



# COSME Programme

## Call for Proposals

### Innovation Procurement Broker: Creating Links for the Facilitation of Public Procurement of Innovation

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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.

The Executive Agency for Small and Medium-sized Enterprises<sup>3</sup> (hereinafter referred to as "EASME" or the "Agency") is entrusted by the European Commission with the implementation, *inter alia*, of parts of the COSME programme.

In this respect, this call for proposals, managed by EASME, implements parts of the COSME Work Programme 2017, as last amended on 6 July 2017<sup>4</sup>.

### 1.2. Policy Context

In line with the priorities of the Commission, the actions proposed under the 2017 COSME work programme contribute to the creation of an innovation-friendly business environment and the overall competitiveness of the European economy.

Public procurement of innovation<sup>5</sup> (PPI) broadly refers to any public procurement that has one or both of the following aspects:

- buying the process of innovation;
- buying the outcomes of innovation.

Public procurement of innovation may commence with research and development of products, services or processes which do not yet exist. The public buyer effectively becomes part of the innovation lifecycle from the very beginning of product or service development. Public buyers<sup>6</sup> state their need with little to no concrete idea of the solution and support innovative businesses and researchers in finding the perfectly-suited product, service or process.

Furthermore, public buyers may choose innovative products, services or processes which are new in the market instead of renewing or replicating existing procurement contracts.

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

<sup>2</sup> 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> 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>4</sup> Commission Implementing Decision C(2017) 4563 of 6.7.2017 amending Commission Implementing Decision C(2017) 1042 concerning the adoption of the work programme for 2017 and the financing for the implementation of the programme for the competitiveness of enterprises and small and medium-sized enterprises.

<sup>5</sup> Directive 2014/24/EU defines innovation in line with the OECD's Oslo Manual as "the implementation of a new or significantly improved product, service or process, including but not limited to production, building or construction processes, a new marketing method, or a new organisational method in business practices, workplace organisation or external relations *inter alia* with the purpose of helping to solve societal challenges or to support the Europe 2020 strategy for smart, sustainable and inclusive growth". For a current discussion on a more precise definition of PPI, see also the Mutual Learning Exercise on Innovation Procurement at <https://rio.jrc.ec.europa.eu/en/policy-support-facility/mle-innovation-procurement>.

<sup>6</sup> Public buyers are contracting authorities and entities according to Directives 2014/23-24-25/EU.

PPI can provide large enough demand to incentivise industry to invest in wide commercialisation of innovative solutions. This also enables the public sector to modernise public services, get a better value for money while providing growth opportunities and scaling up of innovative enterprises in the EU.<sup>7</sup> This is in line with the modernisation of existing procurement rules in order to make it easier for public buyers to procure innovative goods and services.

In the context of the objectives to increase innovation in public procurement in the Europe 2020 strategy and the Digital Agenda for Europe, the European Commission is taking several actions to innovation on the supply side in the EU.

This includes the improvement of the policy framework and a variety of support actions. Numerous support actions for research & development, basic and applied sciences or smart specialisation are funded through Horizon 2020<sup>8</sup> and other EU programmes, while the SME Instrument supports small and medium-sized businesses in developing and commercialising disruptive innovations.

Innovative SMEs and start-ups are of particular interest because of their potential for creating growth, value and new employment especially for the young, highly-educated work force. In addition, a start-up culture has spread across Europe which helps to create opportunities for innovative SMEs and start-ups to scale up.<sup>9</sup> Given the large size of the market worth 2 trillion EUR, public procurement remains an important factor to foster the innovation capacity of the European economy.

Even though public procurement is characterised by formal rules, there is enough space for an ambitious innovation agenda. This is why the European Commission proposes<sup>10</sup> an improved approach to innovation in public procurement. Policies in this domain focus on those activities where the demand pull can have the greatest impact on scaling up of European companies.

This demand pull can be an effective tool for achieving strategic goals through public procurement, especially in areas such as environmental sustainability and energy efficiency. Needs related to environmental sustainability are often the most complex ones that public procurers need to address and at the same time, they are often the ones that most often require innovative solutions.

The European Union attaches high strategic importance to these areas as they can make a significant contribution to the fight against climate change and the implementation of international commitments.<sup>11</sup> However, the links between the two ends of procurement, i.e. suppliers offering innovative solutions and public buyers willing to procure from them, are often weak, nor do these links happen spontaneously.

Thus, public buyers can make a policy choice to use their purchasing power as a demand-side measure that complements the supply-side ones and create such links in order to satisfy their demonstrated needs. In this context, EASME and the European Commission aim at launching a pilot for an *Innovation Procurement Broker*, which will facilitate links between public buyers and innovative enterprises.

