

VP-2013-006

**FINANCIAL GUIDELINES FOR APPLICANTS
(OPERATING GRANTS)**

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The purpose of this document is to enable applicants to prepare their grant applications.

Please be sure to read these guidelines carefully before replying to the current call for proposals.

MAIN FINANCIAL AND MANAGEMENT RULES

Disclaimer: this document provides the applicants with a quick summary of the main legal and financial rules contained in the Financial Regulation applicable to the general budget of the European Communities¹ and its Implementing Rules². The information given is not exhaustive and beneficiaries are therefore asked to carefully read the agreement sent to them, as it will constitute the legal basis for the grant.

1 GENERAL PRINCIPLES

Grants are subject to the principles laid down in the Financial Regulation, in particular the principles of co-financing, prohibition of double financing and no-profit.

Co-financing principle

Union grants may not finance the entire operating expenditure of the beneficiary. The applicant must supply evidence of the co-financing provided either by means of own financial contribution, or in the form of public or private assistance obtained elsewhere³.

No double financing rule

An organisation may be awarded only one operating grant per financial year. European organisations to be funded further to the completion of the current Call may not submit similar requests for subsidies with a view to obtaining a financial contribution to their operating costs to other Commission services.⁴

In addition, these organisations will not be allowed to claim for overhead costs identified in the provisional budget as "indirect eligible costs" in requests for subsidies towards the costs of specific activities or projects, if any.

No-profit rule

The EU grant may not have the purpose or effect of producing a profit for the beneficiary. Profit is defined as a surplus of the operating receipts over operating costs incurred by the beneficiary. The receipts referred to above shall be limited to income generated by the work programme as well as financial contributions specifically assigned by donors to the financing of the eligible costs. Any income of the implementation of the work programme must be indicated in the estimated budget and the final financial statement. If the final amount results in a profit for the beneficiary, the amount of the grant will be reduced by the percentage of the

¹ Regulation (EU, Euratom) of the European Parliament and of the Council on the financial rules applicable to the general budget of the Union n° 966/2012 of 25.10.2012 (OJ L 298, 26.10.2012), (http://ec.europa.eu/budget/biblio/documents/regulations/regulations_en.cfm#2)

² Commission Delegated Regulation (EU) n° 1268/2012 of 29.10.2012, (OJ L 362, 31.12.2012) on the rules of application of Regulation (EU, Euratom) n°966/2012 of the European Parliament and of the Council on the financial rules applicable to the general budget of the Union. (http://ec.europa.eu/budget/biblio/documents/regulations/regulations_en.cfm#2)

³ Art. 125(3) FR and 183 RAP

⁴ Art. 129 FR and 193 RAP

profit corresponding to the Union contribution to the eligible costs of the work programme actually incurred by the implementation of the work programme.⁵

2 RULES RELATED TO THE GRANT REQUESTED

- The rules on co-financing rates can be found in the text of the call for proposals.
- The grant does not cover ineligible costs (see below for definition).
- Contributions in kind (i.e. contributions for which no financial flow can be traced in the written accounts like unpaid charity work by a private individual or corporate body, etc.) cannot be accepted.
- The partner shall be responsible for implementing the work programme in accordance with the terms and conditions of the Framework Partnership and Specific agreements.
- Signed letters of commitment from the applicant organisation and/or other sources must be provided stating the precise amount of each financial (cash) contribution to the budget.
- An external audit report of the previous accounts of the applicant organisation produced by an approved external auditor must be provided for grant applications where the cost to be financed exceeds EUR 100.000.⁶ The report must certify the accounts for the last financial year available.
- The partial or total withholding by the applicant of any information that may have an impact on the Commission's final decision concerning the application will entail the automatic disqualification of the application or, if discovered at a later stage, will entitle the Commission to impose financial and administrative penalties⁷.

3 THE ESTIMATED BUDGET OF THE WORK PROGRAMME

3.1 The budget must be detailed and balanced

Grant applications must include a detailed estimated budget presented in Euro (see application form). Applicants established in countries outside the Euro zone must use the conversion rates published in the Official Journal of the European Union (OJ) (<http://ec.europa.eu/budget/inforeuro/index.cfm?Language=en>). Applicants should be aware that they fully carry the exchange rate risk.

