the event of an audit.

Sub-contracting, i.e. the externalisation of specific tasks or activities which form part of the action as described in the proposal must satisfy the conditions applicable to any implementation contract (as specified above) and in addition to them the following conditions:

- it may only cover the implementation of a limited part of the action;
- it must be justified having regard to the nature of the action and what is necessary for its implementation;
- it must be clearly stated in the proposal.

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<sup>23</sup> Directive 2004/18/EC of 31 March 2004 on the coordination of procedures for the award of public work contracts, public supply contracts and public service contracts (Official Journal of the European Union L 134/114 of 30.04.2004).

<sup>24</sup> Directive 2004/17/EC of 31 March 2004 coordinating the procurement procedures of entities operating in the water, energy, transport and postal services sectors (Official Journal of the European Union L 134/114 of 30.04.2004).

## **Core activities cannot be subcontracted.**

### 11.2. Funding forms

Grants are calculated on the basis of a detailed estimated budget indicating clearly the costs that are eligible for EU funding. The grant amount may neither exceed the eligible costs nor the amount requested. Amounts are indicated in euros.

#### ➤ **Maximum amount requested**

The EU grant is limited to a maximum reimbursement rate of eligible costs indicated in section 4. Consequently, part of the total eligible expenses entered in the estimative budget must be financed from sources other than the EU grant (see section 11.1c).

#### ➤ **Eligible costs**

Eligible costs are costs actually incurred by the beneficiary of a grant which meet all the following criteria:

- ✓ they are incurred during the duration of the action, with the exception of costs relating to final reports and audit certificates;

The period of eligibility of costs will start as specified in the grant agreement. If a beneficiary can demonstrate the need to start the action before the agreement is signed, expenditure may be authorised before the grant is awarded. Under no circumstances can the eligibility period start before the date of submission of the grant application (see section 11.1b).

- ✓ they are indicated in the estimated budget of the action;
- ✓ they are necessary for the implementation of the action which is the subject of the grant;
- ✓ they are identifiable and verifiable, in particular being recorded in the accounting records of the beneficiary and determined according to the applicable accounting standards of the country where the beneficiary is established and according to the usual cost accounting practices of the beneficiary;
- ✓ they comply with the requirements of applicable tax and social legislation;
- ✓ they are reasonable, justified, and comply with the requirements of sound financial management, in particular regarding economy and efficiency.

Further details are included in the model grant agreement.

The beneficiary's internal accounting and auditing procedures must permit direct reconciliation of the costs and revenue declared in respect of the action/project with the corresponding accounting statements and supporting documents.

### **Eligible direct costs**

The eligible direct costs for the action are those costs which, **with due regard for the conditions of eligibility set out above**, are identifiable as specific costs directly linked to the performance of the action and which can therefore be booked to it directly, such as :

#### **A. Direct personnel costs**

## Types of eligible personnel costs

**A.1** Personnel costs are eligible if they are related to personnel working for the beneficiary under an employment contract (or equivalent appointing act) and assigned to the action ('**costs for employees (or equivalent)**'). They must be limited to salaries (including during parental leave), social security contributions, taxes and other costs included in the **remuneration**, if they arise from national law or the employment contract (or equivalent appointing act).

They may also include **additional remuneration** for personnel assigned to the action (including payments on the basis of supplementary contracts regardless of their nature), if:

- (a) it is part of the beneficiary's usual remuneration practices and is paid in a consistent manner whenever the same kind of work or expertise is required;
- (b) the criteria used to calculate the supplementary payments are objective and generally applied by the beneficiary, regardless of the source of funding used.

**A.2** The **costs for natural persons working under a direct contract** with the beneficiary other than an employment contract or **seconded by a third party against payment** are eligible personnel costs, if:

- (a) the person works under the beneficiary's instructions and, unless otherwise agreed with the beneficiary, on the beneficiary's premises;
- (b) the result of the work carried out belongs to the beneficiary, and
- (c) the costs are not significantly different from those for personnel performing similar tasks under an employment contract with the beneficiary.

The costs of the personnel of **national administrations** are eligible to the extent that they relate to the cost of activities which the relevant public authority would not carry out if the project concerned were not undertaken.

**B. Direct costs of subcontracting** (including related duties, taxes and charges, such as non-deductible value added tax (VAT) paid by beneficiaries that are not public bodies acting as public authority) are eligible if the conditions set out in the grant agreement are met.

## C. Other direct costs

**C.1 Travel costs and related subsistence allowances** (including related duties, taxes and charges, such as non-deductible value added tax (VAT) paid by beneficiaries that are not public bodies acting as public authority) are eligible if they are in line with the beneficiary's usual practices on travel.