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

### **OBJECTIVES**

#### **2.1. General objectives**

The general objective of this call for proposals is to establish an *Innovation Procurement Broker* that will bring together and facilitate commercial links between

- public buyers,

<sup>7</sup> <https://ec.europa.eu/digital-single-market/en/public-procurement-innovative-solutions>

<sup>8</sup> <https://ec.europa.eu/digital-single-market/en/news/calls-eu-funding-opportunities-pre-commercial-procurement-and-public-procurement-innovative>

<sup>9</sup> For example the city of Amsterdam invests in start-ups through collaboration on solving the city's public procurement needs in a "Start-up in residence" program. <https://startupinresidence.com/>

<sup>10</sup> Europe's next leaders: the Start-up and Scale-up Initiative: <http://eur-lex.europa.eu/legal-content/EN/TXT/?uri=COM:2016:733:FIN>

<sup>11</sup> Energy Union, [https://ec.europa.eu/commission/priorities/energy-union-and-climate\\_en#documents](https://ec.europa.eu/commission/priorities/energy-union-and-climate_en#documents)

- suppliers of innovation (with a special focus on SMEs and start-ups),
- investors, and
- researchers.

## 2.2. Specific objectives

The specific objectives of this call for proposals are to:

- Create adequate links between public administrations, research institutions and the private sector in order to exploit the procurement potential of large buyers or other aggregators of public procurement. Here the main goal remains to create new opportunities for SMEs and/or start-ups to develop new products, services and to grow or scale up their operations;
- Develop and implement a sustainable method for the successful facilitation of public procurement of innovation within the broad area of topics related to sustainability and energy efficiency within the European Single Market;
- Support the growth and development of innovative SMEs and start-ups by making it easier for them to address public demand through participation in public procurement of innovation;
- Ensure the European dimension of the solutions to be brokered.

## 2.3. Themes and priorities

This call for proposals will support one pilot for the co-financing of one *Innovation Procurement Broker* to develop and implement a sustainable method for the successful facilitation of public procurement of innovation. A specific focus will be put on the broad area of topics related to environmental sustainability and energy efficiency within the European Single Market.

## 2.4. Eligible activities

In order to achieve the objectives of this call for proposals (as indicated above), the applicant shall act as ***Innovation Procurement Broker***. In the proposal, applicants must describe the activities to be carried out as outlined below. Moreover, applicants are free to propose additional activities if duly justified and in line with the objectives of this call for proposals.

### A) Define the role and fine tune the tasks of the Innovation Procurement Broker

The applicant shall define the role and the task of the *Innovation Procurement Broker* with the aim of making it the focal point for relevant stakeholders engaged in successful facilitation of public procurement of innovation.

As one of the main deliverables, the applicant will have to **develop a sustainable business model for an *Innovation Procurement Broker*** linking buyers and suppliers of innovative solutions within the European Single Market. (See also point 2.5 on expected outcomes and deliverables).

The *Innovation Procurement Broker* is meant to be part of the overall innovation life-cycle and to position itself as a driving force in the processes of public procurement of innovation. It shall be actively engaged in funnelling ideas through networks of relevant stakeholders and facilitating the preparation of innovative ideas for participation in procurement procedures.

It is also to be considered that the action is intended to further mobilise other actors in the public procurement ecosystem to assume similar or same brokerage functions throughout and ideally also after the action. The pilot should ensure a strong multiplier effect.

The *Innovation Procurement Broker* may even consider using its own financial resources to fund business ideas and/or mentor start-ups in order to prepare them for the public procurement process. It

should be noted, however, that no funds from the grant awarded can be made available for such a potential activity. If the broker foresees such an activity, the *Innovation Procurement Broker* should explain the planned implementation in the proposal.

Applicants shall bear in mind that while performing this activity, the *Innovation Procurement Broker* cannot preclude the regular execution of the eventual public procurement procedure nor the responsibility of the public buyer to comply with the applicable rules pertaining to public procurement and state aid.

**B) Promote and manage two networks of stakeholders in the European innovation eco-system**

The applicant shall set up two networks:

- A network of public buyers from at least two COSME countries interested in buying innovative solutions provided by SMEs or start-ups. Here the focus of the applicant should be on large buyers, i.e. buyers with an aggregated or large procurement potential. The applicant will need to identify and engage **with at least 10 public buyers from at least 2 countries participating in the COSME programme.**

The buyers shall commit to participating in the network and to potentially engage in public procurement of innovation. They are not obliged to procure the innovative products or services together, although they can choose to do so. It should be noted that no funds from the grant awarded to the applicant for this action can be made available to public buyers in order to procure products or services.

- A network of private suppliers of innovation. Here the focus should be on SMEs and start-ups, including enterprises which are in the incubation phase of their development. The network may also comprise potential investors, research networks, start-up incubators, clusters, etc.

The *Innovation Procurement Broker* will need to identify and engage with **at least 20 possible suppliers.** This network will have to include at least 5 SMEs and 10 start-ups, and at least 2 universities and 3 incubators and/or accelerators from **at least 4 COSME countries.**

Using previously established networks is acceptable. The applicant should carry out open calls to identify potential suppliers and to actively engage with the networks.

