

**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 Union (FR)<sup>1</sup> and its Rules of Application (RAP)<sup>2</sup>. The information given is not exhaustive and applicants are therefore asked to carefully read the call for proposals, the model grant agreement and, where relevant, the model Framework Partnership Agreement (FPA) and related model specific grant agreement published with the call and, in case of selection, the agreement sent to applicants, as these will constitute the legal basis for the grant. In the case of FPA, the term "beneficiary/ies" in the document below shall be read as "partners".

### 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 non-profit.

#### *Co-financing principle*

European Union grants may not finance the entire operating expenditure of the beneficiary. Co-financing must be provided either by means of the applicants' own financial contribution or in the form of public or private contributions obtained from other donors<sup>3</sup>.

#### *No double financing rule*

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

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 grants towards the costs of specific activities or projects (action grants), 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 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 donors to the financing of the eligible costs. Any income generated through 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

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<sup>1</sup> 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), as amended by Regulations (EU, Euratom) No 547/2014 of 29/05/2014 and No 2015/1929 of 30/10/2015

<sup>2</sup> 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 as amended by Delegated Regulation (EU) No 2015/2462 of 29/12/2015

<sup>3</sup> Art. 125(3) FR and 183 RAP

<sup>4</sup> Art. 129 FR and 193 RAP

amount of the grant will be reduced by the Commission while preparing the grant agreement, by the percentage of the profit corresponding to the Union contribution to the eligible costs of the work programme actually incurred by the beneficiary<sup>5</sup>.

## 2 DEFINITIONS

### **Applicant - Beneficiary:**

The designation "applicants" refers to the organisation which submits a project proposal; "the beneficiary" is the entity which signs the grant agreement with the Commission. They are actively involved in the implementation of the action and are financially engaged, be it by engaging staff or other costs or by providing a direct financial contribution.

The text of the call will specify, *inter alia*, the eligibility criteria for applicants. If selected, a "mono-beneficiary agreement" or, where relevant, a Framework Partnership Agreement with possible subsequent specific annual grant agreements will be signed. The agreement model(s) is(are) published with the text of the call and provides details on the specific obligations of the beneficiary.

The grant agreement will detail the specific obligations of the beneficiary.

### **Third parties (other donors)**

Other entities apart from the beneficiary can provide a financial contribution to the implementation of the action if these are specifically assigned to the financing of the eligible reimbursable costs of the action. Such entities are known as third parties and are not involved in the implementation of the work programme.

## 3 RULES RELATED TO THE REQUESTED GRANTS

- The rules on co-financing rates can be found in the text of the call for proposals.
- The grant may not cover ineligible costs (see point 3.2.4).
- 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 beneficiary shall be responsible for carrying out the action in accordance with the terms and conditions of the grant agreement. In the case of a Framework Partnership Agreement, the partner shall be responsible for implementing the work programme in accordance with the terms and conditions of the Framework Partnership Agreement and Specific agreements.
- An external audit report of the previous accounts of the applicant organisation, produced by an approved external auditor, must be provided.

For further information on audit reports, see section 13 – Checks and audits

- The partial or total withholding by the applicant of any information or any misrepresentation of information that may have an impact on the Commission's final decision concerning the application could entail the disqualification of the application or,

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<sup>5</sup> Art. 125(4) FR and 184 RAP

if discovered after signature of any Grant Agreement, entail financial penalties and administrative sanctions imposed by the Commission<sup>6</sup>.

## **4 THE ESTIMATED BUDGET OF THE WORK PROGRAMME**

### **4.1 The budget must be detailed and balanced**

Grant applications must include a detailed estimated budget presented in Euros (see application form). Applicants established in countries outside the Euro zone must use the conversion rates published in the C series of the Official Journal of the European Union (OJ) available at <http://www.ecb.europa.eu/stats/exchange/eurofxref/html/index.en.html>).

If no daily euro exchange rate is published in the *Official Journal of the European Union* for the currency in question, conversion must be made at the average of the monthly accounting rates established by the Commission and published on its website ([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)). Applicants should be aware that they fully carry the exchange rate risk.

The 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 expenditure<sup>7</sup>. 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.

### **4.2 Expenditure**

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

#### **4.2.1 General criteria for eligibility of costs**

In order to be eligible for EU funding, costs must meet the following criteria<sup>8</sup>:

- a) **be incurred by the beneficiary during the duration of the work programme**, with the exception of costs relating to final reports and audit certificates;
- b) **be indicated in the estimated overall 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.