**C.2 The depreciation costs of equipment, infrastructure or other assets** (new or second-hand) as recorded in the beneficiary's accounts are eligible, if they were purchased in accordance with the conditions set out in the grant agreement and written off in accordance with international accounting standards and the beneficiary's usual accounting practices.

The **costs of renting or leasing** equipment, infrastructure or other assets (including related duties, taxes and charges, such as non-deductible value added tax (VAT) paid by beneficiaries that are not public bodies acting as public authority) are also eligible, if they do not exceed the depreciation costs of similar equipment, infrastructure or assets and do not include any financing fees.

The only portion of the costs that will be taken into account is that which corresponds to the duration of the action and rate of actual use for the purposes of the action.

**C.3 Costs of other goods and services** (including related duties, taxes and charges, such as non-deductible value added tax (VAT) paid by beneficiaries that are not public bodies acting as public

authority) are eligible, if they are purchased specifically for the action and in accordance with the conditions set out in the grant agreement.

Such goods and services include, for instance, consumables and supplies, dissemination, protection of results, certificates on the financial statements (if they are required by the Grant Agreement), translations and publications.

➤ **Ineligible costs**

- (a) costs related to return on capital;
- (b) debt and debt service charges;
- (c) provisions for future losses or debts ;
- (d) interest owed;
- (e) doubtful debts;
- (f) currency exchange losses;
- (g) bank costs charged by the beneficiary's bank for transfers from the Agency;
- (h) excessive or reckless expenditure;
- (i) deductible VAT;
- (j) costs incurred during suspension of the implementation of the action;
- (k) in-kind contributions provided by third parties;
- (l) costs declared under another EU or Euratom grant (including grants awarded by a Member State and financed by the EU or Euratom budget and grants awarded by bodies other than the Agency for the purpose of implementing the EU or Euratom budget); in particular, indirect costs if the beneficiary is already receiving an operating grant financed by the EU or Euratom budget in the same period.

➤ **Calculation of the final grant amount**

The final amount of the grant to be awarded to the beneficiary is established after completion of the action, upon approval of the request for payment containing the following documents:

- **a final report** providing details of the implementation and results of the action;
- **the final financial statement** of costs actually incurred;
- a **certificate on the financial statements** of the action for each beneficiary, if
  - the (cumulative) amount of payments it requests as reimbursement of actual costs (and for which no certificate has yet been submitted) is EUR 325 000 or more and
  - the maximum grant amount indicated, for that beneficiary in the estimated budget (see Annex 2) as reimbursement of actual costs is EUR 750 000 or more.

In the event of non-execution or clearly inadequate execution of an activity planned in the work programme annexed to the grant agreement, the final grant will be reduced accordingly.

EU grants may not have the purpose or effect of producing a profit within the framework of the action. **Profit shall be defined as a surplus of the receipts over the eligible costs incurred by the beneficiary**, when the request is made for payment of the balance. In this respect, where a profit is made, EASME shall be entitled to recover the percentage of the profit corresponding to the Union contribution to the eligible costs actually incurred by the beneficiary to carry out the action.

### 11.3. Payment arrangements

#### Pre-financing payment

A pre-financing payment corresponding to 50% of the grant amount will be transferred to the beneficiary within 30 days of the date when the last of the two parties signs the agreement, provided all requested guarantees have been received.

#### Interim payment

One interim payment shall be paid to the beneficiary. Interim payment is intended to cover the beneficiary's expenditure on the basis of a request for payment when the action has been partly carried out. For the purpose of determining the amount due as interim payment, the reimbursement rate to be applied to the eligible costs approved by EASME shall be rate indicated in Art. 4 of the Grant Agreement.

The total amount of pre-financing and interim payment shall not exceed 90% of the maximum grant amount.

#### Final payment

EASME will establish the amount of the final payment to be made to the beneficiary on the basis of the calculation of the final grant amount (see section 11.2 above). If the total of earlier payments is higher than the final grant amount, the beneficiary will be required to reimburse the amount paid in excess by EASME through a recovery order.

#### 11.4. Pre-financing guarantee

In the event that the applicant's financial capacity is not satisfactory, a pre-financing guarantee for up to the same amount as the pre-financing may be requested in order to limit the financial risks linked to the pre-financing payment.

The financial guarantee, in euro, shall be provided by an approved bank or financial institution established in one of the Member State of the European Union. When the beneficiary is established in a third country, the RAO may agree that a bank or financial institution established in that third country may provide the guarantee if he considers that the bank or financial institution offers equivalent security and characteristics as those offered by a bank or financial institution established in a Member State. Amounts blocked in bank accounts shall not be accepted as financial guarantees.

The guarantee may be replaced by a joint and several guarantee by a third party or by a joint guarantee of the beneficiaries of an action who are parties to the same grant agreement

The guarantee shall be released as the pre-financing is gradually cleared against interim payments or payments of balances to the beneficiary, in accordance with the conditions laid down in the grant agreement.