**C) Advise public buyers on the definition of their actual procurement needs**

The applicant shall advise public buyers on how to identify their actual needs and on how these can be satisfied through innovative procurement. Often, innovative ideas cannot be pitched easily to public buyers. For this reason, the applicant shall help identify and aggregate needs of public buyers (e.g. public administrations) via the network to be established by the *Innovation Procurement Broker*.

The needs shall relate to innovation in environmental sustainability and energy efficiency. Under this task, the scope of activities to be carried out by the broker shall include:

- **Market consultations**, both on the supply and the demand side, in order to understand what the market currently offers (suppliers' side) and in order to be able to identify the needs of the buyers.

The *Innovation Procurement Broker* will need to engage in structured discussions with the public buyers interested in procuring innovation in order to understand, identify and prioritise their needs. On the suppliers' side, the *Innovation Procurement Broker* will need to engage with various possible suppliers of innovative solutions (e.g. academia, Research and Technology Organisations, Technology brokers, Technology Transfer offices, business and start-up communities, etc.).

- **Formulation and aggregation of the needs of public buyers.**

The *Innovation Procurement Broker* will help public buyers in **identifying and defining their actual needs** and also cater for those cases in which the needs are not well described, known or

defined, or even though an unsolved problem for the public buyers exists. Such needs can also be well known, but previously unmet needs.

They can also be needs that the *Innovation Procurement Broker* helps the public buyer to formulate, based on a demonstrated problem. The needs will have to be identified within the broad area of topics related to environmental sustainability and energy efficiency.

The *Innovation Procurement Broker* shall then help communicate and interpret the needs of the buyers to the suppliers, which may not necessarily be experienced in public procurement. It should be noted that the *Innovation Procurement Broker* will not merely act as a seller of unsolicited proposals of the suppliers.

The public buyers will need to perform a full public procurement procedure according to applicable rules. The *Innovation Procurement Broker's* activities will not in any way preclude the orderly execution of the public procurement procedures nor the responsibility of the public buyer to comply with the applicable rules in particular pertaining to public procurement and state aid.

#### **D) Define innovative products or services that tackle actual needs of the public buyers**

The *Innovation Procurement Broker* shall **identity promising innovative solutions** that are suitable for matching the needs of the public buyers as defined under the previous points. Then it has to advise public buyers on potential solutions.

Based on the market consultation (see above) and the inputs of the networks, the *Innovation Procurement Broker* will identify a number of products or services suitable for public procurement of innovation. These innovative solutions should be of great interest for the network of public buyers. The choice of products or services must meet the specific criteria outlined below:

- Be offered by **SMEs and/or start-ups**
- Have **spill-over effects at EU level**

SMEs and /or start-ups will benefit from gaining better access to public buyers at a European level. This shall generate concrete commercial impact. The *Innovation Procurement Broker* should focus on those products or services that would benefit the most from scaling up in the European Single Market and in particular on those related to environmental sustainability and energy efficiency.

The benefits of the economies of scale in the European Single Market are meant to be exploited by both the public buyers and companies on the supply side<sup>12</sup>. The *Innovation Procurement Broker* should focus on those innovative products or services, which will have spill-over effects on as many COSME countries as possible.

- Have a **potential for commercialisation and scaling up of disruptive rather than incremental innovation**

The activities of the broker should not be limited to pre-commercial procurement (i.e. for solutions not yet on the market). Scaling up of innovation will be a key component of the *Innovation Procurement Broker's* function. Therefore, the *Innovation Procurement Broker* should focus on those innovative products and services that are either completely new on the market (this could include research & development) or completely new for the public buyers. These innovative products and services must have a clear potential for commercialisation, for scaling up and creating added value to the European economy.

This excludes innovation projects that are based on already established products or services that are just being incrementally improved (e.g. an upgrade to IT infrastructure as part of regular product development).

- Have a **thematic focus on environmental sustainability and energy efficiency**

<sup>12</sup> For example, an innovative start-up could benefit from the scaling up potential in the EU Single Market. On the other hand, public buyers can benefit from collaboration and exchange in the area of performing public procurement of innovation.

In these areas, the *Innovation Procurement Broker* can promote the public procurement of innovation of different types of technologies or services. For example, they can be technologies based on artificial intelligence or innovative materials or the use of data, as long as they contribute to the overall theme of environmental sustainability and energy efficiency.