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<sup>6</sup> Art. 106 FR

<sup>7</sup> Art. 196(2) RAP

<sup>8</sup> Art. 126(2) FR

Value added tax (VAT) is considered as eligible<sup>9</sup> where it is not recoverable under the applicable national VAT legislation and is paid by a beneficiary other than a non-taxable person as defined in the first subparagraph of Article 13(1) of Directive 2006/112/EC<sup>10</sup> on the common system of value added tax.

**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 submitted nor be earlier than the start of the beneficiary's budgetary year.

#### **4.2.2 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.

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.

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

##### *4.2.2.1 Staff costs (Heading 1 of the budget form)*

The costs of personnel working under an employment contract with the beneficiary or an equivalent appointing act and assigned to the work programme, comprising actual salaries plus social security contributions and other statutory costs included in the remuneration, provided that these costs are in line with the beneficiary's usual policy on remuneration; those costs may also include additional remunerations, including payments on the basis of supplementary contracts regardless of the nature of those contracts, provided that they are paid in a consistent manner whenever the same kind of work or expertise is required, independently from the source of funding used.

The costs of natural persons working under a contract with the beneficiary other than an employment contract may be assimilated to such costs of personnel, provided that the following conditions are fulfilled:

- (i) the natural person works under the instructions of the beneficiary and, unless otherwise agreed with the beneficiary, in the premises of the beneficiary;
- (ii) the result of the work belongs to the beneficiary; and

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<sup>9</sup> Art.126.3(c) FR

<sup>10</sup> OJ L 347, 11.12.2006, p.1

- (iii) the costs are not significantly different from the costs of staff performing similar tasks under an employment contract with the beneficiary.

Conversely, the cost of any work to be performed by external experts must not be included in staff costs but under services (see Heading 3).

The salary costs should not exceed the rates corresponding to the beneficiary's usual policy on remuneration.

Should your proposal be financed by the Commission, only the real costs (i.e. actual salaries paid) will be considered eligible costs. For personnel costs to count as eligible direct costs there must be a real and verifiable transfer of funds from the organisation 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 work programme.

Please fill in the section reserved for staff costs in the budget estimate (see application form) as follows:

- **Column "Profile/Category of personnel"** – indicate the profile or category of the staff according to their role in the project (Coordinator, Project manager, etc.) and the number of persons in each category. The names of individuals **are not required and should not be indicated**.
- **Column "Name of the organisation"** – indicate the name of the applicant.
- **Column "Types of employment (permanent/temporary) and work patterns (full-time/part-time)"** – indicate how many of each type.
- **Column "Indicative daily salary cost"** – the indicative daily rate for each category of staff should be determined as follows:

$$\frac{\text{Gross actual salaries} + \text{social security charges} + \text{statutory costs}}{\text{Total workable days}}$$

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 (according to 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>

Total workable days = 225 days

If necessary, homogeneous sub-categories of profiles (e.g. Senior Project officer/ Junior Project officer) can be used as necessary so that the indicative daily salary cost is as representative of that particular sub-category as possible.

- **Column "number of days"** - the number of days of work to be performed on the project per category or sub-category of personnel or per person as applicable.



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.

#### *4.2.2.2 Travel, accommodation and subsistence allowances (Heading 2 of the budget form)*

Costs of travel and related subsistence allowances are eligible provided that they are in line with the beneficiary's usual practices on travel costs.

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

Attendance lists of all meetings that take place in the context of the work programme must be established and signed by all participants. These lists must be provided to the Commission if so requested.

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: 20% of the daily allowance and any transport costs on the basis of supporting documents, up to EUR 0.22/km if a private car is used or the first-class rail fare if the journey is by train
- 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 amounts (in Euros per calendar day) for each country set out in the table below will be used as a benchmark for analysing accommodation and subsistence costs<sup>11</sup>. Please note that this is a general list; please check each call for proposals to find out the eligible countries for that specific call.