The operating budget estimate must be properly balanced: the two totals (income and expenditure) must be the same, since the available income (including the grant requested from the Commission) will have to finance the planned expenditure⁸. Please make sure that all the items related to the implementation of the work programme are included and not just those for which financing is being sought.

⁵ Art. 125(4) FR and 184 RAP

⁶ Art. 196(3) RAP

⁷ Art. 200 RAP

⁸ Art. 196(2) RAP

3.2 Expenditure

Expenditure must include the estimated costs exclusively for the implementation of the work programme.

3.2.1 General criteria for eligibility of costs

In order to be eligible for Union funding, costs must meet the following criteria⁹:

- (a) be incurred during the duration of the work programme (i.e. during the period of eligibility for Union funding as will be specified in the grant agreement), with the exception of costs relating to final reports and audit certificates;
- (b) be indicated in the estimated overall operating budget attached to the grant agreement;
- (c) be necessary for the implementation of the work programme which is the subject of the grant;
- (d) be 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;
- (e) comply with the requirements of applicable tax and social legislation;
- (f) be reasonable, justified, and comply with the principle of sound financial management, in particular regarding economy and efficiency.

The successful applicant must take care to avoid any unnecessary or unnecessarily high expenditure.

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

Documentation justifying costs must be kept by the beneficiary for **five years** following the Commission's final payment.

Expenditure eligible for financing may not have been incurred before the grant application was lodged or before the start of the beneficiary's budgetary year.

Extra costs associated with the participation of people with disabilities are also eligible. These costs may be required to cover the use, for example, of special means of transport, personal assistants or sign language interpreters.

3.2.2 Eligible direct costs

The eligible direct costs are those costs which, provided that they satisfy the criteria of eligibility set out above, are identifiable as specific costs directly linked to the performance of the work programme and which can therefore be attributed to it directly.

⁹ Art. 126(2) FR

In particular, the following categories of operating direct costs may be considered eligible:

3.2.2.1 Staff costs (Heading 1)

The costs of staff (permanent or temporary staff working under an employment contract with the beneficiary or an equivalent appointing act) and assigned to the implementation of the work programme, comprising actual salaries plus social security charges and other statutory costs included in the remuneration, are eligible. These costs may include additional remuneration, including payments on the basis of supplementary contracts regardless of their nature, provided that it is paid in a consistent manner whenever the same kind of work or expertise is required and independently from the source of funding used. The salary costs should not exceed the average rates corresponding to the beneficiary's usual policy on remuneration. In addition, they should not be higher than the generally accepted market rates for the same kind of task.

The budget form must be completed by indicating the persons to be remunerated (full-time/part-time), the number of days of work to be performed and the daily rate calculated on the basis of an average of 225 workable days per year. The determination of the workable days should be made respecting the standard working time either under national laws, collective agreements or under the organisations' normal accounting practice. An example for determining the total workable days per year could be as follows (provided what is established in the appropriate legislation):

Days/year	365 days
Less 52 weekends	104 days
Less annual holidays	25 days
<u>Less statutory holidays</u>	<u>11 days</u>
<u>Total workable days</u>	<u>= 225 days</u>

$$\text{Daily rate} = \frac{\text{Gross actual salaries plus social security changes + statutory costs}}{\text{Total workable days}}$$

Should your proposal be financed by the Commission only the real costs (i.e. actual salaries) will be considered eligible costs.

The actual time spent on the work programme must be recorded on a regular basis using timesheets or an equivalent time registration system established and certified by the employer. Timesheets must be dated and signed by the individual concerned and validated by the employer. It is recommended to adopt a single timesheet encompassing the overall time worked by each staff member (not just the time worked by the employee on the particular EU supported work programme). Timesheets should not be sent to the Commission, except if specifically requested. For instance, when submitting the request for final payment, the beneficiary might be requested to provide pay slips and timesheets justifying the actual staff costs declared, as well as the basis for the calculation of daily rates and workable days.

Only persons who are directly employed by the beneficiary and who receive a salary are considered staff. All other persons, i.e. persons who receive a fee and/or submit an invoice for their services are considered external experts and are subject to the rules governing the award

of contracts (see subcontracting below). The cost of any work to be performed by external experts must not be included in staff costs but under services.

