



**EUROPEAN COMMISSION**

Employment, Social Affairs and Equal Opportunities DG

Adaptability, social dialogue and social rights

**Social dialogue - Industrial relations - Adaptation to change**

**BUDGET HEADING 04.03.03.01**

**INDUSTRIAL RELATIONS AND SOCIAL DIALOGUE**

**CALL FOR PROPOSALS**

**2006**

**VP/2006/001**

In view of the large number of enquiries, please do not telephone.  
Questions should be sent by e-mail only to: [empl-04-03-03-01@ec.europa.eu](mailto:empl-04-03-03-01@ec.europa.eu).

To ensure a more rapid response it is helpful if applicants send their queries  
in English, French or German.

The English version of the call is the original.

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<p style="text-align: center;"><b>BUDGET HEADING 04.03.03.01</b> <b>INDUSTRIAL RELATIONS AND SOCIAL DIALOGUE</b></p>
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**1 OBJECTIVES OF THIS BUDGET HEADING**

In line with the comments in the budget of the European Union, this budget heading is intended to cover grants for promoting social dialogue at cross-industry and sectoral level in accordance with Articles 138 and 139 of the EC Treaty. The appropriations will therefore be used to finance consultations, meetings, negotiations and other operations designed to achieve these objectives and to promote actions outlined in the European Commission's Communication on *The European social dialogue, a force for innovation and change* (COM(2002) 341 final) and the Communication on *Partnership for change in an enlarged Europe – Enhancing the contribution of European social dialogue* (COM(2004) 557 final).

The budget heading also covers measures to promote actions outlined in the Commission's Communication *On a framework for the promotion of employee financial participation* (COM(2002) 364 final), as well as operations in the field of industrial relations, in particular measures designed to develop expertise and exchange of information on a European basis. This includes measures in connection with the Commission's Communication concerning *Corporate Social Responsibility: A business contribution to Sustainable Development* (COM(2002) 347 final).

The budget heading can also be used to finance operations involving representatives of the social partners in the candidate countries. Special attention will be paid to improving the level of female participation. These two components are of a horizontal nature, i.e. they apply to all the sub-programmes.

In 2006, operations related to the European Year of Workers' Mobility can also be supported under sub-programmes I and III.

Access for disabled persons must be guaranteed for measures funded under this heading.

On the basis of these objectives, four sub-programmes have been defined:

- |     |  |
|-----|--|
| I   | Support for European social dialogue                     |
| II  | Promoting the financial participation of workers         |
| III | Improving expertise in the field of industrial relations |
| IV  | Corporate social responsibility (CSR)                    |

A commitment appropriation of **€12 770 000** has been entered for 2006. At least half of the appropriations are intended to support the European social dialogue (sub-programme I).

## **2 ELIGIBLE MEASURES**

### **I. Support for European social dialogue**

This first sub-programme is divided into seven categories of operation:

- measures to prepare European social dialogue, e.g. preparatory surveys, meetings and conferences;
- measures regarded as part of the social dialogue within the meaning of Article 138 of the Treaty, involving negotiations, meetings to prepare for negotiations or relating to the implementation of negotiated agreements and other negotiated outcomes;
- measures to implement the European social partners' work programmes (e.g. the organisation of round tables, exchanges of experience and networks of players);
- measures to monitor and follow up European social dialogue activities, e.g. conferences and initiatives to disseminate the results of European social dialogue through European or national events, whether as paper publications or in electronic form;
- measures to strengthen social dialogue in the new Member States and the candidate countries;
- measures by European and national social partners which contribute to the European Employment Strategy (EES), in particular actions to implement the EES and to monitor and analyse its impact on labour markets;
- operations related to the European Year of Workers' Mobility 2006.

### **II. Promoting the financial participation of workers**

The objective of projects submitted under this sub-programme should be inter alia to exchange information and best practice, raise awareness, improve knowledge of financial participation systems, contribute to a better understanding of the benefits of these systems and the obstacles to their further development, and provide training for the social partners in the operation of financial participation systems.

The following measures are eligible:

- meetings, seminars and conferences,
- surveys and studies,
- the structured exchange of information and monitoring of developments, including benchmarking,
- the setting-up of networks,
- training measures.

Innovative projects will have priority. The term "innovative" refers to projects which improve the availability of information on these practices and which actively involve partners from various sectors and Member States. The quality of partnerships is therefore an important criterion. In the case of projects which are not proposed by social partners, the involvement of the latter in the operation will be regarded as a positive factor.