<i>Destinations</i>		<i>DSA in EUR</i>	<i>Hotel price in EUR</i>
AL	Albania	50,00	160,00
AT	Austria	102,00	132,00
BA	Bosnia-Herzegovina	65,00	135,00
BE	Belgium	102,00	148,00
BG	Bulgaria	57,00	135,00
CH	Switzerland	80,00	140,00
CY	Cyprus	88,00	140,00
CZ	Czech Republic	70,00	124,00
DE	Germany	97,00	128,00
DK	Denmark	124,00	173,00
EE	Estonia	80,00	105,00
EL	Greece	82,00	112,00
ES	Spain	88,00	128,00
FI	Finland	113,00	142,00
FR	France	102,00	180,00
HR	Croatia	75,00	110,00
HU	Hungary	64,00	120,00
IE	Ireland	108,00	159,00
IS	Iceland	85,00	160,00
IT	Italy	98,00	148,00

<i>Destinations</i>		<i>DSA in EUR</i>	<i>Hotel price in EUR</i>
LI	Liechtenstein	80,00	95,00
LT	Lithuania	69,00	117,00
LU	Luxembourg	98,00	148,00
LV	Latvia	73,00	116,00
ME	Montenegro	80,00	140,00
MK	F.Y.R. of Macedonia	50,00	160,00
MT	Malta	88,00	138,00
NL	The Netherlands	103,00	166,00
NO	Norway	80,00	140,00
PL	Poland	67,00	116,00
PT	Portugal	83,00	101,00
RO	Romania	62,00	136,00
RS	Serbia	80,00	140,00
SE	Sweden	117,00	187,00
SI	Slovenia	84,00	117,00
SK	Slovak Republic	74,00	100,00
TR	Turkey	55,00	165,00
UK	United Kingdom	125,00	209,00
XK	Kosovo (under UNSCR 1244)	80,00	140,00

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.

If catering services are provided by the organisers, the DSAs directly paid to participants must be reduced accordingly. In such cases, the daily allowance would be reduced by 30% for each meal provided, and by 15% for breakfast. NB.: Where applicable, catering costs should be mentioned under Heading 3, Costs of Services, subheading Other Services.

#### 4.2.2.3 *Costs of services (Heading 3 of the budget form)*

The implementation of a work programme may require the buying of goods or services in order to carry out specialised tasks that the beneficiary cannot do itself (i.e. translations, production of documents, web site creation, informatics support, accountancy, catering, etc.). This does not involve externalisation of parts of the work programme directly related to the main objectives of the work programme. The related contracts are known as "Implementation contracts".

The beneficiary should have the operational capacity to carry out the activities related to the main objectives of the proposed work programme. Nevertheless, if the staff do not have all the skills required, where justified and necessary, specific tasks that are part of the work programme (except the core tasks defined in the call document) may be executed by another person or organisation by means of a contract between the beneficiary and a subcontractor. This is known as "subcontracting of tasks forming part of the work programme".

<sup>11</sup> The daily allowance rates are subject to periodic review by the Commission.

With regard to subcontracting, in the SWIM application form there is a specific question: "*Will you subcontract any task related to the action?*" In the context of operating grants, this sentence should be read as "*Will you subcontract any task related to the work programme?*" If your reply is yes, it must be clearly specified in the description of the said programme which tasks will be subcontracted and why this subcontracting is necessary with regard to the nature of the work programme and its implementation.

The estimated costs relating to any implementing contracts and any subcontracting should be indicated in the appropriate sub-heading in the estimated budget and, if the proposed work programme is selected to receive an EU grant, the award of such contracts will be subject to the procedures indicated hereafter under the title "Main procurement rules for the award of implementing contracts and subcontracting".

**Information dissemination, reproduction and publications** costs can be taken into account provided that they are directly related to 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.

**Translation** costs must include the following details: the number of languages, the number of pages to be translated and the rate applied per page.

**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. 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.

**Specific Evaluation**: if the call or the work programme proposed 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, either under Heading 1 Staff costs if the work is done internally or under Heading 3 Costs of services, Specific Evaluation if done by an external expert.

**External Expertise**: this heading should include costs relating to: i) implementing service contracts not covered under the previous sub-headings; ii) costs relating to the subcontracting of tasks forming part of the work programme.

With regard to subcontracting, in the SWIM application form there is a specific question: "*Will you subcontract any task related to the action?*" If your reply is yes, it must be clearly specified in the description of the work programme which tasks will be subcontracted and why this is necessary with regard to the nature of the work programme and its implementation.

#### Main procurement rules for the award of implementing contracts and subcontracting

The Financial Regulation lays down the principles that should govern the conclusion of external contracts necessary to implement the work programme: the beneficiary must award

the contract to the tender 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 take care to avoid any conflict of interests<sup>12</sup>.