#### **E) Propose recommendations, provide advice and strengthen knowledge sharing**

In order to position itself as a driving force in processes of public procurement of innovation, the *Innovation Procurement Broker* shall gather sound knowledge of the policy and support relevant stakeholders with the following actions:

- **Recommendations for simplification in public procurement of innovation procedures**

The *Innovation Procurement Broker* will compare and assess best practices in performing public procurement of innovation in different COSME countries it engages with. The assessment of the best practices shall result in concrete **guidance to the public procurers** on possible avenues on how to simplify public procurement of innovation procedures. The *Innovation Procurement Broker* shall also facilitate the exchange of best practices within the community of public procurers of innovation

- **Advice on the public procurement procedures**

Carrying out any actual procurement is out of the scope of this call as the given public buyers will remain fully in charge of the procedures. However, the *Innovation Procurement Broker* will be providing advice to public buyers on specific issues related to procuring innovative products and services, which is often considerably more complex than standard public procurements. This will include negotiation and advocacy skills in the area of technology policy<sup>13</sup>, i.e. being able to formulate, translate and communicate public buyers' needs as well as the limitations and the opportunities of various technologies between different stakeholders engaged in PPI (e.g. entrepreneurs, lawyers, public procurement officials).

- **Support for innovation and technology management.**

As the *Innovation Procurement Broker* will be engaged in technology brokerage, it will also need to advise innovators to identify the best options on how to commercialise their solutions and how to manage the intellectual property ownership between the various stakeholders. .

- **Identifying and facilitating the use of appropriate funding (e.g. European funds, regional and national funds, venture capital).**

There are various sources of potential funding for innovation. Depending on the type of innovation and the maturity of the product or service, funding can come from EU funds, regional, national funds or private capital markets (e.g. business angels, venture capital etc.). Depending on the type of innovative products or services chosen for brokerage, the *Innovation Procurement Broker* will help in identifying and matching the products or services with suitable funding<sup>14</sup>.

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<sup>13</sup> Technology policy is a term wider than technology management. Technology policy includes wider considerations in innovation. Technology management, on the other hand can relate also to management of existing technologies in the organisation or to just the management of technology adoption within the innovation cycle.

<sup>14</sup> For example, Dublin City Council used the Irish SBRI (Small Business Innovation Research) funding to match its needs to develop smart public biking solutions. <https://www.enterprise-ireland.com/en/News/PressReleases/2016-Press-Releases/Smart-Dublin-and-Enterprise-Ireland-launch-%E2%82%AC100k-Small-Business-Innovation-Research-SBIR-Challenge.html>



## 2.5. General expected results: outputs and deliverables

The description of work (i.e. annex 1) **must not exceed 30 pages** (using font size 10 Arial). Any pages exceeding this limit will be disregarded.

In general, the proposal shall target the following general expected results and deliverables:

**A clear, comprehensive and sound method**, which ensures a proper implementation of all activities foreseen in the call. The method shall cover at least the following points:

- Positioning of the *Innovation Procurement Broker* as the focal point for relevant stakeholders for the successful facilitation of public procurement of innovation;
- A method for creating the networks of stakeholders, include the approach to select stakeholders to engage in the networks and the way these stakeholders will be consulted;
- Identification, definition and aggregation of the public procurers' needs
- Identification and of the products or services that tackle actual needs of the public buyers, and ways to convey them to public procurers.

The method will have to be outlined in the proposal and will be fine-tuned at the occasion of the kick-off meeting and further during the implementation of the call (if required). The final version of the method will form part of the final report as a stand-alone document and will take the form of an annex.

Moreover, the proposal shall include a detailed work plan for the coordination activities with EASME and the European Commission.

This plan will include at least the following milestones:

- **Kick off meeting** within 30 days from the signature of the agreement in EASME's premises, incl. inception report;
- (Optional) **progress meeting** in EASME's premises or on the spot to monitor the progress made for the development for a sustainable business model for an *Innovation Procurement Broker*.
- A **progress report** to be submitted after the half of the contractual period for approval by EASME. This report will outline the progress made towards the achievement of the deliverables as well as expected outcomes and results outlined in this document.
- **Final technical implementation report and financial statement** to be submitted to the approval of the EASME at the end of the project. This final report shall be linked to the payment of the balance.

The final report shall, inter alia, include a **sustainable business model** outlining the main features of a successful *Innovation Procurement Broker* with the aim of encouraging the take up and replication of similar initiatives at different level in the COSME countries. The description of the business model will take the form of a stand-alone document to be annexed to the final report. The model shall include recommendations on how to establish sustainable *Innovation Procurement Brokers*, potentially also on a commercial level<sup>15</sup>. It shall serve as a discussion paper for a dedicated workshop which the European Commission will organise tentatively around 6 months after the end of the pilot and to which the beneficiary may be invited to illustrate its case study.

Additional opportunities for interactions (in written or via meetings – direct or at distance) with EASME and the European Commission can be considered in order to facilitate an effective desk monitoring by EASME. Applicants are free to **propose further more specific deliverables and/or results** relevant to the call objectives.

**Important notice:** EASME and other Commission services reserve the right to use and disseminate the outcomes of this pilot, in particular the business model, with the purpose to set up similar *Innovation Procurement Brokers* in European Union Member States. EASME and other Commission services may

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<sup>15</sup> 'Commercial' in this sense relates to management of income from intellectual property rights (IPR)

therefore publish the results and deliverables of this pilot via their communication channels. EASME and the European Commission will not bear the responsibility for the outcomes of public procurements made during this action. EASME and the European Commission shall also not claim any ownership over any technology related intellectual property (IPR) coming out of the brokered procedures.