For personnel costs to count as eligible direct costs there must be a real and verifiable transfer of funds from the organisation to cover these costs and the assignment of the staff in question must be genuine, necessary and reasonable in relation to the activity being subsidised and to the duration of the action;

Please note that costs for participation of members of national organisations to meetings in the form of fees are not reimbursable.

If the network has public member organisations or is subsidised by the State, any civil servants assigned to the work programme whose salaries are paid from the state budget are to be considered as being financed by the beneficiary or by an external sponsor. Thus, to be considered eligible expenditure, the salaries paid to civil servants must be completely covered by the equivalent co-funding in cash and these amounts shall appear both in the expenditure as well as in the income sections of the budget. This does not apply to costs for staff newly recruited by a public member organisation specifically for the purpose and the duration of the action.

3.2.2.2 *Travel, accommodation and subsistence allowances (Heading 2)*

Applicants must establish a list of all events foreseen in the framework of the implementation of the work programme. Full details must be given in the budget form of these events: locations, dates and subject.

Costs of travel and related subsistence allowances related to the participants to the work programme are eligible provided that they are in line with the beneficiary's usual practices on travel costs or do not exceed the scales approved periodically by the Commission which are set out in the table below. Travel costs must not exceed the most reasonable rates available on the market.

Heading 2 may include expenses for participants from organisations other than the beneficiary where applicable (e.g. for attendance of a conference).

Journeys must be carried out by the most direct and economic route. Economy class fares will be used as the benchmark for analysing air travel costs. Air travel is acceptable only for distances above 400 km, i.e. return flight above 800 km. For other modes of transport, the benchmark is the first-class rail fare. Car journeys: equivalent of corresponding first-class train ticket.

The *Daily subsistence allowances (DSA)* are paid in addition to costs for accommodation as a flat-rate amount and are considered to cover breakfast and the two main meals, local transport, the cost of telecommunications and all other sundries. Daily subsistence allowances are to be calculated as follows according to the length of the mission:

- 6 hours or less: reimbursement of actual costs (on production of supporting documents);
- more than 6 hours but not more than 12 hours : 0.5 DSA;
- more than 12 hours but not more than 24 hours: 1 DSA;
- more than 24 hours but not more than 36 hours: 1.5 DSA;

- more than 36 hours but not more than 48 hours: 2 DSA;
- more than 48 hours but not more than 60 hours: 2.5 DSA,
- each successive 12-hour period: 0,5 DSA

The maximum amounts (in Euros per calendar day) accepted for each country are set out in the table below, and applicants are advised to adhere to these rates in their budget estimates¹⁰. Please note that this is a general list; please check the call for proposals to find out the eligible countries for your specific call.

Destinations		DSA in EUR	Maximum hotel price in EUR	Destinations		DSA in EUR	Maximum hotel price in EUR
AL	Albania	50,00	160,00	LI	Liechtenstein	80,00	95,00
AT	Austria	95,00	130,00	LT	Lithuania	68,00	115,00
BA	Bosnia-Herzegovina	65,00	135,00	LU	Luxembourg	92,00	145,00
BE	Belgium	92,00	140,00	LV	Latvia	66,00	145,00
BG	Bulgaria	58,00	169,00	ME	Montenegro	80,00	140,00
CH	Switzerland	80,00	140,00	MK	F.Y.R. of Macedonia	50,00	160,00
CY	Cyprus	93,00	145,00	MT	Malta	90,00	115,00
CZ	Czech Republic	75,00	155,00	NL	The Netherlands	93,00	170,00
DE	Germany	93,00	115,00	NO	Norway	80,00	140,00
DK	Denmark	120,00	150,00	PL	Poland	72,00	145,00
EE	Estonia	71,00	110,00	PT	Portugal	84,00	120,00
EL	Greece	82,00	140,00	RO	Romania	52,00	170,00
ES	Spain	87,00	125,00	RS	Serbia	80,00	140,00
FI	Finland	104,00	140,00	SE	Sweden	97,00	160,00
FR	France	95,00	150,00	SI	Slovenia	70,00	110,00
HR	Croatia	60,00	120,00	SK	Slovakia	80,00	125,00
HU	Hungary	72,00	150,00	TR	Turkey	55,00	165,00
IE	Ireland	104,00	150,00	UK	United Kingdom	101,00	175,00
IS	Iceland	85,00	160,00	XK	Kosovo (under UNSCR 1244)	80,00	140,00
IT	Italy	95,00	135,00				

Please note that the Commission and the other European Institutions cover the travel and subsistence costs of their own officials when they participate in an event organised by the beneficiary and these should therefore not be included in the budget estimate.