### **III. Improving expertise in the field of industrial relations**

The aim of this sub-programme is to improve expertise in industrial relations (especially in European and comparative terms), to promote the exchange of information and experience among parties actively involved in industrial relations (companies, workers, public authorities and research centres) and to promote the development of industrial relations in Europe.

The following operations may be co-financed:

- general seminars or conferences on industrial relations, including preparatory studies;
- measures linked to the development of European social legislation (implementation of directives, groundwork on the future of work, etc);
- initiatives designed to further the collection and use of information on national industrial relations systems and on developments at European level (parties involved, institutions, developments, etc);
- initiatives designed to promote knowledge on effective industrial relations practices, including successful forms of worker participation;
- initiatives connected with the use or preparation of the European Commission's *Industrial Relations in Europe* report;
- organisation of round tables, exchanges of experience and networks of players and/or experts;
- operations related to the European Year of Workers' Mobility 2006.

### **IV. Corporate social responsibility (CSR)**

The objective of this sub-programme is to promote corporate social responsibility, including socially responsible production, consumption and investment. Projects with the aim of promoting innovation, transparency and convergence of CSR practices and instruments are eligible for support.

The following operations are eligible:

- seminars, training sessions, conferences and round tables, including related dissemination through publications and the Internet;
- preparatory research seeking to identify and benchmark experience and good practices;
- preparatory research seeking to identify issues in the field of content, application, monitoring and verification of CSR practices and instruments;
- support for training for social auditors.

To be eligible, projects:

- must have a strong and proven transnational dimension, i.e. either being led by a European or international organisation or involve active partners in several different EU Member States;
- must include the relevant European organisation as an active partner, in the case of projects submitted by national or regional social partner organisations;

- cannot relate directly to the core commercial activity of any partners which would be active on the commercial market.

Priority will be given to the following projects:

- projects aiming to promote convergence and transparency of CSR practices and tools;
- projects involving several stakeholders and fostering a dialogue between enterprises, trade unions, civil society organisations and other stakeholders;
- projects based on the development and/or negotiation of instruments between or with the social partners;
- projects building on existing instruments, including the "EU Charter of fundamental rights" and internationally agreed instruments such as the OECD Guidelines for multinational enterprises, the Council of Europe Social Charter, ILO core labour standards and the International Bill of Human Rights;
- projects with a sustainable multiplier effect;
- projects with an innovative dimension.

### **3 EXAMINATION OF GRANT APPLICATIONS**

#### **3.1 Submission and implementation dates**

Only applications for operations starting in 2006 will be considered. In view of the time needed to examine applications, operations may not start before the deadlines given below. Applicants should note that if their project is approved they will not necessarily receive the grant agreement prior to the operation starting dates indicated and should, therefore, take this into account in programming the timing of their project.

Any expenditure incurred before written confirmation that the application has been accepted is at the applicant's risk.

Applications will be examined by an Evaluation Committee which will meet within 30 working days following the deadlines for submission indicated below. For each meeting of this committee, complete applications must be submitted to the European Commission by the deadline.

The available appropriations may be exhausted before the end of the budget year and it is therefore in the applicant's interest to submit a proposal as early as possible.

The **deadlines** for the submission of applications are as follows:

- **1st March 2006** for operations commencing no earlier than **1st May 2006** (indicative amount foreseen depending on the quality of projects submitted: **€5 170 000**);
- **1st September 2006** for operations commencing no earlier than **1st November 2006** and no later than **22 December 2006** (indicative amount foreseen depending on the quality of projects submitted: **€7 600 000**).

Proposals which indicate an earlier starting date than the ones indicated above will not be considered by the Evaluation Committee.

Applications will be examined and selected taking account of the budget comment, the criteria laid down in this document (see below) and the principle of balanced support.

### **3.2 Co-financing rates for the sub-programmes**

In general, this budget heading allows support to be given to projects to which the applicants contribute at least 20 % of the total cost of the operation. Contributions in kind will not be taken into account. Any application which requests a grant of more than 80 % will be excluded automatically from the selection.

In derogation from the previous paragraph, the European Commission may decide to finance up to 95 % of the total cost of social dialogue operations involving negotiations in accordance with Articles 138 and 139 of the Treaty, meetings to prepare for negotiations (sub-programme I – second bullet point), or joint social partner operations relating to the implementation of the results of European social dialogue negotiations.

Social dialogue meetings organised by the social partners themselves can also be financed up to a rate of 95 %.