In addition the beneficiary shall ensure that the conditions applicable to itself under the articles of the General Conditions to the Grant Agreement related to liability, conflict of interests, confidentiality, ownership and use of results (including intellectual and industrial property rights), checks, audits and evaluation are also applicable to the contractors.

The beneficiary remains solely responsible for carrying out the work programme and for compliance with the Agreement. The beneficiary must undertake the necessary arrangements to ensure that the contractors and subcontractors waive all rights in respect of the Commission under the agreement.

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

Contracts and Sub-contracts entered into by a "public" beneficiary, i.e. a "contracting authority" within the meaning of EU Directives on public procurement procedures<sup>13</sup> must be awarded in accordance with the applicable national rules on public procurement.

Where the value of the procurement contract to be awarded exceeds EUR 60.000, the Financial Regulation allows<sup>14</sup> the Authorising Officer to request beneficiaries to apply specific rules of procedure which are based on the Financial Regulation and determined with due regard to the principles of proportionality and simplification taking account of the estimated value of the contracts concerned, the relative size of the Union contribution in relation to the total cost of the work programme and the management risk.

If specific conditions are imposed, these will be indicated in the text of the call document for each specific call and will be considered conditions for the eligibility of costs and will, therefore, be inserted in the grant agreement (under "Other special conditions"). At the time of the final payment the respect of the rules may be checked in order to guarantee the eligibility of costs.

#### Additional rules concerning subcontracting of tasks:

- a) Subcontracting may not cover core tasks of the work programme;
- b) Recourse to the award of subcontracts must be justified in relation to the nature of the work programme and what is necessary for its implementation;
- 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 (and subsequently in Annex I to any grant agreement), any recourse to subcontracting while the work programme is underway shall

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<sup>12</sup> Art. 209(1) RAP

<sup>13</sup> Directives 2014/24/EU of the European Parliament and of the Council of 26 February 2014 on public procurement and repealing Directive 2004/18/EC and 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

<sup>14</sup> Art. 209(2) RAP

be communicated by the beneficiary to and approved by the Commission. The Commission may grant approval:

- i) before any recourse to subcontracting, if the beneficiary requests an amendment as provided for in the relevant Article of the grant agreement; or
- ii) after recourse to subcontracting if the subcontracting:
  - o is specifically justified in the final technical report; and
  - o does not entail changes to the Agreement which would call into question the decision awarding the grant or be contrary to the equal treatment of applicants;

**NB.: Since a negative opinion by the Commission with regard to the criteria indicated in ii) above would entail the related costs being declared ineligible, it is strongly recommended to seek prior written approval of the Commission before recourse to any subcontracting not foreseen in Annex I to the grant agreement.**

- e) The beneficiary must undertake to ensure that the terms, mentioned above, applicable to itself under the agreement are also applicable to the subcontractor.
- f) The beneficiary shall ensure that the conditions applicable to itself under the relevant article of the Grant Agreement regarding visibility of Union funding are also applicable to the subcontractors.

#### *4.2.2.4 Administration costs (Heading 4 of the budget form)*

Depreciation for purchase of equipment<sup>15</sup>: the purchase cost of equipment or other assets (new or second-hand) is eligible provided that it is written off in accordance with the international accounting standards and the beneficiary's usual accounting practices and has been purchased in accordance with the procurement rules indicated above. 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 actual use for the purposes of the work programme may be taken into account by the Commission.

Administration costs also include the specific sub-headings: Rental of meeting rooms (coffee breaks included); Rental of interpretation booths; Costs for external audits required by the call or grant agreement (see section 13 below); Financial costs such as those relating to any bank guarantee required under the terms of the specific call or grant agreement (see section 7 below) and other administrative costs such as costs for consumables and supplies directly assigned to the work programme and purchased according to the procurement rules.

#### **4.2.3 Overheads (Heading 5 of the budget form)**

Overheads are not eligible under operating grants since these costs are already calculated in the previous section on administrative costs.

#### **4.2.4 Ineligible costs**

The following costs are ineligible and therefore not accepted:

- return on capital;
- debt and debt service charges;

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<sup>15</sup> Art. 126(3)(d) FR

- 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 in the framework of another action (action grant or operating grant) receiving a grant financed from the Union budget (including grants awarded by a Member State and financed from the Union budget and grants awarded by other bodies than the Commission for the purpose of implementing the Union budget); **NB.:** indirect costs shall not be eligible under a specific grant for an action awarded to the beneficiary when it is receipt of an operating grant financed from the Union budget covering the same period;
- contributions in kind<sup>16</sup>: these are contributions that are not invoiced, such as voluntary work, equipment or premises made available free of charge but for which a record exists enabling to identify them ;
- excessive or reckless expenditure;
- deductible VAT.