Catering

The total amount calculated according to the above mentioned rules regarding Daily subsistence allowances shall constitute a maximum. If catering services are provided by the organisers, the DSAs directly paid to participants must be reduced accordingly. In such cases, the daily allowances would be reduced by 30% for each meal provided and by 15% for breakfast.

3.2.2.3 Cost of services (Heading 3)

Information dissemination, reproduction and publications costs can be taken into account provided that they are directly related to the activities foreseen in the work programme. Please give, for each publication and/or other materials, a description, an estimate of the number of pages and copies planned the frequency and language of publication, an indication of the production costs per copy as well as an estimate of the distribution costs where appropriate.

¹⁰ The daily allowance rates are subject to periodic review by the Commission.

Translation costs must include the following details: the number of languages, the number of pages to be translated and the rate applied per page. These rates may not exceed the most reasonable market rates.

Interpretation: the different components must be specified. In particular, the number of languages, the number of interpreters, the number of days and the daily rates must be specified. The accepted daily fee of an interpreter may not exceed EUR 700 (including VAT). Interpreters should be hired locally. For their travel and subsistence expenses to be covered by the grant, it must be impossible to hire them locally and it must be explained why this is so.

Evaluation: if the proposal supported requires some form of evaluation, monitoring and evaluation methods must be developed, as well as tools to assess, on an on-going basis, the progress of the work programme in relation to the objectives defined at the beginning and the results. The cost of such work will be regarded as eligible expenditure.

The costs of the audit reports required by the grant agreement are also eligible.

Subcontracting

The beneficiary should have the operational capacity to complete the work programme to be supported. However, if the staff does not have the skills required, parts of the project may be subcontracted to another person or organisation, where justified and necessary,.

The implementation of a project often requires the buying of goods or services to carry out tasks beneficiaries cannot do themselves (i.e. translations, production of documents, print-outs, studies, web site creation, informatics support, accountancy, catering, etc.). Those accomplishing the work are considered third parties vis-à-vis the Commission and vis-à-vis the agreement that links the Commission with the beneficiary.

There is a distinction between:

- The award of implementing contracts
The beneficiary buys normal services or goods necessary for the management of the project without involving an externalisation of core activities that are part of the action (described in the annex to the grant agreement).
- Subcontracting
This involves the execution by a third party of specific tasks that are part of the co-financed action by means of a contract between the beneficiary and a subcontractor. Additional constraints are imposed in those cases.

It should be clearly specified in the annex in the electronic application form which tasks will be subcontracted and why this subcontracting is considered necessary ("Contracts for implementing the action").

Main rules related to subcontracting activities

The financial regulation limits itself to the definition of the principles that govern the conclusion of external contracts in order to implement the work programme: the beneficiary

must seek competitive tenders from potential contractors and award the contract in writing to the bid offering **the best value for money, i.e. the best price-quality ratio, or as appropriate, to the tender offering the lowest price.** In doing so, the beneficiary shall observe the principles of transparency and equal treatment of potential contractors and shall take care to avoid any conflict of interests¹¹. In addition, the beneficiary shall ensure that the conditions applicable to itself under Art.II.3, II.4, II.5, II.8 and II.27 of the agreement are also applicable to the contractors¹².

Within the respect of these principles, the beneficiary is free to organise the award of contracts according to their usual practices.

Additional rules concerning subcontracting:

- a) Subcontracting may only cover the execution of a limited part of the work programme;
- b) Recourse to the award of contracts must be justified in relation to the nature of the tasks necessary for the implementation of the work programme;
- c) The tasks to be subcontracted must be set out in the description of the work programme and the corresponding estimated costs must be set out in detail in the budget estimate;
- d) If not foreseen in the initial proposal, any recourse to the award of contracts while the work programme is underway shall be subject to prior written authorisation by the Commission;
- e) The beneficiary shall retain sole responsibility for the implementation of the work programme and for compliance with the provisions of the agreement. The beneficiary must undertake the necessary arrangements to ensure that the subcontractor waives all rights in respect of the Commission under the agreement;
- f) The beneficiary must undertake to ensure that the terms, mentioned above, applicable to itself under the agreement are also applicable to the subcontractor.
- g) The beneficiary shall ensure that¹³ the conditions applicable to itself under Art. II. 7 of the agreement are also applicable to the subcontractors.
- h) The coordinator shall not subcontract any part of its tasks to the other beneficiaries or to any other party to the grant agreement.