### **3.3 Eligibility and selection criteria**

#### ***Eligible applicants***

To be eligible, applicants must:

- Be properly constituted and registered legal persons. In derogation from this requirement, with regard to grants attributed for operations falling within the scope of Article 138 of the EC Treaty, social partner organisations without legal personality are also eligible.<sup>1</sup>
- Fall within one of the following categories:

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<sup>1</sup> Commission Communication relating to the eligibility of social partner organisations (C/2003/2014) adopted on 1 July 2003.

1	Social partners	<p>European social partner organisations currently consulted in accordance with Article 138 of the Treaty. A list of these organisations is included in Annex 5 of the European Commission's Communication on <i>Partnership for change in an enlarged Europe – Enhancing the contribution of European social dialogue</i> (COM(2004) 557 final)</p> <p>National or regional organisations affiliated to such organisations as long as the project is part of a European approach and is developed in cooperation with their European organisation</p> <p>European social partner organisations not covered by the above, for example for operations involving the preparation and launch of European social dialogue at sectoral level</p>
2	Organisations linked to industrial relations	<p>Non-profit-making organisations, research centres and institutes, universities</p> <p>Non-profit-making networks of companies<sup>2</sup> or of workers' organisations</p>
3	Public authorities	National and regional authorities, including related associations and government services or agencies
4	Civil society organisations	Non-profit-making organisations or associations independent of public authorities and active in the field of corporate social responsibility (CSR) and financial participation.

- Have the active support of a European social partner organisation, if they are a national social partner organisation or submitting a project under sub-programme I. This must be demonstrated by including a signed letter indicating active involvement;
- Have active partners from several different Member States in the case of CSR projects which are not submitted by a European or international organisation. This must be demonstrated by including signed letters indicating active involvement;
- Have their registered offices in one of the EU Member States.;
- Not be in one of the situations referred to in Articles 93 and 94 of the Financial Regulation.<sup>3</sup>

### ***Eligibility of operation***

To be eligible, operations must:

<sup>2</sup> This means that the applicant organisation must be a network.

<sup>3</sup> The situations referred to include bankruptcy, compulsory winding-up, being under court administration, in an arrangement with creditors or any other similar proceedings; convictions of professional misconduct; non-fulfilment of social security or tax payment obligations; convictions of fraud, corruption, involvement in a criminal organisation or any other illegal activity; declared in serious breach of contract in relation to activities funded by the Community budget; subject to conflict of interest; guilty of misrepresentation in supplying the required information. See the Financial Regulation OJ L 248, 16.9.2002, p. 1-48: <http://eur-lex.europa.eu/JOHtml.do?uri=OJ:L:2002:248:SOM:EN:HTML>



- Be linked to at least one objective of the budget heading;
- Comply with the European Community co-financing percentage of maximum 80 %, with the exception of the derogations identified in section 3.2;
- Be fully carried out in the Member States of the European Union or the candidate countries;
- Comply with the subcontracting rules of the call for proposals indicated in Annex I;
- Comply with the rules on dates of submission and start of the operation in section 3.1.

### ***Eligible applications***

To be eligible, applications must:

- Be sent by the deadlines indicated in section 3.1;
- Be complete and include **all the documents indicated in the following table**. Applicants should note that the Evaluation Committee will not examine applications lacking one or more of these documents:

1	<b>Official covering letter of application:</b> quoting the reference of the call for proposals, with the original signature of the applicant's legal representative.
2	Print-out of the duly completed and submitted <b>on-line application form</b> ( <a href="https://webgate.cec.eu.int/swim">https://webgate.cec.eu.int/swim</a> ): dated and with the original signature of the legal representative.  NOTE: The on-line form <u>must first be electronically submitted before printing</u> . After the electronic submission no further changes to the application are possible.
3	Duly completed and dated <b>Excel workbook</b> (Annex 1 to the on-line application form), consisting of the " <b>additional information</b> " and " <b>project budget estimate</b> " form, with the original signature of the legal representative under the " <b>declaration of honour</b> ".  NOTE: The Excel workbook with the additional information and the project budget estimate <u>must also be submitted electronically as <b>Annex 1</b> to the on-line application form</u> . The electronic version must be identical to the paper version submitted by post.
4	<b>"Financial identification" form</b> duly completed with the original signature of the legal representative and the original signature and stamp of the bank. The financial identification form can be found at:  <a href="http://ec.europa.eu/budget/execution/ftiers_en.htm">http://ec.europa.eu/budget/execution/ftiers_en.htm</a>
5	<b>"Legal entities" form</b> duly completed with the original signature of the legal representative. The legal entities form can be found at:  <a href="http://ec.europa.eu/budget/execution/legal_entities_en.htm">http://ec.europa.eu/budget/execution/legal_entities_en.htm</a>  Applicants must also provide: <ul style="list-style-type: none"> <li>• a copy of the <b>certificate of official registration or other official document</b> attesting to the establishment of the entity (where this exists);</li> <li>• a copy of its <b>articles of association/statutes or equivalent</b>, proving the eligibility of the organisation; and</li> </ul>