### 4.3 Income

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

- The beneficiary's contribution: the direct monetary contribution from the applicant's own resources (i.e. an effective expenditure for which a financial flow can be traced in the accounts);
- Any financial contributions given by third parties to a beneficiary, if they are specifically assigned by the third parties to the financing of the eligible costs of the work programme reimbursed by the Commission in accordance with Article I.3.2(a)(i) of the grant agreement.

NB.: The following are not considered receipts:

- (a) financial contributions by third parties, if they may be used to cover costs other than the eligible costs under the Agreement;
- (b) financial contributions by third parties with no obligation to repay any amount unused at the end of the implementation period;
- 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.

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<sup>16</sup> Art.183(2) RAP

## 5 HOW THE GRANT WILL BE CALCULATED

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

The Commission reserves the right to invite the applicant to correct the grant requested if the proposal is selected for a grant but includes ineligible costs or requires non-substantial adjustments to optimise cost-effectiveness (e.g. reduction of number of working days if these are estimated to be too high, elimination of non-essential activities, etc.).

### *Determination of the final amount of the grant*

The EU final grant is calculated on the basis of the **actual** eligible expenditure by applying the "double ceiling" rule and verifying compliance with the non-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 EU grant laid down in the grant agreement.

If the actual expenditure turns out to be lower than the estimated budget, the actual grant will be calculated on the basis of the % of total eligible costs foreseen in the grant agreement. If the actual expenditure turns out to be higher than the expenditure budgeted, the EU grant will not be increased above the maximum amount of the grant foreseen in the grant agreement. 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 beneficiary<sup>17</sup>. 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 up to the date on which the request for payment of the balance is drawn up by the beneficiary as well as financial contributions specifically assigned by the donors to the financing of the eligible costs.

Any income of the work programme must be indicated in the estimated budget and the final financial statement. If there is a profit, it will be deducted in proportion to the final rate of reimbursement of the actual eligible costs of the work programme approved by the Commission for the categories of costs referred to in Article I.3.2(a)(i) of the grant agreement (as compared to the amount calculated following application of the "double-ceiling rule" indicated above).

A mere forecast of expenditure does not give entitlement to a grant. This is why the exact amount of the final grant cannot be calculated until the Commission has received the final

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<sup>17</sup> Art. 125(4) FR

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.

## **6 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 the copies once both parties have signed the documents.

The grant agreement for an operating grant may not be signed more than six months after the start of the beneficiary's financial year<sup>18</sup>.

## **7 PAYMENT PROCEDURES**

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

Payment of the grant will be made in pre-financing instalments and a final payment (the balance). The aim of the pre-financing is to provide the beneficiary with a float. The pre-financing remains the property of the Union until the payment of the balance. The frequency and size of pre-financing and balance payment will in principle be as described hereafter but may be adjusted according to the risk assessment of the responsible authorising officer.

One pre-financing payment and a final payment will be made as follows:

- A pre-financing payment of 70% of the grant within **30 calendar days** from the entry into force of the grant agreement. In the case a guarantee is required, the pre-financing payment will be subject to the receipt of the guarantee.
- The balance of 30% will be paid within **90 calendar days** from receipt by and subject to the approval of the Commission of the request for payment of the balance, the final technical implementation report and final financial statement (and, if required, a certificate on the financial statements and underlying accounts). If the total amount of earlier payments is greater than the final amount of the grant, the payment of the balance will take the form of a recovery.

## **8 GUARANTEE<sup>19</sup>**

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.

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<sup>18</sup> Art. 130(2) FR

<sup>19</sup> Art. 134 FR and 206 RAP



The decision to request of bank guarantee is 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 payment of the balance 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 guarantee by a third party.

## **9 BANK ACCOUNT AND INTEREST GENERATED BY PRE-FINANCING PAYMENTS<sup>20</sup>**

Payment shall be made to the beneficiary's bank account or sub-account denominated in Euro.

Interest yielded by the pre-financing payments is not compulsory nor must it be reimbursed to the EU budget.