3.2.2.4 Administration costs (Heading 4)

Depreciation for purchase of equipment¹⁴: the purchase cost of equipment (new or second-hand) is eligible provided that it is written off in accordance with the tax and accounting rules applicable to the beneficiary and generally accepted for items of the same kind. Only the portion of the equipment's depreciation corresponding to the period of eligibility for EU funding covered by the grant agreement and the rate of the actual use for the purposes of the work programme may be taken into account by the Commission. A justification for the need of purchasing such equipment is to be annexed to the budget estimate.

¹¹ Art. 209(1) RAP

¹² The terms related to liability, conflict of interests, confidentiality, ownership and use of results (including intellectual and industrial property rights, checks, audits and evaluation.

¹³ The terms related to visibility of Union funding

¹⁴ Art. 126(3)(d) FR

Other eligible administrative costs are: rent and charges of premises/offices for the duration and the surface explicitly dedicated to the implementation of the work programme, rental of meeting rooms (coffee breaks included), rental of interpretation booths, communication costs (other than overheads), charges for financial services, costs relating to a bank guarantee and to external audits, etc. Indicative amounts for rental of booths, excluding technical equipment: EUR 750 (excluding VAT) per booth per day. Rental of booths with equipment and technical assistance: EUR1200 (excluding VAT) per booth per day.

3.2.3 Eligible indirect costs – Overheads (Heading 5)

Overheads as such are not eligible as costs normally considered as overheads are already calculated in the previous section on administrative costs.

3.2.4 Ineligible costs

The following costs are ineligible and therefore not accepted:

- return on capital;
- debt and debt service charges;
- provisions for losses or debts;
- interest owed;
- doubtful debts;
- exchange losses;
- costs of transfers from the Commission charged by the bank of a beneficiary;
- costs declared by the beneficiary and covered by a specific action receiving an EU grant. In particular, indirect costs shall not be eligible under a grant for an action awarded to a beneficiary who already receives an operating grant financed from the Union budget during the period in question;
- contributions in kind¹⁵: these are contributions that are not invoiced, such as voluntary work, equipment or premises made available free of charge;
- excessive or reckless expenditure;
- VAT, will be ineligible when the activities supported through the grant are taxable activities, exempt activities with right of deduction or activities engaged in by the beneficiary, in such case a public body, as a public authority of a Member State (i.e. activities resulting from the exercise of sovereign powers or prerogatives: police justice , definition and enforcement of public policies, etc.).

3.3 Income

Total income must be identical to total expenditure. The income side of the budget must show:

- The beneficiary's contribution in cash: the direct monetary (cash) contribution from the applicant's own resources and/or the contribution from any other fund providers. This means an effective expenditure, i.e. a financial flow that can be traced in the written accounts of the beneficiary. Placing a civil servant remunerated by a public administration, or an employee of a company or organisation, at the disposal of the project is treated as a cash contribution since this gives rise to an expense that can be

¹⁵ Art.183(2) RAP

identified in the accounts of these administrations or organisations. By way of another example: if a meeting room is made available for which there is usually a hire price, then this is treated as a cash contribution which may be included in the direct eligible costs of the project and on the income side.

- The revenue generated by the implementation of the work programme: any income expected to be generated by the implementation of the work programme should be detailed (such as the yield from sales of publications or conference registration fees).
- The EU grant: the grant requested from the Commission.

4 HOW THE GRANT WILL BE CALCULATED

If the proposal is selected for a grant, the Commission will calculate the Union contribution as a percentage of the total eligible costs as shown in the estimated budget for the implementation of the work programme.

The Commission reserves the right to reduce the grant requested if the proposal is acceptable but considered too expensive, and to reduce individual unit costs if these are estimated to be too high.

Determination of the final amount of the grant

The Union final grant is calculated on the basis of the **actual** eligible expenditure by applying the "double ceiling" rule and verifying compliance with the no-profit rule.