	<ul style="list-style-type: none"> <li>• a copy of a document confirming the applicant's tax or VAT number, if available.</li> </ul>
6	<p><b>Detailed work programme and detailed budget</b> for the project signed by the legal representative. This has to be a separate document – the project description in the <b>on-line application form</b> is not sufficient. It must provide a detailed description of the project, a timetable for the activities, and a detailed budget explanation which respects the format and numbering of the "project budget estimate" form and which provides any additional relevant information concerning the budget for the project, including subcontracting plans (see Annex I). The names of all members of staff involved in the project, their positions, and employment status must be included. The detailed work programme and detailed budget should be submitted in English, French or German.</p> <p>NOTE: The detailed work programme and detailed budget <u>must also be submitted electronically as <b>Annex 2</b> to the on-line application form</u>. The electronic version must be identical to the paper version of the document in question.</p>
7	<p><b>Letters of support:</b></p> <ul style="list-style-type: none"> <li>• if the applicant is a national or regional member of a European social partner organisation or submitting a proposal under sub-programme I, a signed letter of support from the European social partner organisation demonstrating its active involvement in the project;</li> <li>• in the case of CSR projects which are not submitted by a European or international organisation, signed letters of support demonstrating active partnership from organisations in several different Member States;</li> <li>• in all other cases, if partners are involved in project management, for example providing scientific support and/or financing, a letter of commitment from each of the partners, explaining the nature of their involvement and specifying the cash amounts of any funding provided.</li> </ul>
8	<p><b>A brief curriculum vitae of the project manager</b> indicating clearly the current employer with whom there exists either a permanent or temporary contract of employment.</p>
9	<p><b>Subcontracting for external expertise:</b> Applicants wishing to recruit the services of external experts must provide a copy of the draft tender specifications (please consult Annex I for the relevant thresholds). This applies to <i>any</i> amount of external expertise. This requirement does not apply to public authorities which are already governed by a system of procurement rules, however, where applicable, this should be indicated. To assist applicants, a model for tender specifications is included in Annex III.</p>
10	<p><b>The most recent balance sheet of the applicant's organisation</b> demonstrating the financial and operational capacity of the applicant. The Commission reserves the right to request balance sheets from previous years, if necessary.</p>
11	<p><b>For grant requests over €300 000, an external audit report</b> produced by an approved auditor, certifying the last year available and assessing financial viability (not necessary for public bodies).</p>
12	<p><b>A signed declaration of honour</b> (to be found at the end of the 'project budget estimate' form – see item 3 above). This must have the original signature of the legal representative, certifying that the applicant is not in one of the situations</p>

	listed in Article 93 of the Financial Regulation.
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### ***Selection criteria***

The applicant must have the financial and operational capacity to complete the activity for which funding is requested. Thus the applicant must have access to solid and adequate funding to maintain activities for the period of the project and to help finance it as necessary and must have the operational resources (technical, management) needed to successfully complete the activity.

The financial and operational capacity should be proven by the annual balance sheets, declaration of honour and CV mentioned above.

### **3.4 Award criteria**

Proposals which fulfil the eligibility and selection criteria indicated above will be assessed according to the following award criteria:

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| <ul style="list-style-type: none"><li>i. The extent to which the operation meets the objectives and priorities of the budget heading</li><li>ii. The extent to which the operation has a genuine transnational dimension</li><li>iii. The quality of partnerships, i.e. the degree of involvement and commitment at the application stage of the social partners/stakeholders in the operation<sup>4</sup></li><li>iv. The added value and innovativeness of the operation</li><li>v. The lasting impact and/or multiplier effect of the operation<sup>5</sup></li><li>vi. The cost-effectiveness of the operation</li><li>vii. The arrangements to publicise the operation and dissemination methods envisaged</li><li>viii. The overall quality, clarity and completeness of the proposal and budget explanation</li></ul> |
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The Commission reserves the right to reject proposals from organisations which have failed to comply with their contractual obligations in relation to earlier agreements.