## 2.6. General indicators

Applicants must ensure that the project's outcomes and impacts are presented against all the following indicators:

- Number of public buyers engaging in the network;
- Number of private sellers engaging in the network;
- Number of established contacts / relationships between public buyers and SMEs/start-ups;
- Number of identified innovative products or services suitable to meet the identified needs of the public buyers;
- Number of good practices identified and recommendations formulated in view of a simplification of the PPI;
- Number of identified possible additional funding opportunities for innovative products or services.

Moreover, depending on the concrete results foreseen, applicants should propose further outcome and impact related indicators in their proposals.

## 2.7. General requirements

### 2.7.1. Requirements for the preparation of the proposals

A proposal must:

- **Be clear.** In order to ensure good structuring and clarity of the pilot, applicants are requested to divide the actions into work packages, having clear objectives, a clear description of the work, deliverables, milestones, and expected results measured by performance indicators. To do so, partners must fill in the template "Description of Work", provided together with this call for proposals.
- **Be coherent.** The proposal must clearly elaborate – among others - on the following aspects:
  - Shortcomings and specific needs to be addressed;
  - Identification of the target group and its justification/rationale;
  - Logic link between identified needs, specific objectives, proposed actions and expected results;
  - Complementarity of the project with other actions being taken (if any) by the applicants.
- **Be supported by a short but robust action plan.** The proposal must briefly elaborate – among others - on the following aspects:
  - Status quo (SWOT or similar) analysis of the current situation;
  - Identification of needs the pilot wants to address;
  - Analysis of alternative solutions to address the identified needs and their cost-effectiveness;
  - Description of and reasons for the chosen solution as proposed in the proposal;
  - Estimation of costs and revenues and financial effectiveness, for the chosen solution in the medium term and a business plan after the EU co-financing period;
  - The extent to which the outputs are likely to lead to clear and tangible results;

- Estimated impact of the proposed actions on target groups and on the local economies of targeted areas (indicators, data sources, tools and methodologies to measure short and medium-long term benefits/impact of proposed actions);
  - Any evidence of transformative or spill-over effects, including the extent to which additional value is or could be created by its adoption more widely across Europe.
- **Provide for effective management.** The proposal must identify the management structure and explain how this will enable the pilot to meet its goals. It should also identify the staff to be involved and the distribution of tasks between partners and staff members.
  - **Generate real, measurable results and long-term effects.** The expected results of the pilot must be clearly outlined (both short-term and medium-long-term results) and they must be quantifiable and measurable. The proposal must indicate how the results can be measured (i.e. which indicators and sources can be used to measure the results, also after the end of the pilot).

The work packages must also contain a final evaluation of results clearly demonstrating whether and how the relevant results (as well as other results specific to the proposal) have been achieved.

### 3. TIMETABLE

Stages	Dates
a) Deadline for submitting applications	21 November 2017 - 17:00 h Brussels time
b) Evaluation period*	December 2017 – January 2018
c) Information to applicants*	February 2017
d) Signature of grant agreements*	April 2018
e) Starting date of the action*	May 2018

\* *indicative*

### 4. BUDGET AVAILABLE AND FUNDING OF PROJECTS

The total budget earmarked for the co-financing of projects is **EUR 600.000,00**.

The maximum grant per project will be **EUR 600.000,00**.

EASME expects **to fund one proposal**.

The grant is limited to a maximum reimbursement rate of **90% of eligible costs**.

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

The budget can be used for all operational purposes (e.g. networking activities, engaging with stakeholders, travelling for broker's activities in meetings required for the preparation and facilitation of public procurement procedures etc.). The cost of **procurement of the relevant goods or services by public buyers is excluded from funding under this call**.

### 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 in writing, using the electronic system specified below;

- Applications must be drafted in one of the EU official languages.

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

Incomplete applications may be considered inadmissible. This refers to the requested administrative data, the proposal description and requested grant amount, and any supporting documents specified in this call for proposals.

## 6. ELIGIBILITY CRITERIA

### 6.1. Eligible applicants

Applicants must be legal entities forming a consortium.

A non-exhaustive list of types of entities that can participate in the consortium includes:

- non-profit organisations (private or public);
- public authorities (national, regional, local);
- universities or educational institutions;
- research centres;
- profit making entities;

**Natural persons are not eligible.**

In order to assess the applicant's eligibility, EASME shall request supporting documents in due time.

Linked third parties, 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, may 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>16</sup>.

**Important notice for British applicants:** Please be aware that eligibility criteria must be complied with for the entire duration of the grant. If the United Kingdom withdraws from the EU during the grant period without concluding an agreement with the EU ensuring in particular that British applicants continue to be eligible, you will cease to receive EU funding (while continuing, where possible, to participate) or be required to leave the project on the basis of Article 'Change of the legal situation of the beneficiary' of the grant agreement.