- Application of the "double ceiling" rule limiting the grant both to the percentage of the eligible costs and to the maximum amount mentioned in the grant agreement

The EU final grant is calculated by applying the percentage for the co-financing of the eligible costs laid down in the grant agreement to the total of the actual eligible costs. This amount must not exceed the maximum amount for the Union grant laid down in the grant agreement.

As a result, if the actual expenditure turns out to be lower than the expenditure you budgeted, the actual grant will also be reduced in application of the percentage contribution which will remain the same. If the actual expenditure turns out to be higher than the expenditure budgeted, the Union grant will not be increased. It is therefore in the applicant's interest to submit a realistic estimate of expenses.

- Verification of compliance with the **no-profit rule**

The grant may not have the purpose or effect of producing a profit within the framework of the work programme for the beneficiary¹⁶. Profit is 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.

The receipts referred to above shall be limited to income generated by the work programme as well as financial contributions specifically assigned by the donors to the financing of the eligible costs.

¹⁶ Art. 125(4) FR

Any income of the action must be indicated in the estimated budget and the final financial statement. If the final amount results in a profit for the beneficiary, the amount of the grant will be reduced by the percentage of the profit corresponding to the Union contribution to the eligible costs of the work programme actually incurred by the beneficiary to implement the work programme¹⁷.

A mere forecast of expenditure does not give entitlement to a grant. This is why the exact amount of the final grant amount cannot be calculated until the Commission has received the final activity report and the final statement of expenditure. The expenditure that is committed to the implementation of the work programme must be justified by invoices or equivalent supporting documents in order to be accepted as actual expenditure. It must also relate to actual rather than budgeted costs.

5 AGREEMENT GOVERNING THE GRANT

Should the Commission award a grant, a grant agreement setting out the conditions and maximum level of funding will be concluded with the beneficiary.

Successful applicants will receive two original copies of the grant agreement for acceptance and signature. Both of these copies must be sent back to the Commission, which will then return one of them once it has been signed by both parties.

The agreement on an operating grant may not be signed more than six months after the start of the beneficiary's budgetary year¹⁸.

6 PAYMENT PROCEDURES

The payment arrangements will be laid down in the grant agreement.

[Generally, payment of the grant will be made in three instalments (two pre-financing payments and a final payment under the following conditions:

- A pre-financing payment of 40% at the entry into force of the grant agreement following its signature. In the case a guarantee is required, the pre-financing payment will be subject to the receipt of the guarantee.

- A second pre-financing payment of 40% of the total amount awarded upon receipt by the Commission of a progress report on implementation of the work programme and detailed statement of the costs already incurred, showing that at least 70% of the previous pre-financing payment has been used up. Where the consumption of the previous pre-financing is less than 70%, the amount of the new-pre-financing payment shall be reduced by the unused amounts of the previous pre-financing payment.

- The balance will be paid upon acceptance by the Commission of the final technical implementation report on implementation of the work programme and final financial statement.

¹⁷ Art.I.3(a)(i) of the Grant Agreement

¹⁸ Art. 130(2) FR

7 GUARANTEE¹⁹

The Commission may require the beneficiary to provide a guarantee in advance, in order to limit the financial risk linked to the payment of the pre-financing.

The decision to request of bank guarantee is, under the new financial regulation, only possible for grants of more than EUR 60 000, and is to be taken by the responsible authorising officer, if he/she deems it appropriate and proportionate, on a case-by-case basis and subject to a risk analysis.

This guarantee shall be denominated in euro and shall be valid for a period sufficiently long to allow it to be activated. The guarantee shall be provided by an approved bank or financial institution established in one of the Member States.

The guarantee shall remain in force until the pre-financing is cleared against interim payments or payments of balances by the Commission, and, in case the payment of the balance is made in the form of a debit note, three months after the debit note is notified to the beneficiary. The Commission shall release the guarantee within the following month.

In exceptional cases, the guarantee may be replaced by a joint and several guarantee by a third party or by the irrevocable and unconditional joint guarantee of the beneficiaries of an action who are parties to the same grant agreement.