The Evaluation Committee also reserves the right when assessing projects to take into account the effectiveness and added value of previous projects undertaken by the applicant with Commission funding. The amount of the average grant in 2005 was in the range of **€ 155.000**. Experience has demonstrated that larger-scale projects tend to contribute most effectively to achieving the objectives of the budget heading.

Social partner organisations which are members of the same sectoral social dialogue committee are therefore encouraged to adopt an *integrated approach* to their projects (e.g. to include follow-up and dissemination activities within the same grant application) and the Evaluation Committee will give priority to such projects.

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<sup>4</sup> Please note that the Commission does not consider it appropriate to include independent consultants, conference organisers, etc., as project partners. Please read Annex I carefully.

<sup>5</sup> The multiplier effect refers to how the project and its results will promote change in other fields, e.g. geographical, sectoral, thematic, etc.

## **4 PRACTICAL PROCEDURES**

### **4.1 Where can the application form be found?**

The compulsory on-line grant application form as well as the other requested forms and other useful documents (e.g. the European Communities' Financial Regulation and Implementing Rules) can be found at the following Internet address:

[http://ec.europa.eu/employment\\_social/emplweb/tenders/tenders\\_en.cfm?id=125](http://ec.europa.eu/employment_social/emplweb/tenders/tenders_en.cfm?id=125)

### **4.2 Where does the application need to be sent?**

Please send your covering letter of application, together with all the other documents listed in the table under section "**3.3 Eligible applications**" above as signed originals as well as **one copy of all these documents** by the deadlines indicated above, to the following address:

*Call for proposals VP/2006/001  
Budget heading 04.03.03.01  
European Commission – DG EMPL/D.1  
Rue de Genève 1 – J37 3/23  
B – 1049 Brussels  
Belgium*

Please send your application by registered mail or express courier service only and keep proof of the date of sending (the date of post office stamp or express courier receipt will be considered as proof of the date of sending).

Hand-delivered applications must be received by the European Commission on the last day for submission. Proof of delivery is a signed receipt from the Commission's Archives Service stamped with the date of the last day for submission or earlier.

If an applicant submits more than one proposal, each one must be submitted separately.

**ALL ENQUIRIES MUST BE MADE BY E-MAIL ONLY AT:**

[empl-04-03-03-01@ec.europa.eu](mailto:empl-04-03-03-01@ec.europa.eu)

**- PLEASE DO NOT TELEPHONE -**

### **4.3 What next? Accepted and rejected applications**

#### ***Rejected applications***

The European Commission will notify unsuccessful applicants no later than one month after the meeting of the Evaluation Committee at which the application was examined. Rejected proposals may be resubmitted following amendments. They will, however, only be considered at a subsequent meeting of the Evaluation Committee, if a new and complete application file including all supporting documents is sent to the Commission by the relevant deadline. Documents submitted to previous meetings of the Evaluation Committee will not be taken into account.

Requests concerning the progress of dossiers sent prior to the elapse of these time periods will not be answered.

### *Selected applications*

Successful applicants will receive two original copies of the grant agreement for acceptance and signature. Both 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 following section explains in greater detail other important considerations concerning agreements governing successful grant awards.

## **5 REMARKS ON THE AGREEMENT GOVERNING THE GRANT**

The payment arrangements will be laid down in the agreement. They depend on the duration of the agreement and the amount of the grant.

The European Commission reserves the right to reject and/or limit the funding of specific elements in the budget estimate and to adapt the amounts and the co-financing rate.

The Commission may also adjust the duration of the operation proposed in the application.

The grant agreement (e.g. the budget and implementation period) may only be modified in exceptional circumstances. Such requests must be received no later than one month before the end of the period stipulated in the agreement. **The normal maximum duration of an operation is 12 months.**

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 terminate the agreement and demand the full repayment of all sums received by the beneficiary under it.

Successful applicants should consult the section on subcontracting in Annex I and note that the Commission reserves the right to verify that the beneficiary has carried out the subcontracting in accordance with the description provided and with the rules included in the grant agreement. Failure to comply with these conditions will constitute grounds for non-acceptance of the costs of subcontracting in the final accounts of the beneficiary.

It should be noted that it is obligatory for conferences and publications to publicise the fact that the operation has received funding from the European Commission, respecting the indications for the use of text and emblem given at the following web address: [http://europa.eu/abc/symbols/emblem/index\\_en.htm](http://europa.eu/abc/symbols/emblem/index_en.htm).