<sup>16</sup> The following groups of countries are eligible for participation in COSME according to Article 6 COSME Regulation:

- 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). Proposals from applicants in Article 6 countries may be selected provided that, on the date of award, agreements have been signed setting out the arrangements for the participation of those countries in the programme.

## 6.2. Eligible consortia

Consortia **must have at least 2 members from at least 2 eligible countries.** At least one member of the consortium has to be a public authority (European, national, regional, local). The coordinator of the consortium shall be a public body.

## 6.3. Implementation period

- all activities are to be completed by 1 July 2020;
- the project's duration must be between 18 months and 24 months.

Applications scheduled to run for a shorter or longer period than that specified in this call for proposals will not be accepted. However, the proposal may indicate follow up activities that any members participating in the consortium would undertake irrespective of and without prejudice to any European Commission funding.

## 7. EXCLUSION CRITERIA

### 7.1. Exclusion

The authorising officer shall exclude an applicant from participating in call for proposals procedures where:

- (a) the applicant is 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 applicant 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 authorising officer is located or those of the country of the performance of the contract;
- (c) it has been established by a final judgment or a final administrative decision that the applicant 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, a grant agreement or a grant decision;
  - (ii) entering into agreement with other applicants with the aim of distorting competition;
  - (iii) violating intellectual property rights;
  - (iv) attempting to influence the decision-making process of the Agency during the award procedure;
  - (v) attempting to obtain confidential information that may confer upon it undue advantages in the award procedure;
- (d) it has been established by a final judgment that the applicant is guilty of any of the following:
  - (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;
  - (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, drawn up by the Council Act of 26 May 1997, and in Article 2(1) of Council Framework Decision 2003/568/JHA, as well as corruption as defined in the law of the country where the contracting authority is located, the country in which the applicant is established or the country of the performance of the contract;
  - (iii) participation in a criminal organisation, as defined in Article 2 of Council Framework Decision 2008/841/JHA;

- (iv) money laundering or terrorist financing, as defined in Article 1 of Directive 2005/60/EC of the European Parliament and of the Council;
  - (v) terrorist-related offences or offences linked to terrorist activities, as defined in Articles 1 and 3 of Council Framework Decision 2002/475/JHA, respectively, or inciting, aiding, abetting or attempting to commit such offences, as referred to in Article 4 of that 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;
- (e) the applicant has shown significant deficiencies in complying with main obligations in the performance of a contract, a grant agreement or a grant decision financed by the Union's 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 applicant has committed an irregularity within the meaning of Article 1(2) of Council Regulation (EC, Euratom) No 2988/95.
- (g) for the situations of grave professional misconduct, fraud, corruption, other criminal offences, significant deficiencies in the performance of the contract or irregularity, the applicant is subject to:
- (i) facts established in the context of audits or investigations carried out by the Court of Auditors, OLAF or internal audit, or any other check, audit or control performed under the responsibility of an authorising officer of an EU institution, of a European office or of an EU agency or body;
  - (ii) non-final administrative decisions which may include disciplinary measures taken by the competent supervisory body responsible for the verification of the application of standards of professional ethics;
  - (iii) decisions of the ECB, the EIB, the European Investment Fund or international organisations;
  - (iv) decisions of the Commission relating to the infringement of the Union's competition rules or of a national competent authority relating to the infringement of Union or national competition law.
  - (v) decisions of exclusion by an authorising officer of an EU institution, of a European office or of an EU agency or body.

## 7.2. Remedial measures

If an applicant declares one of the situations of exclusion listed above (see section 7.4), it should indicate the measures it has taken to remedy the exclusion situation, thus demonstrating its reliability. This may include e.g. technical, organisational and personnel measures to prevent further occurrence, compensation of damage or payment of fines. The relevant documentary evidence which illustrates the remedial measures taken must be provided in annex to the declaration. This does not apply for situations referred in point (d) of section 7.1.

## 7.3. Rejection from the call for proposals

The authorising officer shall not award a grant to an applicant who:

- a. is in an exclusion situation established in accordance with section 7.1;
- b. has misrepresented the information required as a condition for participating in the procedure or has failed to supply that information;
- c. was previously involved in the preparation of calls for proposal documents where this entails a distortion of competition that cannot be remedied otherwise.

The same exclusion criteria apply to linked third parties.

Administrative and financial penalties may be imposed on applicants, or linked third parties where applicable, who are guilty of misrepresentation.

#### 7.4. Supporting documents

Applicants must provide a **declaration on their honour** certifying that they are not in one of the situations referred to in Articles 106(1) and 107 FR, by filling in the relevant form attached to the application form accompanying this call for proposals.

### 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.

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

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

On the basis of the documents submitted, if the authorising officer 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 12.4 below);
- where applicable, require the joint and several financial liability of all the co-beneficiaries;

- reject the application.

## 8.2. Operational capacity

Applicants must have the professional competencies as well as appropriate qualifications necessary to complete the proposed action.