8 BANK ACCOUNT AND INTEREST GENERATED BY PRE-FINANCING PAYMENTS²⁰

Payment shall be made to the beneficiary's bank account or sub-account denominated in Euro. The account or sub-account indicated by the beneficiary must make it possible to identify the funds transferred by the Commission.

Under the new financial regulation, interest yielded by the pre-financing payments is no longer compulsory nor must it be reimbursed to the EU budget.

All costs related to these requirements (such as the cost for opening and closing accounts) are eligible and may be submitted in the budget estimate.

9 SUBMISSION OF REPORTS AND OTHER DOCUMENTS

Within 60 days after the closing date of the action, the beneficiary must submit to the Commission the final report on implementation of the work programme ("final technical report"), along with a final financial statement of all actual expenditure and actual revenue ("final financial statement"). The final implementation report must be completed using the template announced in the call that will also be annexed to the grant agreement. The final report must be completed using the template annexed to the grant agreement.

¹⁹ Art.134 FR and 206 RAP

²⁰ Art. 8(4) FR, Art. 2 RAP

If the beneficiary fails to submit the request for payment of the balance accompanied by the above mentioned documents within the above deadline, the Commission shall send a written reminder. If the beneficiary still fails to submit them within 60 days following the reminder, the Commission reserves the right to terminate the agreement.

Should the final report be deemed to be inadequate or of low quality, the Commission reserves the right to request additional information suspending the time limit for payment specified in the grant agreement. When the suspension exceeds two months, the beneficiary may request a decision by the Commission on whether the suspension is to be continued.

In addition to these requirements, other documents that might be indicated in the text of the call for proposals must also be provided.

10 PUBLICITY

Grant beneficiaries are required to clearly mention that they have received funding from the EU in any publication or in other materials and during activities (conferences or seminars, etc.), for which the grant is used. The following wording should be used: "**With financial support from the European Union**". The logo of the EU, given at the following web address: http://ec.europa.eu/dgs/communication/services/visual_identity/index_en.htm should also be visible. When displayed in association with another logo, the EU emblem must have appropriate prominence.

Any communication or publication by the beneficiary related to the work programme, in any form and using any means, including the Internet, shall indicate that sole responsibility lies with the author and that the Commission is not responsible for any use that may be made of the information contained therein.

In addition to these minimum requirements, references specified in the text of the call for proposals must also be indicated.

All grants awarded in the course of a financial year shall be published on the Internet site of the EU institutions during the first half of the year following the closure of the budget year in respect of which they were awarded.

By signing the grant agreement for an operating grant, the beneficiary authorises the Commission to publish the following information in any form and medium, including via the Internet site of the EU²¹:

- the beneficiary's name and the address
- the subject of the grant,
- the amount awarded and the rate of funding of the costs of the approved work programme.

If so requested and duly substantiated by the beneficiary publication of this data may be waived if it threatens the safety of the beneficiary or harms his business interests.

²¹ Art. 128(3) FR, 190(1) RAP

11 EVALUATION

If the proposal includes a specific evaluation component for on-going monitoring and final evaluation of the work programme these costs may be considered eligible in the budget estimate.

Successful proposals could be selected for an on-going and/or ex-post evaluation led by the Commission and/or by independent experts selected by the European Commission. Thus, grant beneficiaries undertake to make available to the Commission and/or persons authorised by it all necessary documents or information to ensure successful completion of the evaluation process and give these persons the rights of access required.

12 CHECKS AND AUDITS

An external audit report is required in the following cases:

12.1 Audit report in support of grant applications²².

Organisations' proposals for an operating grant which exceed EUR 100 000 shall be accompanied by an audit report produced by an approved external auditor. This report should certify the accounts for the last financial year available.

In the case of calls for the establishment of framework partnership agreements the audit report should cover the last two financial years available.

12.2 Audit report in support of requests for payment²³

An audit report (certificate on the financial statements of the action and underlying accounts) produced by an approved external auditor or in case of public bodies, by a competent and independent public officer may be required by the authorising officer in support of any payment, on the basis of his assessment of risks. The certificate shall be attached to the payment request.

It is compulsory for interim payments and for payments of balances in the case of an operating grant of EUR 100 000 or more.