Failure to respect this requirement will constitute grounds for penalties.

The project manager should keep the Commission informed on the development of the operation and informed in good time of the main events being organised as part of the operation. It should be noted that the Commission covers the travel and subsistence costs of its own officials and these should not therefore be included in the project budget estimate.

A final report and a statement of accounts for the operation must be submitted under the terms of the grant agreement. They must be submitted to the Commission no later than three months after the end of the agreed implementation period for the operation, unless otherwise stated in the grant agreement. They must include both income and expenditure set out in the same way as in the project budget estimate, reports on the operations, a list of participants with the original signatures of participants, and details of all products developed for the operation itself or as a result of the operation, in the various languages provided for in the project. The balance of the grant will not be paid, and sums already received will have to be paid back, if any of these items is missing.

To assist the beneficiaries in drafting their final reports, the final report should at a minimum answer the questions listed in Annex II of this Call for Proposals. Should the final report be deemed to be inadequate and of low quality, the Commission reserves the right to request additional information within 45 days of reception of the final report, and, if necessary, to suspend the final payment until the requested information is provided.

Supporting documents must be kept for a period of five years from the date of payment of the balance for the purposes of any on-the-spot inspections.

The name and address of each beneficiary, the subject of the grant, the grant amount and the rate of funding will be published on the Internet site of the Commission.

## ANNEX I

### IMPORTANT ADDITIONAL INFORMATION CONCERNING THE PROJECT BUDGET ESTIMATE

Any information which cannot be included in the Excel "project budget estimate" worksheet, should be included and explained in the detailed budget explanation which applicants are also required to submit. The detailed budget explanation should follow the format and budget item numbering of the "project budget estimate" Excel worksheet.

The attention of applicants is drawn to the points below and it should be noted that applications with unclear and incomplete information relating to any of these points will be rejected by the Evaluation Committee (see section 3.4 on Award criteria, point viii):

#### General points:

- The estimated budget must be expressed in €(euro).
- There can be no duplicate European Community funding of the same expenditure.
- If actual eligible expenditure is lower than estimated, the European Commission's contribution will be reduced in proportion. If the costs are higher, the contribution cannot be increased.
- These appropriations are exclusively earmarked for funding specific operations, and organisations' operating costs are therefore not regarded as eligible expenditure.
- As these operations are not being undertaken for the European Commission's benefit, they do not give entitlement to exemption from VAT.

#### Points relating to the "project budget estimate" Excel worksheet and the detailed budget:

- **Contributions in kind** are not accepted.
- The gross salaries<sup>6</sup> of **permanent or temporary staff (2-06)** involved in the operation who are employed on contracts of employment by either the applicant organisation or one of the project partners are considered as direct eligible costs. The names, positions and employment status of *all* these members of staff involved in the project must be provided in the detailed work programme and the beneficiary of the grant and its partners must be able to justify these staff costs at the end of the project through supporting documents.
- The salary costs must be calculated according to the number of persons/number of days/daily rate applied, and should be based on an average of 20 days per month, up to a maximum total of 220 working days per year. The cost of work to be performed by external experts by means of subcontracting should not be included in staff costs but under item 4-10 (see the section on subcontracting/external expertise below).
- **Persons resident in third countries** may participate in operations supported under this budget heading, but it is not possible to reimburse any expenses of such persons for travel, accommodation, subsistence or staff costs. Nor can these costs count toward the applicant's own contribution.
- **Travel expenses (3-07-1)** must be based on the criteria applied by the Commission itself. Journeys must be carried out by the most direct and economic route. For

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<sup>6</sup> Including net salary, social security charges and other remuneration-related costs.

information: rail – first class; air (only for journeys over 400 km each way or for a sea crossing) – economy class fare; car – reimbursement on the basis of the first-class rail fare. For any air travel, please obtain the cheapest fare.