## **12. PUBLICITY**

### 12.1. By the beneficiaries

Beneficiaries must clearly acknowledge the European Union's contribution in all publications or in conjunction with activities for which the grant is used.

In this respect, beneficiaries are required to give prominence to the name and emblem of the European Commission on all their publications, posters, programmes and other products realised under the co-financed project.

To do this they must use the text, the emblem and the disclaimer in accordance with the details provided in the grant agreement.

If this requirement is not fully complied with, the beneficiary's grant may be reduced in accordance with the provisions of the grant agreement.

In addition to the text and logo relevant to the EU programme, the RAO will provide beneficiaries with a disclaimer stating that the EU is not responsible for the views displayed in the publications and/or in conjunction with the activities for which the grant is used.

## 12.2. By EASME

With the exception of scholarships paid to natural persons and other direct support paid to natural persons in most need, all information relating to grants awarded in the course of a financial year shall be published on an internet site of the European Union institutions no later than the 30 June of the year following the financial year in which the grants were awarded.

EASME will publish the following information:

- name of the beneficiary,
- address of the beneficiary when the latter is a legal person, region when the beneficiary is a natural person, as defined on NUTS 2 level<sup>25</sup> if he/she is domiciled within EU or equivalent if domiciled outside EU,
- subject of the grant,
- amount awarded.

Upon a reasoned and duly substantiated request by the beneficiary, the publication shall be waived if such disclosure risks threatening the rights and freedoms of individuals concerned as protected by the Charter of Fundamental Rights of the European Union or harm the commercial interests of the beneficiaries.

## **13. DATA PROTECTION**

The reply to any call for proposals involves the recording and processing of personal data (such as name, address and CV). Such data will be processed pursuant to Regulation (EC) No 45/2001<sup>26</sup> on the protection of individuals with regard to the processing of personal data by the Community institutions and bodies and on the free movement of such data. Unless indicated otherwise, the questions and any personal data requested are required to evaluate the application in accordance with the specifications of the call for proposal will be processed solely for that purpose by the Head of Unit A.1 of EASME. Details concerning the processing of personal data are available on the privacy

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<sup>25</sup> Commission Regulation (EC) No 105/2007 of 1 February 2007 amending the annexes to Regulation (EC) No 1059/2003 of the European Parliament and of the Council on the establishment of a common classification of territorial units for statistics (NUTS) (Official Journal of the European Union L 39 of 10.02.2007).

<sup>26</sup> Official Journal of the European Union L 8/1 of 12.01.2001.

statement at: [http://ec.europa.eu/research/participants/data/support/legal\\_notice/h2020-ssps-grants\\_en.pdf](http://ec.europa.eu/research/participants/data/support/legal_notice/h2020-ssps-grants_en.pdf)

Personal data may be registered in the Early Detection and Exclusion System (EDES)<sup>27</sup>, should the beneficiary be in one of the situations mentioned in Article 108 of the Financial Regulation establishing the Early Detection and Exclusion System (EDES)<sup>28</sup> (for more information see the Privacy Statement on :

[http://ec.europa.eu/budget/explained/management/protecting/protect\\_en.cfm](http://ec.europa.eu/budget/explained/management/protecting/protect_en.cfm)).

## **14. PROCEDURE FOR THE SUBMISSION OF PROPOSALS**

Proposals must be submitted in accordance with the requirements of section 5 and by the deadline specified under section 3.

### **➤ Electronic submission**

Applicants are requested to go to <http://ec.europa.eu/easme/en/cosme-eu-programme-competitiveness-enterprises-and-small-and-medium-sized-enterprises-smes> and follow the procedure for submitting an application.

No modification to the application is allowed once the deadline for submission has elapsed. However, if there is a need to clarify certain aspects or for the correction of clerical mistakes, the EASME may contact the applicant for this purpose during the evaluation process.

Applicants will be informed in writing about the results of the selection process.

### **➤ Contacts**

EASME is available to answer questions relating to the content of the present call for proposals. All questions must be sent by e-mail to [EASME-COSME-EWEU-CALL-2016@ec.europa.eu](mailto:EASME-COSME-EWEU-CALL-2016@ec.europa.eu) .

Answers will be published at <https://ec.europa.eu/easme/>.

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<sup>27</sup> Article 108 of Regulation 2015/1929 of the European Parliament and of the Council amending Regulation n°966/2012 on the financial rules applicable to the general budget of the Union, OJ L 286 of 30.10.2015, p.1.

<sup>28</sup> Article 108 of Regulation 2015/1929 of the European Parliament and of the Council amending Regulation n°966/2012 on the financial rules applicable to the general budget of the Union, OJ L 286 of 30.10.2015, p.1.