In this respect, applicants have to submit the following supporting documents:

- curriculum vitae (CV), or description of the profile of the main persons primarily responsible for managing and implementing the different activities of the action. The CV should be accompanied, where appropriate, (like in the field of research and education) by a list of relevant publications/projects managed). Special attention will be given to evidence of the ability to network and market innovation.
- a summary table indicating the persons that will make up the core team responsible for the pilot with their qualifications and competences. A template is included in the application forms;
- the organisations' activity reports or any other similar document covering the last 5 years.;
- a list of previous projects and activities performed and connected to the policy field of the call for proposals or to the actions to be carried out. At least one member of the consortium should demonstrated experience in public procurement of innovation.

## 9. AWARD CRITERIA

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

Criteria	Max. score
<p><b><u>Relevance</u> of the actions in view of the objectives and the activities of the call</b></p> <ul style="list-style-type: none"> <li>▪ To what extent are the activities proposed by the applicant strategically chosen to meet the objectives outlined in the call text?</li> <li>▪ Are the project concept and the activities proposed in line with the call's expected results? This includes the adequate spill-over effects at EU level and the promotion of disruptive rather than incremental innovation.</li> <li>▪ How strategically chosen, concretely involved and relevant are the different types of project partners?</li> <li>▪ How clearly does the project identify the target group/s? How well does the project fit with their expectations/needs?</li> <li>▪ To what extent do the proposed activities, composition of the partnership and the selected target groups demonstrate a European added value as outlined in call text?</li> <li>▪ Has an effort been made to involve more countries?</li> </ul>	<b>30</b>
<p><b><u>Quality</u> of the proposed actions</b></p> <ul style="list-style-type: none"> <li>▪ How clear, coherent and ambitious is the work plan? To what extent is it clearly detailed in terms of schedule, milestones and deliverables?</li> <li>▪ How appropriate, practical and innovative are the activities proposed (including the internal plan of action/work packages)? Does it adequately cover all activities as outlined in the call text?</li> <li>▪ Is there a logical link between identified needs, objectives, proposed actions and expected results? Is this link well described and justified?</li> <li>▪ How suitable is the contribution of each partner to the activities proposed?</li> <li>▪ Is the level of effort (hours and budget) appropriate, per work package, per task and per partner considering their skills and responsibilities?</li> <li>▪ To what extent can the methodology and management set up be effective and ensure the high quality of the action proposed?</li> </ul>	<b>30</b>



<p><b><u>Impact on target audience</u></b></p> <ul style="list-style-type: none"> <li>▪ To what extent is the project likely to have a tangible impact on the target groups?</li> <li>▪ Does the proposal suggest clear, realistic and practical impact indicators? To what extent does the project contribute to creating a real, measurable impact on the target groups concerned?</li> <li>▪ To what extent does the proposal facilitate project continuity? Is the partnership and the management set-up able to guarantee successful continuation of the project after the EU co-financing? Are concrete measures planned in order to ensure that the project can be continued after the EU co-financing period expires?</li> <li>▪ Are the expected multiplying effects reasonable? To what extent does the proposal include elements of follow-up and transferability (including lessons learnt and good practices) at EU level?</li> </ul>	<p><b>20</b></p>
<p><b><u>Cost-effectiveness</u></b></p> <ul style="list-style-type: none"> <li>▪ To what extent the detailed budget is coherent with the work plan of the proposal?</li> <li>▪ 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?</li> <li>▪ To what extent is the proposed expenditure necessary for the implementation of the project?</li> <li>▪ 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?</li> </ul>	<p><b>20</b></p>
<p><b>TOTAL</b></p>	<p><b>100</b></p>

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 EASME, a grant agreement drawn up in euro and detailing the conditions and level of funding, will be sent to the applicant, as well as the information on the procedure to formalise the agreement 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, following their order on the ranking list in accordance with the scores obtained.

## 11. ADMINISTRATIVE REVIEW PROCEDURES

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

## 12. FINANCIAL PROVISIONS

### 12.1. 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>17</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

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.

Co-financing may also take the form of in-kind contributions from third parties, i.e. non-financial resources made available free of charge by third parties to the beneficiary or to the consortium. The corresponding costs are not eligible.

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 EUR 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.

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<sup>17</sup> Directive 2014/24/EU of the European Parliament and the Council of 26 February 2014 on public procurement and repealing Directive 2004/18/EC (Official Journal of the European Union L 94, 28.3.2014, p. 65).

Entities acting in their capacity of contracting authorities in the meaning of Directive 2014/24/EU<sup>18</sup> or contracting entities in the meaning of Directive 2014/25/EU<sup>19</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.

## 12.2. 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 EU contribution requested

The EU contribution 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 12.1c).

### ▪ Eligible costs

'Eligible costs' shall meet all the following criteria:

- ✓ they are incurred by the beneficiary;
- ✓ 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 12.1 b).

- ✓ 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.