**Subsistence costs (3-07-2)** (including accommodation, local transport, breakfast and two meals): The maximum daily allowances accepted, in € are as follows:

#### Member States

Destinations		DSA in EUR	Maximum hotel price in EUR	Destinations		DSA in EUR	Maximum hotel price in EUR
AT	Austria	74,47	128,58	IT	Italy	60,34	114,33
BE	Belgium	84,06	117,08	LT	Lithuania	80,00	170,00
CY	Cyprus	50,00	110,00	LU	Luxembourg	82,00	106,92
CZ	Czech Republic	55,00	175,00	LV	Latvia	85,00	165,00
DE	Germany	74,14	97,03	MT	Malta	60,00	115,00
DK	Denmark	91,70	148,07	NL	The Netherlands	78,26	131,76
EE	Estonia	70,00	120,00	PL	Poland	60,00	210,00
EL	Greece	66,04	99,63	PT	Portugal	68,91	124,89
ES	Spain	68,89	126,57	SE	Sweden	92,91	141,27
FI	Finland	92,34	140,98	SI	Slovenia	60,00	110,00
FR	France	72,58	97,27	SK	Slovakia	50,00	125,00
HU	Hungary	50,00	165,00	UK	United Kingdom	86,89	149,03
IE	Ireland	80,94	139,32				

#### Candidate countries

Destinations		DSA in EUR	Maximum hotel price in EUR	Destinations		DSA in EUR	Maximum hotel price in EUR
BG	Bulgaria	70,00	205,00	RO	Romania	60,00	170,00
HR	Croatia	60,00	120,00	TR	Turkey	55,00	165,00
MK	former Yugoslav Republic of Macedonia	50,00	160,00				

Daily subsistence allowances (DSA) are paid as a flat-rate amount and are considered to cover breakfast and two main meals, local travel, the cost of telecommunications, including fax and Internet, and all other sundries. They will be paid for each calendar day spent on mission away from the usual place of work, provided that the corresponding assignment is of a short-term nature. The DSA will vary according to the country in which the missions are to be carried out.

DSAs are to be calculated as follows according to the length of the mission:

- 6 hours or less: reimbursement of actual expenses (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 : 2.5 DSA, and so on.

#### • Subcontracting/miscellaneous external services (4):

- A grant is a direct payment of a non-commercial nature by the European Commission to promote an EU policy aim. Projects financed by a grant may not have the purpose or effect of producing a profit. Applicants should have the



operational capacity to complete the project to be supported. Applications by agencies acting as intermediaries on behalf of others are not permitted. However, when justified and necessary, parts of the project may be subcontracted to another person or organisation. In this case, the beneficiary shall ensure that the terms applicable to itself under the agreement are also applicable to the subcontractors.

- Contracts awarded may only cover the execution of a limited part of the operation.
- Applicants should note that should their project be retained, the grant agreement includes a clause on the "Award of contracts" which stipulates that if the beneficiary has to conclude contracts in order to carry out the action and they constitute costs of the action under an item of eligible direct costs in the estimated budget, competitive tenders must be sought from potential contractors and the contract should be awarded to the bid offering best value for money. In doing so the principles of transparency and equal treatment of potential contractors shall be observed and care shall be taken to avoid any conflict of interests.
- **Publications and translation (4-08 and 4-09):** Publication and translation costs must include details of the number of languages, the number of pages, the rate applied per page and the print-run. In addition, applicants should explain the nature of the documents to be published and/or translated in the detailed budget explanation. Any other information which cannot be included in the "project budget estimate" Excel worksheet should be included in the detailed budget explanation.
- **Subcontracting for external expertise (4-10):**

In addition to the general rules applying to all subcontracting, the following rules must be observed for subcontracting for external expertise.

- Subcontracting for external expertise is only admissible if the staff of the project partners do not have the skills required.
- Work and tasks carried out by the project partners (as described in the letters of support) are not subject to these rules on subcontracting. However, it is not permissible to include normal commercial suppliers of goods and services as project partners in order to avoid these rules. By way of example, and without limiting the exclusions to the examples listed, the Commission does not find it appropriate to include as project partners independent consultants, conference organisers, etc.
- The work programme of the grant application must include a declaration and justification of the nature and value of all external expertise. The planned selection and award procedures should be carefully explained. Applicants should note that projects with insufficiently clear explanations of the external expertise and which do not respect the rules outlined here, will be considered to be ineligible (see section 3.3).

If the project is accepted, the following rules for subcontracting must be respected:

- The principles of transparency and equal treatment should be complied with, and any conflict of interests should be avoided.