## **10 SUBMISSION OF FINAL REPORTS AND OTHER DOCUMENTS**

**Within 60 days** after the closing date of the work programme, 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"). Both reports must be submitted on-line via SWIM as well as in paper version (see section 13). The final implementation report must be completed using the template announced in the call that will also be annexed to the grant agreement. The summary financial statement referred to in the grant agreement is already included in the templates available on-line via SWIM.

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.

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<sup>20</sup> Art. 8(4) FR, Art. 2 RAP

## 11 PUBLICITY

All grant beneficiaries are required to clearly mention the fact that they have received funding from the European Union in any publication, in other information or promotional materials, and during activities (conferences or seminars, etc.), for which the grant is used, using the following wording: "**With financial support from the European Union**". The emblem of the European Union, given at the following web address: [http://ec.europa.eu/dgs/communication/services/visual\\_identity/index\\_en.htm](http://ec.europa.eu/dgs/communication/services/visual_identity/index_en.htm) should also be visible. When displayed in association with another logo, the European 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 it reflects only the author's view and that the Commission is not responsible for any use that may be made of the information it contains.

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 EU<sup>21</sup>:

- 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 work programme.

With a view to disseminating all results obtained and outputs delivered under the grant agreement, the Executive Summary sent with the Implementation Report will be posted on the website of the Directorate-General for Employment, Social Affairs and Inclusion.

Upon a duly substantiated request by the beneficiary, publication of this data may be waived if it threatens the safety of the beneficiary or harms its business interests.

## 12 EVALUATION

If the proposal should include a specific evaluation component for ongoing monitoring and final evaluation of the work programme, these costs may be considered eligible in the budget estimate.

Successful proposals could be the subject of an ongoing and ex-post evaluation led by the Commission and/or by independent experts selected by the European Commission. Therefore, grant beneficiaries undertake to make available to the Commission and/or persons authorised

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<sup>21</sup> Art. 128(3) FR, 191(1) RAP

by it, all necessary documents or information to ensure successful completion of the evaluation process and give these persons the rights of access required.

## **13 CHECKS AND AUDITS**

An external audit report is required in the following cases:

### **13.1 Audit report in support of grant applications<sup>22</sup>.**

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. This requirement applies only to the first application made by an applicant to the same authorising officer responsible in any one financial year.

In case of calls for framework partnership agreements, the above mentioned audit report must cover the last two financial years available and be produced before the framework agreement is concluded.

### **13.2 Audit report in support of requests for payment<sup>23</sup>**

An audit report (certificate on the financial statements of the work programme 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 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 format in accordance with international standards.

The obligation to provide such a certification of the financial statements and underlying accounts may be waived based on a risk assessment:

- in the case of grant beneficiaries which are public bodies or international organisations
- in the case of 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.

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<sup>22</sup> Art. 196(3) RAP

<sup>23</sup> Art. 207(3) RAP

In any case, the beneficiary himself shall certify on his honour that the information contained in requests for payments is full, 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.

## **14 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 address<sup>24</sup>: <https://webgate.ec.europa.eu/swim>.

The final financial statement and the final implementation report will also be submitted via SWIM.

### **14.1 Introduction of grant applications**

The grant application form has to be filled in electronically 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 finalise the submission procedure. Please note that after submitting your application form electronically no changes to the application are possible.

After 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 ineligible.

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

### **14.2 Requests for payments (pre-financing and balance) and budgetary modifications**

In addition to the documents specified in the grant agreement, financial documents required in support of requests for further pre-financing payments (if applicable) and for payment of the balance (see section 9 - final report on the implementation of the work programme and the final financial statement of the actual expenditure and actual revenue), as well as requests for

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<sup>24</sup> For more technical details on using SWIM, a user's manual is available on-line

modifications of the budget estimate to be made by addendum must also be submitted electronically using SWIM, as well as by post duly signed by the legal representative.

To be allowed to log on to SWIM and to access its grant file, the beneficiary will be asked to enter the same credentials (ECAS user<sup>25</sup>) used to submit the grant application.

## **15 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<sup>26</sup>. 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](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.

## **16 EARLY DETECTION AND EXCLUSION SYSTEM (EDES DB)**

Your personal data may be registered in the Early Detection and Exclusion System (EDES) if you are in one of the situations mentioned in Article 106 of the Financial Regulation<sup>27</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) ).

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<sup>25</sup> European Commission Authentication Service

<sup>26</sup> Official Journal L 8, 12.1.2001

<sup>27</sup> 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 298 of 26.10.2012, p. 1) as amended.