The purpose of the audit report is to certify, in accordance with a methodology approved by the authorising officer responsible and on the basis of agreed-upon procedures compliant with international standards, that the costs declared by the beneficiary in the financial statements on which the payment request is based are real, accurately recorded and eligible in accordance with the grant agreement. In specific and duly justified cases, the authorising officer responsible may request the certificate in the form of an opinion or other formal in accordance with international standards.

The obligation to provide certification of the financial statements and underlying accounts may be waived:

²² Art. 196(3) RAP

²³ Art. 207(3) RAP

- for grant beneficiaries which are public bodies or international organisations;
- for beneficiaries of multiple grants who have provided independent certification offering equivalent guarantees on the control systems and methodology used to prepare their claims,
- where an audit has been or will be directly done by the Commission's own staff or by a body authorised to do so on its behalf and which provides equivalent assurances about the costs declared.

If an external audit of the accounts of the work programme is not required, the beneficiary himself shall certify on honour that the information contained in requests for payments is complete, reliable and true. He shall also certify that the costs incurred can be considered eligible in accordance with the grant agreement and that requests for payment are substantiated by adequate supporting documents that can be checked.

The beneficiary undertakes to provide any detailed information requested by the Commission or by another qualified outside body chosen by the Commission for the purposes of checking that the work programme and the provisions of the agreement are being properly implemented. The beneficiary must enable the Commission and/or the Court of Auditors to verify the organisation's accounting documents, if they deem this appropriate. To this end, documentation justifying items of expenditure must be retained by the applicant's organisation for five years following final payment by the Commission.

13 PROCEDURE: ELECTRONIC MEANS OF SUBMISSION - SWIM

The Internet Web application called "SWIM" (Subventions Web Input Module) allows applicants/beneficiaries to introduce, edit, validate, submit and print grant applications as well as requests for payments and modifications of the budget estimate. SWIM can be accessed in the following web address²⁴: <https://webgate.ec.europa.eu/swim>

Introduction of grant applications

The grant application form has to be electronically filled in as follows: first, access the system at the address mentioned above and select the number of the call for proposals you wish to apply for in the box "New grant application", enter your e-mail address and then, fill in your application. Once your application is completed, click on the "submission" button in order to finalised the submission procedure. Please note that after submitting your application form electronically no changes to the application are possible.

After its electronic submission, the application form must also be printed out, signed by the legal representative of the organization submitting the proposal and sent by post to the responsible Unit, as specified in the text of the call for proposals.

Failure to respect this procedure will render the application invalid.

Currently submission on-line only is not possible. However DG EMPL is working to phase out paper submission in the future.

²⁴ For more technical details on SWIM utilisation, a user's manual is available on line

14 DATA PROTECTION

The reply to any call for proposals involves the recording and processing of personal data (such as names, addresses, CVs). Such data will be processed in accordance with Regulation (EC) No 45/2001 of the European Parliament and of the Council of 18 December 2000 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.²⁵ Unless indicated otherwise, the questions and any personal data requested are required to evaluate the grant application in accordance with the specification of the call for proposals and they will be processed solely for that purpose by the department responsible for the EU grant programme concerned. On request, applicants may be sent personal data to correct or complete. For any question relating to these data, please contact the Commission department to which the form must be returned. Details concerning the processing of personal data are available on the privacy statement at: http://ec.europa.eu/dataprotectionofficer/privacystatement_publicprocurement_en.pdf.

Beneficiaries may lodge a complaint against the processing of their personal data with the European Data Protection Supervisor at any time.

15 EARLY WARNING SYSTEM AND CENTRAL EXCLUSION DATABASE

Grant applicants are informed that, should they be in one of the situations mentioned in

- Commission Decision 2008/969 of 16.12.2008 on the Early Warning System (EWS) for the use of authorising officers of the Commission and the executive agencies (OJ, L 344, 20.12.2008, p. 125) (for more information see the Privacy Statement on http://ec.europa.eu/budget/contracts_grants/info_contracts/legal_entities/legal_entities_en.cfm), or

- Commission Regulation 2008/1302 of 17.12.2008 on the Central Exclusion Database – CED (OJ L 344, 20.12.2008, p. 12) (for more information see the Privacy Statement on http://ec.europa.eu/budget/explained/management/protecting/protect_en.cfm#BDCE),

their personal data may be registered in the EWS only, or both in the EWS and CED by the Accounting Officer of the Commission.

²⁵ Official Journal L 8, 12.1.2001.