- Beneficiaries must, if requested, be able to prove (including proof of posting) that they have sought bids from at least three different tenderers, up to an amount of €13 800, and five different tenderers for larger amounts and be able to provide a copy of the tender specifications. These thresholds apply to each individual contract for subcontracted services for expertise. This requirement does not however apply to public authorities already governed by a system of procurement rules, but where applicable, this should be indicated. To assist applicants, a model for tender specifications is included in Annex III.
- Contracts must be awarded in writing to the tender offering best value for money, i.e. the one offering the best price-quality ratio.
- The beneficiary shall retain sole responsibility for carrying out the action and for compliance with the provisions of the agreement. The beneficiary must undertake to make the necessary arrangements to ensure that the contractor waives all rights in respect of the Commission under the agreement.
- In the written contract between the grant beneficiary and the subcontractor, the latter must undertake to accept checks and/or audits under the same conditions as those applied to the direct beneficiary of the financial agreement with the Commission.
- The description of the subcontracting plans and procedures for external expertise included in the work programme of the beneficiary will form a part of the grant agreement. The Commission reserves the right to verify that the beneficiary has carried out the subcontracting in accordance with this description and with the rules included in the grant agreement. Failure to comply with these conditions will constitute grounds for non-acceptance of the costs of subcontracting in the final accounts of the beneficiary.
- **Equipment (item 5-13-1):** Equipment (new or second-hand) and computer expenditure are intended to cover specific usage for the project, which must be included in the project description. It will be assessed on the basis of acceptable unit costs (market rates) and/or limited. Where fixed assets are purchased, only the annual depreciation value for the period in question can be taken into account.
- **Overheads (7-20-1)** associated with the operation are limited to a maximum flat-rate of 7% of total eligible costs.
  - These can include maintenance, stationery, photocopying, mailing, telephone and fax costs, heating, electricity or other forms of energy, water, office furniture, insurance and any other expenditure necessary for the successful completion of the project.
  - Mailing costs are considered as overhead costs and cannot be accepted under the headings "publications" or "administration".
  - Should an applicant run several projects in the same year, the Commission can reduce this maximum flat-rate with regard to the work programmes in order to avoid double financing.
- **Expenditure which is *not eligible*** includes the following:
  - cost of purchasing infrastructure equipment (with the exception of depreciation relating to purchased equipment, based on the project duration);

- expenditure on luxuries;
  - expenditure incurred outside the contract period;
  - costs which would have been incurred even if the project had not taken place;
  - costs not consistent with market conditions;
  - costs not entered in the account, which are not identifiable or not verifiable;
  - invested capital costs, debts owed, interest on debts owed, bad debts receivable and exchange rate losses.
- Precise conditions concerning possible budget changes between items are set out in the grant agreement.

## ANNEX II

### FINAL REPORTS

As mentioned in section 5, a final report together with a statement of accounts for the operation must be submitted under the terms of the grant agreement. They must be submitted to the Commission no later than three months after the end of the agreed implementation period for the operation, unless otherwise stated in the grant agreement.

They must include both income and expenditure set out in the same way as in the budget estimate, reports on the operations, a list of participants with the original signatures of participants, and details of all products developed for the operation itself or as a result of the operation, in the various languages provided for in the project. The balance of the grant will not be paid, and sums already received will have to be paid back, if any of these items is missing.

The final report must be drafted in either English, French or German and should at a minimum answer the following questions:

1. How was the project carried out? (Describe the project, results and methodology.)
2. How has the operation met the objectives of the budget heading?
3. Describe the transnational dimension of the operation.
4. How were social partners/stakeholders involved?
5. What contribution was made by the partners?
6. What added value has the project contributed?
7. How was the operation publicised and how have the results been disseminated?
8. What other efforts have been made to ensure that the project has a lasting impact?
9. What lessons have been learnt from this experience?
10. Are there any plans to follow up this project, and if so, how?

An electronic version of the final report should also be provided on a CD-ROM.

Should the final report be deemed to be inadequate and of low quality, the Commission reserves the right to request additional information within 45 days of reception of the final report, and, if necessary, to suspend the final payment until the requested information is provided.

## ANNEX III

### MODEL FOR TENDER SPECIFICATIONS FOR SUBCONTRACTING EXTERNAL EXPERTISE

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Tender Specifications – .....

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1. Background
2. Purpose of the Contract
3. Tasks to be performed by the Contractor

#### Description of tasks

#### Guidance and indications on tasks execution and methodology

4. Expertise required
5. Time schedule and reporting
6. Payments and standard contract
7. Price
8. Selection criteria
9. Award criteria

#### **(option 1)**

The contract will be awarded to the tenderer whose offer represents the best value for money - taking into account the following criteria:

- .....
- .....
- .....

It should be noted that the contract will **not** be awarded to a tenderer who receives less than 70% on the Award Criteria.

#### **(option 2)**

The contract will be awarded to the tenderer whose offer represents the lowest price.

10. Content and presentation of the bids

#### Content of the bids

#### Presentation of the bids