<sup>18</sup> Directive 2014/24/EU of the European Parliament and the Council of 26 February 2014 on public procurement and repealing Directive 2004/18/EC (Official Journal of the European Union L 94, 28.3.2014, p. 65).

<sup>19</sup> Directive 2014/25/EU of the European Parliament and of the Council of 26 February 2014 on procurement by entities operating in the water, energy, transport and postal services sectors and repealing Directive 2004/17/EC (Official Journal of the European Union L 94, 28.3.2014, p. 243).

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.

Further details are included in the model grant agreement.

### **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 conditions similar to those of an employee (in particular regarding the way the work is organised, the tasks that are performed and the premises where they are performed);
- (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;

**A.3** **Costs of owners** of beneficiaries that are small and medium-sized enterprises ('**SME owners**'), who are working on the action and who do not receive a salary are eligible personnel costs, if they correspond to the amount per unit set out in Annex 2a of the model grant agreement multiplied by the number of actual hours worked on the action.

Further details of the calculation of personal costs included in the model grant agreement

**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 Agreement), translations and publications.

#### **D. Eligible indirect costs (overheads)**

**Indirect costs** are costs that are not directly linked to the action implementation and therefore cannot be attributed directly to it.

**Indirect costs** are eligible if they are declared on the basis of the flat-rate of 7% of the eligible direct costs.

Indirect costs may not include costs entered under another budget heading.

Applicants's attention is drawn to the fact that in the case of beneficiaries receiving an operating grant<sup>20</sup> financed by the EU or Euratom budget, they cannot declare indirect costs for the period covered by the operating grant, unless they can demonstrate that the operating grant does not cover any costs of the action.

- **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, unless they can demonstrate that the operating grant does not cover any costs of the action.

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<sup>20</sup> For the definition, see Article 121(1)(b) of Regulation 2015/1929 of the European Parliament and of the Council amending Regulation (EU, Euratom) No 966/2012 of the European Parliament and of the Council of 25 October 2012 on the financial rules applicable to the general budget of the Union and repealing Council Regulation (EC, Euratom) No 1605/2002 (OJ L 218, 26.10.2012, p.1): '**operating grant**' means direct financial contribution, by way of donation, from the budget in order to finance the functioning of a body which pursues an aim of general EU interest or has an objective forming part of and supporting an EU policy.

- (m) costs for staff of a national (or local) administration, for activities that are part of the administration's normal activities (i.e. not undertaken only because of the grant);
- (n) costs (especially travel and subsistence costs) for staff or representatives of EU institutions, bodies or agencies.

Further details are included in the model grant agreement.

▪ **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 must detail all eligible costs (actual costs, and flat-rate costs);
- a certificate on the financial statements of the action for each beneficiary or linked third party, if
  - it requests an EU contribution of EUR 325 000 or more as reimbursement of actual costs and
  - the maximum EU contribution indicated, for that beneficiary or linked third party 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, the 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.

### 12.3. Payment arrangements

#### Pre-financing payment

A pre-financing payment corresponding to **70% 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.

#### 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 12.2 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.

### 12.4. 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 authorising officer 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 payments of balances to the beneficiary, in accordance with the conditions laid down in the grant agreement.

### 13. REPORTING REQUIREMENTS

Beneficiaries will be requested to submit the following reports:

- **Inception report**, maximum 30 days after the kick off meeting, not linked to a payment request.
- **A progress report**. This report shall cover the first half of the project (i.e. 12 months if the project duration is 24 months). It should be noted that this progress report is not linked to a payment request.
- **A final technical and financial report**, linked to the request for the payment of the balance.

Further details are included in the model grant agreement.

### 14. PUBLICITY

#### 14.1. 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 authorising officer 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.

#### 14.2. 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>21</sup> if he/she is domiciled within EU or equivalent if domiciled outside EU,
- subject of the grant,

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<sup>21</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).

- 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.

## 15. 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>22</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 proposals will be processed solely for that purpose by the Head of Unit A.1 of the EASME. Details concerning the processing of personal data are available on the privacy 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) should the beneficiary be in one of the situations mentioned in Article 106(1) and 107 of the Financial Regulation 966/2012<sup>23</sup> (for more information see the Privacy Statement on: [http://ec.europa.eu/budget/library/explained/management/protecting/privacy\\_statement\\_edes\\_en.pdf](http://ec.europa.eu/budget/library/explained/management/protecting/privacy_statement_edes_en.pdf)).

## 16. 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-LINKPP@ec.europa.eu](mailto:EASME-COSME-LINKPP@ec.europa.eu);

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

## 17. ANNEXES

- Guide for Applicants
- Part B - Technical Annex 1 Description of Work template
- Part B - Technical Annex 2 Budget template
- Model grant agreement

<sup>22</sup> Official Journal of the European Union L 8/1 of 12.01.2001.

<sup>23</sup> <http://eur-lex.europa.eu/legal-content/EN/ALL/?uri=celex%3A32012R0966>.